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If you have sold or otherwise transferred all of your ordinary shares in B.P. Marsh & Partners Plc, please forward this document to the purchaser or transferee or the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This document comprises an AIM admission document drawn up in accordance with the AIM Rules and is not an approved prospectus for the purposes of section 85(1) of FSMA. No offer of securities to the public (for the purposes of section 102B of FSMA) is being made in connection with the Placing other than an exempt offer under section 86 of FSMA. Accordingly, this document has not been approved by the FSA (the competent authority in the United Kingdom for the approval of prospectuses). In the United Kingdom, this document is directed only at persons with professional experience in matters relating to investments of the type described in it, as such persons are described in article 21 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), and at high net worth companies, unincorporated associations etc as described in article 55(2) of the FPO and such other persons to whom it may lawfully be directed. Ordinary Shares to be subscribed for or purchased under the Placing are only available to such persons and no other class of persons should rely on this document or act upon it.

Application will be made for the ordinary share capital of B. P. Marsh & Partners Plc to be admitted to trading on AIM.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority.

A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

London Stock Exchange plc has not itself examined or approved the contents of this document. It is expected that dealings in the Ordinary Shares will commence on AIM on 2 February 2006.

Prospective investors should read the whole of the text of this document and should be aware that an investment in the Company is speculative and involves a high degree of risk. **Your attention is particularly drawn to the section entitled "Risk Factors" in Part 2 of this document.**

Certain statements in this document are forward-looking statements. These statements speak only as at the date of this document. Such statements are based on asset expectations and, by their nature, are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance express or implied by the forward-looking statements. The information and opinions contained in this document are subject to change without notice and the Company assumes no responsibility or obligation to update publicly or review any of the forward-looking statements contained in this document unless and to the extent required to do so by law or by any regulatory body.

B. P. Marsh & Partners Plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 5674962)

Placing of 9,307,144 Ordinary Shares of £0.10 each at a price of £1.40 per share and Admission to AIM

Nominated Adviser
NABARRO WELLS & CO. LIMITED

Broker
HICHENS, HARRISON & CO. plc

SHARE CAPITAL

The following table shows the authorised and issued share capital of the Company immediately following the Placing.

<i>Authorised</i>		<i>Issued</i>		
<i>Amount</i>	<i>Number</i>	<i>Number</i>	<i>Amount</i>	
		Ordinary Shares		
		of £0.10 each		
50,000,000	£5,000,000	29,286,143	£2,928,614.30	

The new Ordinary Shares to be issued pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Ordinary Shares in issue at the date of this document and will rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

Nabarro Wells & Co. Limited, which is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority, has agreed to act as the nominated adviser to the Company in connection with the Admission. Persons receiving this document should note that, in connection with the Admission, Nabarro Wells & Co. Limited is acting exclusively for the Company and no-one else. It will not be responsible to anyone other than the Company for providing the protections afforded to customers of Nabarro Wells & Co. Limited or for advising any other person on the transactions and arrangements described in this document.

Hichens, Harrison & Co. plc, which is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority, has agreed to act as the broker to the Company in connection with the Placing. Persons receiving this document should note that, in connection with the Placing, Hichens, Harrison & Co. plc is acting exclusively for the Company and no-one else. It will not be responsible to anyone other than the Company for providing the protections afforded to customers of Hichens, Harrison & Co plc or for advising any other person on the transactions and arrangements described in this document.

This document does not constitute an offer to sell, or a solicitation of an offer to buy Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) or under the securities legislation of any state of the United States of America or any province or territory of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly in or into the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or to any national, citizen or resident of the United States of America, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan.

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PLACING STATISTICS

Placing Price	£1.40
Number of Ordinary Shares in issue at the date of this document	21,429,000
Number of new Ordinary Shares being placed on behalf of the Company	7,857,143
Number of existing Ordinary Shares being placed on behalf of the Selling Shareholders	1,450,001
Number of Ordinary Shares in issue on Admission	29,286,143
Market capitalisation at the Placing Price	£41,000,600.20
Percentage of enlarged issued share capital subject to the Placing	31.8%
Gross proceeds of the Placing available to the Company	£11,000,000
Estimated net proceeds of the Placing available to the Company (i)	£10,000,000
AIM EPIC Code	[BPM/L]

- (i) Stated after deducting the estimated total expenses of the Placing and other related costs payable by the Company of approximately £1,000,000 (including VAT)

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	1 February 2006
Admission and commencement of dealings in Ordinary Shares on AIM:	8.00 am on 2 February 2006
CREST accounts credited in respect of the New Ordinary Shares to be issued in uncertificated form:	2 February 2006
Despatch of definitive share certificates in respect of the Placing Shares (where applicable) by:	16 February 2006

- (i) The dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by the Company, in which event details of the new dates will be notified to the London Stock Exchange and, where appropriate, to investors.
- (ii) References to times in this document are to London time.

DIRECTORS, SECRETARY AND ADVISERS TO THE COMPANY

Directors: Brian Marsh OBE (*Chairman*)
Natasha Dunbar BBA (*Managing Director*)
Jonathan Newman ACMA,
MSI, BA (Hons) (*Group Director of Finance*)
Stephen Crowther (*Investment Director*)
Francis de Zulueta ASI (*Development Director*)
Stephen Clarke FCA (*Non-executive*)
Philip Mortlock MA, FCA (*Non-executive*)

Company Secretary: Robert King LLB ACIS

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Telephone number: 020 7730 2626

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EC2V 6HS

Stockbroker: Hichens, Harrison & Co. plc
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EC4Y 0DX

Solicitors to the Placing: Wedlake Bell
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Registrars: Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

PART 1

BUSINESS OF THE GROUP

1. Business overview

1.1 *Principal activities*

The Marsh Group is a niche venture capital provider to early stage financial services businesses. It is a provider of development capital and will consider investing in start-ups, management buy-outs, management buy-ins, hive-offs and similar opportunities.

The Group typically invests amounts of up to £2.5 million through flexible investment structures involving an equity and often debt. The Group only takes minority equity positions and normally acquires between 15 per cent. and 45 per cent. of an investee company's total equity. The Group insists on its investee companies adopting certain minority shareholder protections and appointing one of B. P. Marsh's directors to the relevant board.

The Marsh Group invests in people businesses with good management. It does not seek to impose exit pressures, but prefers to work with management to develop a mutually acceptable exit route. The Group may also provide follow-on funding for successful companies in its portfolio when required for further growth.

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

1.2 *Principal markets*

Geographic and sector focus

The Marsh Group is principally focussed on financial service investment opportunities based in the United Kingdom, but will also consider opportunities in Europe, North America and occasionally elsewhere. Historically the Group has made investments in financial services business in the United Kingdom (19) Hong Kong (1), South Africa (1), Spain (1) and the United States of America (3).

Market opportunity

The Board believes there are and will continue to be significant opportunities for new investments in the financial services sector and that this will particularly be the case at the smaller end of the market where it operates. Investing in smaller financial services transactions is a complex and time-consuming process. To make and monitor such investments properly requires specialist expertise and the Board believes that this has discouraged other venture capital firms from concentrating their activities in the Group's chosen sector to any great extent.

From an investee company's perspective the Directors believe the Marsh Group is able to offer a level of understanding that alternative capital providers are often unable to provide. The Company is now seeking further equity funding through a listing on AIM to increase its ability to provide capital to such companies.

2. Group history

Between 1978 and 1989 Brian Marsh was the chairman and a substantial shareholder of the Nelson Hurst & Marsh Group of companies. Nelson Hurst & Marsh (Holdings) Limited was sold to Citicorp on 1 February 1989. Brian Marsh subsequently incorporated B. P. Marsh & Company Limited in December 1989.

Between 1990 and 1994 Brian Marsh was confined by restrictive covenants with Citicorp that prevented him from making other investments in the sector. Philip Mortlock and Stephen Clarke joined the Group during this period.

Also during this period (in March 1993) a general fund was set up within a subsidiary company, Marsh Development Capital Limited ("MDC"), which was managed by Stephen Clarke. During 1993 and 1994 MDC made six minority investments in non-financial service companies. No new investments were made after 1994 (other than shares received through existing holdings) and the portfolio was managed through MDC until January 1999, by which date the unrealised

investments were transferred to B. P. Marsh & Company Limited. In June 2000 MDC changed its name to B. P. M. Development Capital Limited and in March 2001 was placed into a members' voluntary liquidation.

Overall the investments made by MDC have not had a significant effect on the Group's assets and liabilities, financial position or profits or losses.

3. Key strengths

Track record

Since the Group commenced trading on 31 January 1990, it has invested in twenty-five financial services businesses. As at 31 July 2005 the Group had exited fourteen of these investments as follows – one flotation, three trade sales, three sales to other existing investment companies, two management buy-backs, one run-off and four liquidations and/or administrations – at an average holding period of 4.5 years.

Currently the portfolio contains nine investments having made two further exits – a trade sale and an administration. Total losses on unsuccessful financial service investments amount to approximately £4.3 million. However, the successfully realised investments have been sold at a substantial profit, returning in aggregate over 3 times total investment, with two investments returning over 37 times.

At 31 July 2005 the audited net asset value of the Group was £28.9 million. This represented an increase in net asset value of £26.3 million over the original capital investment in 1990 of £2.5 million, or an average annual compound growth rate of 17 per cent net of all expenses, realisations, losses and distributions. As at 31 July 2005 the Group had distributed approximately £4.4 million in dividends, capital redemptions and donation since inception.

Management team

Over the past fifteen years the Group has assembled a management team with considerable experience both in the financial services sector and in managing private equity investments. Many of the Company's directors have worked with each other whilst in previous employment, and all have worked with each other at the Company for at least three and a half years.

Deal flow

The Marsh Group is pro-actively involved in seeking out new investment opportunities.

Investment opportunities are sourced through:

- relevant intermediaries (accountancy firms, lawyers, headhunters etc.);
- contacts within the financial services and private equity industries;
- past and present investee companies; and
- the Group's own marketing activities.

The Group has built up an extensive network of relevant contacts in the United Kingdom and elsewhere.

4. Investment process

Below is an overview of the Group's investment process:

Investment identification and evaluation

The Group sources investment opportunities through its new business department. Once a suitable opportunity has been identified, the Group carries out an analysis of the target company's business plan including financial forecasts to decide whether or not to meet with the management team. The Group then meets and assesses the quality and experience of the management team and evaluates the market opportunity as well as the future prospects of the business and possible exit routes. The Group seeks to identify and understand the likely competitive pressures on the candidate business and will also undertake preliminary due diligence on the business and its directors.

Investment structuring and valuation

Having evaluated the business plan and preliminary due diligence, the Group draws up the proposed investment structure and provides an offer letter setting out the terms of investment including whether or not the Group is prepared to make a loan facility available and the minority shareholder protection provisions from which it wishes to benefit.

Typically minority protections take the form of requiring the investee company to obtain the Group's consent in respect of, but not limited to, the following:

- alterations to the share capital;
- the granting of options;
- capital expenditure or asset disposals of any nature outside pre-agreed limits;
- appointments and remuneration of directors and senior executives;
- making loans, borrowing funds or mortgaging the company's assets;
- changes in the nature of the company's business;
- application for a flotation;
- making acquisitions;
- incorporation of subsidiaries;
- amendments to the memorandum and articles of association;
- dividend payments or other distributions;
- appointment or change in auditors or bankers;
- change in accounting reference date and accounting policies;
- annual budgets;
- action outside the ordinary course of business;
- entering into transactions involving directors, shareholders and "connected persons";
- conducting any litigation as plaintiff;
- increases in directors' remuneration and expenses; and
- the treatment of intangible assets.

The offer letter also sets out the basis on which due diligence expenditure will be incurred. The Group will often seek to ensure that third-party costs for lawyers, investigating accountants and consultants are borne by the investee company where permissible. Any offer is subject to the Group's professional advisers carrying out satisfactory legal and financial due diligence and the referencing of key individuals.

Investment execution

On acceptance of the offer the Group will instruct its professional advisers to carry out the appropriate financial and legal due diligence on the target company. The Group then analyses the due diligence reports and references to identify any areas of exposure to risk that need to be mitigated or transferred prior to the investment being made. The Group will also carry out an on-site visit at the office of the business and meet with other members of the team where appropriate. The Board will then decide whether or not to proceed with the investment.

5. Investments

Below are details of the Group's portfolio of investments as at 31 July 2005 together with fair market values as agreed by the Board:

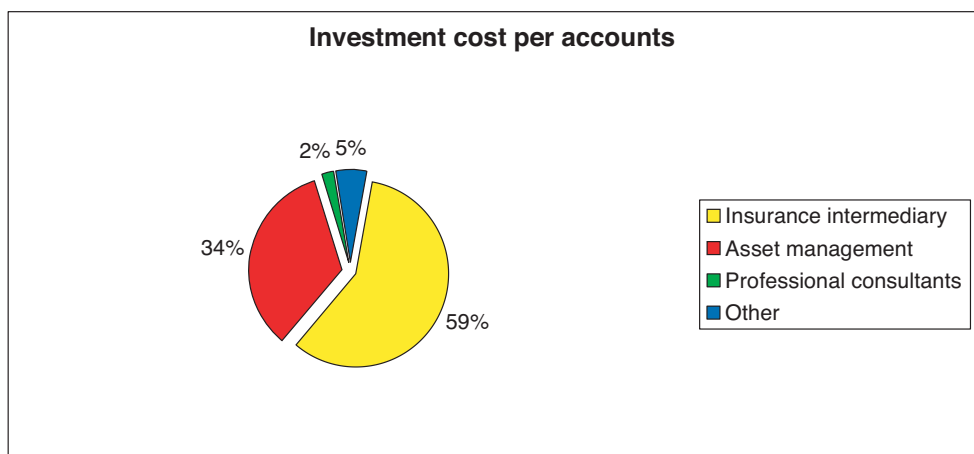
<i>Investment</i>	<i>Field of activity</i>	<i>Investment Cost per accounts</i>	<i>Fair market values</i>	<i>Proportion of share capital and voting power</i>
		(£)	(£)	
Berkeley (Insurance) Holdings Limited	Insurance intermediary	90,000	90,000	19.9%
Besso Holdings Limited	Insurance broker	1,924,764	7,840,000	24.7%
Carpenter Moore Insurance Services, Inc.	Insurance broker	700,000	2,292,000	27.37%
HQB Partners Limited	Shareholder services	35,000	35,000	28.0%
Hyperion Insurance Group Limited	Insurance intermediary	2,562,885	8,080,440	27.9%
Paterson Martin Limited	Actuarial consultants	112,500	263,000	22.5%
Portfolio Design Group International Limited	Asset management	703,033	3,145,000	20.0%
Principal Investment Holdings Limited	Asset management	2,359,587	5,065,000	19.7%
Public Risk Management Limited	Risk management	46,875	46,875	35.0%
Summa Insurance Brokerage, S.L.	Insurance intermediary	363,688	363,688	35.0%
TOTAL		8,898,332	27,221,003	

The investment cost per accounts reflects the original cost of equity plus any revaluation on inter-group transfers, less any provision for any permanent diminution in value.

As at 31 July 2005 the Group carried its 22.5 per cent investment in Jump Group Limited at nil value.

Since 31 July 2005, the Group entered into a sale and purchase agreement with NASDAQ Insurance Agency, LLC in respect of its investment in Carpenter Moore Insurance Services, Inc. on 2 September 2005. The proceeds from the sale of its investment in Carpenter Moore Insurance Services, Inc. were \$4,364,000 (although \$1,376,000 of this amount has been held in escrow and may be received in due course).

Below is a chart showing the investment cost of the Group's portfolio of investments as at 31 July 2005 by field of activity:



Current portfolio – Additional information

Berkeley (Insurance) Holdings Limited

In July 2002 the Marsh 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.

Besso Holdings Limited

In February 1995 the Marsh 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.

HQB Partners Limited

In January 2005 the Marsh Group made an investment in HQB Partners, a company which provides strategic transaction advice, proxy solicitation services, voting analysis and investor relations services.

Hyperion Insurance Group Limited

The Marsh 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.

Paterson Martin Limited.

In April 2004 the Marsh Group, in conjunction with a group of actuarial and reinsurance professionals, founded Paterson Martin. This company uses sophisticated modelling techniques to assess risk, with a view to providing counter-party risk and transaction advice.

Portfolio Design Group International Limited

In March 1994 the Marsh Group invested in Portfolio Design, a company which sells with-profits life endowment policies to large financial institutions. In 2002 the company diversified into investment management.

Principal Investment Holdings Limited

In December 1999 the Marsh Group invested in Principal, a predominantly discretionary fund manager with both retail and institutional clients.

Public Risk Management Limited

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.

Summa Insurance Brokerage, S.L.

In January 2005 the Marsh Group provided finance to a Spanish management team with the objective of acquiring and consolidating regional insurance brokers in Spain.

Investee company valuation policy:

Investments are stated on the Group's balance sheet at fair value as follows:

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 the 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.

Finally, as the Marsh Group’s assets are not liquid, the Directors believe that frequent “marking-to-market” would not reflect the nature of the Group’s underlying investments.

6. Directors

The Directors, all of whose business address is at Granville House, 5th Floor, 132 Sloane Street, London, SW1X 9AX, are as follows:

Brian Marsh OBE (Chairman), aged 64

Brian started his career in insurance broking and underwriting in Lloyd’s and the London and overseas market over 40 years ago and was, from 1979 to 1990 chairman, of the Nelson Hurst & Marsh group, before founding the Marsh Group. He has over 30 years experience in building, buying and selling financial services businesses particularly in the insurance sector. Brian is the majority shareholder in B. P. Marsh and prior to Admission owned 80 per cent. of the Company.

Natasha Dunbar BBA (Managing Director), aged 35

Natasha has over 10 years’ experience in the financial services industry. Having joined the Company in 1994 she was made managing director in March 2002. Natasha is responsible for the day to day running of all operational aspects of the business and works closely with Brian Marsh in defining the strategic development of the Company. Trusts set up by Natasha are shareholders in B. P. Marsh and prior to Admission owned 10 per cent of the Company.

Stephen Crowther (Investment Director), aged 49

Stephen joined the Marsh Group in 1998. He has over 27 years’ experience in the London insurance market both in broking and underwriting. He researches potential investments and, usually through non-executive board appointments, advises investee businesses and monitors their progress. Trusts set up by Stephen are shareholders in B. P. Marsh and prior to Admission owned 10 per cent. of the Company.

Francis de Zulueta ASI (Development Director), aged 46

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

Jonathan Newman ACMA, MSI, BA (Hons.) (Group Director of Finance), aged 30

Jonathan is a chartered management accountant with 8 years’ experience in the financial services industry. He joined the Marsh Group in November 1999 and was appointed a director of B.P. Marsh & Company Limited in September 2001 and group finance director in December 2003. Jonathan also advises investee companies through several non-executive board appointments and evaluates new investment opportunities.

Stephen Clarke FCA (Non-executive), aged 68

A 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 Marsh Group in 1993 and has over 25 years’ experience of the financial services sector. Stephen continues to give specialist advice to B. P. Marsh on the structuring of entry and exit deals.

Philip Mortlock MA, FCA (Non-executive), aged 68

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 Marsh 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.

There is no family relationship between any of the Directors.

7. Dividend policy

The Directors' intention is for the Company initially to retain earnings to fund growth. The Board intends to adopt a policy of declaring dividends when, in the view of the Directors, the Company has sufficient cash reserves for this purpose. Accordingly, there are no current plans to pay dividends on the Ordinary Shares.

8. Reasons for the Placing and use of proceeds

The expected net cash proceeds of the Placing for the Marsh Group will be approximately £10.0 million. The funds will be used to finance existing investments (expected to be in the region of £3.0 million), finance new investments (expected to be in the region of £4.5 million) and repay a shareholder loan (currently £2.5 million). Upon repayment of this loan the Company intends to enter into a new £3.0 million shareholder loan facility as described in paragraph 13(b) of Part 5 of this document.

In addition, the Admission will provide the Marsh Group with the ability to source further investment capital in the future.

Furthermore, it is a priority for the Group to continue to attract and retain key members of staff. The Directors consider that the enhanced profile resulting from Admission and the introduction of the Share Option Plan will enable the Group to attract new employees of appropriately high calibre and to incentivise and retain key staff.

The Admission will also provide an opportunity for some existing shareholders to realise a proportion of their shareholdings (see paragraph 1 of Part 3 for further details).

Finally, in view of the fact that the Group's strategy is to invest in early-stage companies it is possible that in the short to medium term the Group may be unable to continue to cover its expenses through annual income derived from investments. Pending realisations, it is intended that any shortfall will be met from the new shareholder loan facility.

9. Current trading

In the six months to 31 July 2005, the Marsh Group's total consolidated income (including income from disposals and interest income) was £996,000. Consolidated operating profit was £121,000 and the consolidated pre-tax profit was £67,000. At 31 July 2005, the Group's portfolio of investments was valued at £27.2 million and total consolidated net assets were £28.9 million.

It is the Directors' intention to continue the Group's strategy of sourcing suitable investment opportunities in the Group's chosen sector.

10. Trends

No trends are discernable at the present time.

PART 2

RISK FACTORS

1. Speculative investment

The Ordinary Shares should be regarded as a highly speculative investment and an investment in the Ordinary Shares should be made only by those with the necessary expertise to evaluate the investment. The following risk factors should be considered carefully by investors before acquiring Ordinary Shares. These risk factors should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

If any of the following risks actually occur, the Group's business, financial condition, financial results or operation could be materially adversely affected. In such case, the value of the Ordinary Shares could decline and investors could lose all or part of their investment. Prospective investors are advised to consult an independent adviser authorised under FSMA who specialises in investments of this kind if they are in the UK, or if they are outside the UK another appropriately authorised independent adviser, before making any investment decision.

Neither the London Stock Exchange nor the UK Listing Authority has examined or approved the contents of this document.

2. Forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "intends", "may", "will", "would" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances.

A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation: conditions in the markets, market position of the Company, earnings, financial position, cash flows, return on capital and operating margins, anticipated investments and capital expenditures, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this document. Forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the Prospectus Rules, none of the Company or Nabarro Wells & Co. Limited undertakes any obligation to update or review any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this document.

3. The Company may need access to capital in the future

The Group's capital requirements depend on numerous factors, including the rate of market acceptance of its products and its ability to expand its customer base. If its capital requirements vary materially from its current plans, the Group may require further financing. Any additional equity financing may be dilutive to Shareholders, and debt financing, if available, may involve restrictions in financing and operating activities. In addition, there can be no assurance that the Company will be able to raise additional funds when needed or that such funds will be available on terms favourable to it. If the Company is unable to obtain additional financing as needed, the Group may be required to reduce the scope of its operations or anticipated expansion or to cease trading.

4. Regulatory approvals

The Group's business as currently operated is not required to be regulated by the Financial Services Authority ("FSA"). If the nature of the business or the ambit of the FSA rules were to change the Group might need to obtain approval from the FSA, without which the Group would not be able to provide those services which require FSA approval. If FSA approval were required this would have a cost consequence for the Group.

5. Finding suitable investments

The success of the Group's investment strategy depends on the ability of the executives to locate, select, develop and realise appropriate investments. There is no guarantee that suitable investments can, or will be located nor that investments will be successful, and, in the event of the failure of a portfolio company, part or all of an investment may be lost.

If a limited number of investments is made, poor performance of a small number of investments could materially and adversely affect the business, operating results or financial condition of the Marsh Group.

6. Competition for investments

The Marsh Group may face competition in seeking to make investments from other private equity or similar funds or from large corporations. This could lead to a decline in investment performance, pressure on revenue margins and a loss of funds under management. Each of these could have a material adverse effect on the Group's business, growth prospects, sales, results of operations and/or financial condition.

7. Sensitivity to adverse external factors

The business of the entities in which the Group invests may be adversely affected by global or local economic, political, environmental or other factors beyond the control of those entities, or the Marsh Group.

8. Lack of investor control

Investors in the Group will have no opportunity to control the day-to-day operations, including investment and disposal decisions of the Group.

9. Loss of key executives

The success of the Group's investment strategy will depend significantly on the ability of a number of key executives to identify, develop and realise investments in portfolio companies. There can be no assurance that such executives will continue to be members of, or employed by the Group, or to act on its behalf, nor that suitable replacements can be found should they become incapacitated. The performance of the Group's underlying investments could be adversely affected should one or more executive cease to participate in its investment activities. The Group has endeavoured to ensure that its key executives have appropriate incentives, but the retention of such staff cannot be guaranteed.

10. Currency risk

The Marsh Group's underlying investments may be made in various countries and will, therefore, be denominated in more than one currency. The value of investments in currencies other than sterling may fluctuate as a result of changes in currency exchange rates and such fluctuations may have a material and adverse effect on its business, operating results or financial condition. In addition, the Group may incur costs in connection with conversions between various currencies.

11. Tax and regulatory considerations

An investment in the Company may involve complex tax considerations which may differ for each investor and each investor is advised to consult its own tax advisers.

Any tax legislation and its interpretation and the legal and regulatory regimes which apply in relation to an investment in the Company may change at any time.

12. Changes in legislation relating to trading

Any future changes which are made in legislation or regulations which affect or relate to the Group's investments could have an adverse effect on the business of the Group.

13. Exposure to litigation

In recent years there have been increasing incidents of litigation involving the financial services industry and any litigation brought in the future could have a material adverse effect on the Marsh Group's business, growth prospects, revenues, results of operations and /or financial condition, or in each case, of the companies in which it invests. B. P. Marsh or its subsidiaries or its investee companies could also potentially face liability for claims of negligence and violation of securities laws. Moreover, the Group's insurance and that of its investee companies may not necessarily cover any of the claims that clients or investors may bring, or it may not be adequate to protect the Group against all liability that may be imposed.

14. Lack of business continuity

The Group's business operations, information systems and processes are vulnerable to damage or interruption from fires, floods, power loss, telecommunication failures, bomb threats, explosions or other forms of terrorist activity and other natural and man-made disasters. These systems may also be subject to sabotage, vandalism, theft or similar misconduct. The same is true of third-party providers on which the Group depends and which depend on the Group. The Group has a disaster-recovery plan in place covering current business requirements, which is considered adequate. However, if these plans are found to be inadequate, there could be an adverse impact on the Group's business, growth prospects, sales, results of operations and/or financial condition.

15. Inadequacy of systems (including information technology and controls)

The Board believes the Group's financial, management controls and information technology systems in place are adequate. Any issues which might emerge in relation to these systems and processes may result in additional costs and may negatively impact the Group's ability to execute its strategy and to analyse its financial and other business information in a timely and efficient manner, and may ultimately have a material adverse effect on the Group's business, growth prospects, sales, results of operations and/or financial condition.

16. Fluctuations in price of Ordinary Shares

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the company that has issued them. In addition, the market price of the Ordinary Shares may prove to be highly volatile. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which are beyond the Company's control, including: variations in operating results in the Group's reporting periods; changes in financial estimates by securities analysts; changes in market valuation of similar companies; announcements by the Group of significant contracts, investments, acquisitions, strategic alliances, joint ventures or capital commitments; additions or departures of key personnel; any shortfall in turnover or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares.

17. Lack of an active trading market

As there has been no public trading market for the Ordinary Shares, there can be no assurance that an active trading market will develop or, if one does develop, that it will be maintained.

18. Future sales of Ordinary Shares by employees

The Company is unable to predict when and if substantial numbers of Ordinary Shares will be sold in the open market and what effect, if any, such sales may have on the market price of the Ordinary Shares. Any perception that such sales could occur could also affect the market price of the Ordinary Shares and may make it more difficult for investors to sell their Ordinary Shares at a time and price which they deem appropriate. In particular, on the expiry of the lock-in provisions described in paragraph 7.6 of part 5 of this document, significant numbers of shares will become available for sale which may effect the market price of the Ordinary Shares.

19. Management of growth

The Group's plans to continue its growth will place additional demand on its management and administrative resources. If the Group is unable to manage its growth effectively, its business, operations or financial condition may deteriorate.

20. Substantial control

Following Admission and the Placing, Brian Marsh will own approximately 58.5 per cent. of the Ordinary Shares. As a result, Brian Marsh can exercise significant control over certain matters requiring shareholder approval, which could delay or prevent an outside party from acquiring or merging with the Company.

21. International Financial Reporting Standards

The Company will be required to adopt the International Financial Reporting Standards for its accounts prepared after 1 January 2007 which may affect the profit and loss account of the Company.

22. Past performance is no guide to the future

The Marsh Group's underlying investments involve a high degree of risk. Investment results may vary substantially over time and there can be no assurance that the underlying investments will achieve any particular rate of return. When reviewing the track records and other historical performance data in this document, prospective investors should bear in mind that past performance is not indicative of future performance.

23. Valuations of investments

Renewals of certain classes of insurance business take place at the end of the calendar year and brokerage and other fee income for some intermediaries is therefore weighted. Quarterly valuations of the Group's underlying investments may be affected by any such seasonal variations.

24. Lack of liquidity in underlying investment

The Group is likely to commit to investments of a long-term and illiquid nature in companies whose shares are not quoted or dealt in on any recognised investment exchange. Such investments are likely to involve a high degree of risk and the timing of cash distributions to investors is uncertain and unpredictable. Unquoted investments can take several years to mature. Consequently, while long-term performance of the underlying investments may be strong, performance in the short term may be poor.

25. Investee companies are highly dependent on their management

Many unquoted companies in which the Group invests have small management teams and are highly dependent on the skill and commitment of a small number of individuals. A change in investee company management may adversely impact on that company's strategy, prospects and value which in turn may have a material and adverse effect on the Group's business, operating results or financial condition.

26. Risk relating to unquoted investments

Investments in unquoted companies can be difficult to realise. There may be no available market for them at any particular time. Moreover, because its investments are unquoted, it may be difficult to establish a value for such investments at any particular time.

PART 3

THE PLACING SHARES AND THE PLACING

1. Description of the Placing Shares

Ordinary Shares with a nominal value of £0.10 are being placed with institutional and other investors at a price of £1.40 per share (GB pounds sterling). The ISIN (International Security Identification Number) for the Ordinary Shares is GB00B0XLRJ79. The existing Ordinary Shares are, and the New Ordinary Shares shall be, subject to English law. Up to 7,857,143 New Ordinary Shares shall be issued for cash at the Placing Price and credited as fully paid. Up to 1,450,001 Sale Shares are being offered for sale.

The table below sets out the persons offering to sell the Sale Shares and details of any position, office or other material relationship (“Relevant Position”) that such Selling Shareholder has had within the past three years with the Company (or any of its predecessors or affiliates):

<i>Name</i>	<i>Business address</i>	<i>Number of Ordinary Shares offered</i>	<i>Relevant Position</i>
Trustees on behalf of Natasha Dunbar	Granville House, 132 Sloane Street, London SW1X 9AX	714,286	Managing Director
Trustees on behalf of Stephen Crowther	Granville House, 132 Sloane Street, London SW1X 9AX	714,286	Director of Investments
Aleksandra Marsh	Flat 8, 82 Onslow Gardens, London SW7 3BS	21,429	Employee

The New Ordinary Shares are to be issued in registered form and shall be issued in either certificated or un-certificated form to those subscribers who have CREST accounts. CREST accounts shall be credited on Admission whilst those members requiring share certificates should receive definitive share certificates within 7 days following Admission.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and CREST has agreed to such arrangements. Accordingly, settlements of Ordinary Shares following Admission may take place within the CREST system if the individual shareholders so wish. CREST is a voluntary system and holders of Ordinary shares who wish to receive and retain share certificates will be able to do so.

2. Rights attaching to the Ordinary Shares

The holders of the Ordinary Shares shall participate proportionately to such shareholdings in all distributions of capital or income by the Company or any surplus arising on liquidation of the Company.

Shareholders shall have the right to attend (in person or by proxy) and vote at general meetings of the Company and to exercise their respective rights to vote at such meetings.

Shareholders shall be entitled to receive notices of annual general meetings and extraordinary general meetings of the Company.

Each Ordinary Share affords the holder of such share the right to one vote.

A fuller description of the rights attaching to the Ordinary Shares by virtue of the Articles is set out at paragraph 9.2 of Part 5 of this document.

There are no pre-emption rights in favour of any Shareholder under the Articles in respect of the allotment of new shares, although Shareholders do have the pre-emption rights set out in section 89 of the Act (subject to the waiver of such rights referred to in paragraph 3 below in this Part 3 and any other waivers by the Shareholders from time to time).

There are no restrictions on the transferability of the existing Ordinary Shares or the New Ordinary Shares.

3. Resolutions, authorisations and approvals

At an extraordinary general meeting of the Company on 16 January 2006 the shareholders of the Company resolved to:

- (a) authorise the adoption of the Share Incentivisation Scheme;
- (b) authorise the entry into of the Option Agreements;
- (c) unconditionally authorise the Directors pursuant to section 80 of the Act to:
 - (i) allot Ordinary Shares pursuant to the Share Exchange Agreement;
 - (ii) allot the New Ordinary Shares;
 - (iii) allot Ordinary Shares pursuant to the Share Incentivisation Scheme up to a maximum number of 3,571,423 Ordinary Shares;
 - (iv) allot Ordinary Shares pursuant to the Option Agreements up to a maximum number of 35,714 Ordinary Shares; and
 - (v) generally and unconditionally authorise the Directors pursuant to Section 80 of the Act to allot further relevant securities (as defined in section 80(2) of the Act) up to a maximum aggregate nominal amount of £977,381 in the period ending 15 months after such resolution or, if earlier, the date of the Company's next annual general meeting (save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if this authority had not expired);
- (d) waive their respective rights of pre-emption on the allotment and issue of:
 - (i) the New Ordinary Shares;
 - (ii) waive their respective rights of pre-emption on the allotment and issue of up to 35,714 Ordinary Shares pursuant to the Option Agreements;
 - (iii) waive their respective rights of pre-emption on the allotment and issue of up to 3,571,423 Ordinary Shares pursuant to the Share Incentivisation Scheme; and
 - (iv) to authorise the Directors to allot further equity securities (as defined in section 94(2) of the Act) up to a maximum aggregate nominal amount of £146,607 as if section 89(1) of the Act did not apply to such allotment, in the period ending 15 months after such resolution or, if earlier, the date of the Company's next annual general meeting; and
- (e) adopt the Articles.

4. Issue of New Ordinary Shares and Admission to Trading

4.1 The New Ordinary Shares shall be issued on Admission.

4.2 Application will be made for the ordinary share capital of the Company, including the Placing Shares, to be admitted to trading on AIM. It is expected that Admission will become effective and dealings will commence on 2 February 2006.

5. Takeover bids and rights to acquire shares held by minority shareholders

There are no mandatory takeover bids outstanding in respect of the Company and none have been made either in the last financial year or the current financial year of the Company.

No public takeover bids have been made by third parties in respect of the Company's issued share capital in the current financial year nor in the last financial year.

If a "takeover offer" (as defined in section 428(1) of the Act) is made and the offeror, by virtue of acceptances of such offer, acquires or contracts to acquire not less than nine-tenths in value of the shares of any class to which the offer relates, then the offeror would have the right to acquire compulsorily the remaining shares of the minority shareholders for the offer price within a fixed period. In such circumstances, the minority shareholders also have the right to require the offeror to buy their shares at the offer price within a fixed period.

6. Hichens, Harrison & Co. plc

- 6.1 Hichens, Harrison & Co. plc whose place of business is Bell Court House, 11 Blomfield Street, London, EC2M 1LB is coordinating the Placing and has been appointed by the Company to act as its agent and to use reasonable endeavours to procure places for the New Ordinary Shares. During the last three years and save for the appointment of Hichens, Harrison & Co. plc to the Company neither Hichens, Harrison & Co. plc nor any one connected with it has had any material relationship with the Company or held any position or office with the Company.
- 6.2 Hichens, Harrison & Co. plc is arranging subscribers for New Ordinary Shares and purchasers for Sale Shares.
- 6.3 The terms of the Placing Agreement are summarised in paragraph 13(a) of Part 5 of this document. Under the Placing Agreement, Hichens, Harrison & Co. plc has agreed to use reasonable endeavours to procure subscribers for the Placing Shares. The Placing Agreement is conditional on, amongst other things, Admission occurring no later than 8.00 a.m. on 2 February 2006 or such later date as the Company, Hichens, Harrison & Co. plc and Nabarro Wells & Co. Limited may agree (being in any event not later than 8.00 a.m. on 9 February 2005). The Placing Agreement provides for the payment to Hichens, Harrison & Co. plc of a corporate finance retainer in the sum of £60,000 together with certain additional fees based on the aggregate money raised in the Placing.
- 6.4 The Company entered into the Share Option Agreements on 1 February 2006 with each of Hichens, Harrison & Co. plc and Nabarro Wells. Each of the option agreements grants the option holder the rights to subscribe for 17,857 Ordinary Shares at the Placing Price and such right may be exercised at any time during the period of 5 years commencing on the date of Admission.

7. Expenses of the Placing

The net proceeds of the Placing to be received by the Company are expected to amount to £10.0 million. The total expenses of the Placing are estimated to be £1.0 million.

8. Dilution

Assuming the New Ordinary Shares are fully subscribed, the existing Ordinary Shares shall account for 73.2 per cent. of the enlarged share capital. A maximum 7,857,143 New Ordinary Shares can be subscribed for and, therefore, if the New Ordinary Shares are fully subscribed the dilution of existing Shareholders will represent 26.8 per cent.

9. Distribution and allotment

To the extent known to the Company at the date of this document, no major Shareholder or Director intended to subscribe for New Ordinary Shares or purchase any Sale Shares and no person intended to subscribe for New Ordinary Shares or purchase any Sale Shares representing in aggregate more than 15 per cent. of the total number of Ordinary Shares in issue on Admission.

PART 4
FINANCIAL INFORMATION

RAWLINSON & HUNTER

*Eagle House
110 Jermyn Street
London SW1Y 6RH
Telephone +44 (0)20 7451 9000
Fax +44 (0)20 7451 9090*

ACCOUNTANTS' REPORT ON B P MARSH & PARTNERS LIMITED

The Directors
B. P. Marsh & Partners Plc
Granville House
132 Sloane Street
London SW1X 9AX

The Directors
Nabarro Wells & Co. Limited
Saddlers House
Gutter Lane
London EC2V 6HS

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

1 February 2006

Dear Sirs

B P MARSH & PARTNERS LIMITED (THE "COMPANY")

Introduction

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM admission document dated 1 February 2006 (the "Admission Document") of B. P. Marsh & Partners Plc.

Basis of Preparation

The financial information is based on the audited financial statements of the Company and its subsidiary, Marsh Insurance Holdings Limited ("MIH") (together, "the Group"), for the three years ended 31 January 2005 and for the six months ended 31 July 2005 (the "Relevant Period"), prepared on the basis set out below, after making such adjustments as we consider necessary.

Rawlinson & Hunter has been auditor to the Company and MIH throughout the relevant period.

Responsibility

Such financial statements are the responsibility of the Company directors and MIH directors who approved their issue.

The directors of B. P. Marsh & Partners Plc are responsible for the contents of the Admission Document in which this report is included.

PM Prettejohn FCA R Drennan FCA SP Jennings FCA CJA Bliss FCA JC Kelly FCA M Harris FCA
FJ Stephens ACA DG Barker ATII KS Nagra FCA RB Melling FCA PA Baker ACA
Directors: MR Cunningham ACA CA Fairpo CTA CA Giles FCCA NJ Medhurst AIT Sally A Ousley CTA DC Rawlings ACA
Director of Finance and Administration: DR Price ACA
Consultants: KW Dent FCA RA Stockwell FCA
International: Australia Bermuda British Virgin Islands Cayman Islands Guernsey Jersey New Zealand Switzerland

Registered to carry on audit work and regulated for a range of investment business activities by the
Institute of Chartered Accountants in England and Wales

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with the Statement of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audits of the financial statements for the Relevant Period. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives, for the purpose of the Admission Document, a true and fair view of the state of the Group's affairs as at the dates stated and of its results for the periods then ended.

Consent

We consent to the inclusion in the Admission Document of this report and accept responsibility for this report for the purposes of the AIM Rules.

Yours faithfully

Rawlinson & Hunter

Chartered Accountants and Registered Auditors

Eagle House

110 Jermyn Street

London SW1Y 6RH

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Notes	6m to 31 July 2005	6m to 31 July 2004	Year to 31 Jan 2005	Year to 31 Jan 2004	Year to 31 Jan 2003
		£000	£000	£000	£000	£000
TURNOVER	1	390	452	642	513	426
Staff costs	2	(509)	(552)	(1,176)	(1,126)	(1,417)
Depreciation		(3)	(4)	(9)	(8)	(12)
Charitable donation		—	—	—	—	(787)
Other operating charges		(318)	(387)	(1,177)	(682)	(633)
Operating costs		(830)	(943)	(2,362)	(1,816)	(2,849)
Income from participating interests		325	301	599	315	249
Income from other fixed asset investments		236	434	743	752	725
Other operating income		561	735	1,342	1,067	974
OPERATING PROFIT/(LOSS)		121	244	(378)	(236)	(1,449)
Provision against fixed asset investments and loans receivable		(66)	(44)	(2,330)	(165)	(592)
Profit on disposal of fixed asset investments		34	296	315	181	6,342
Interest receivable and similar income		11	22	37	168	245
Interest payable and similar charges	4	(33)	(15)	(36)	—	(11)
		(54)	259	(2,014)	184	5,984
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	67	503	(2,392)	(52)	4,535
Taxation	6	—	—	416	—	(2,129)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	13	67	503	(1,976)	(52)	2,406
Dividends	7	—	—	—	(306)	—
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		67	503	(1,976)	(358)	2,406

The result for the year is wholly attributable to continuing activities. There are no recognised gains or losses other than the result for the year.

CONSOLIDATED BALANCE SHEETS

	<i>Notes</i>	<i>As at 31 July 2005</i>	<i>As at 31 July 2004</i>	<i>As at 31 Jan 2005</i>	<i>As at 31 Jan 2004</i>	<i>As at 31 Jan 2003</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
FIXED ASSETS						
Tangible assets	8	8	13	10	15	21
Investments	9	27,221	21,476	25,070	22,771	20,389
		<u>27,229</u>	<u>21,489</u>	<u>25,080</u>	<u>22,786</u>	<u>20,410</u>
CURRENT ASSETS						
Debtors	10	3,548	4,331	3,645	1,810	874
Cash at bank and in hand		438	671	592	3,163	5,863
		<u>3,986</u>	<u>5,002</u>	<u>4,237</u>	<u>4,973</u>	<u>6,737</u>
CREDITORS – amounts falling due within one year	11	<u>(1,363)</u>	<u>(1,306)</u>	<u>(1,495)</u>	<u>(1,333)</u>	<u>(1,421)</u>
NET CURRENT ASSETS		<u>2,623</u>	<u>3,696</u>	<u>2,742</u>	<u>3,640</u>	<u>5,316</u>
TOTAL ASSETS LESS CURRENT LIABILITIES						
CREDITORS – amounts falling due after one year	11	<u>(1,000)</u>	<u>(250)</u>	<u>(1,000)</u>	<u>—</u>	<u>—</u>
		<u>28,852</u>	<u>24,935</u>	<u>26,822</u>	<u>26,426</u>	<u>25,726</u>
CAPITAL AND RESERVES						
Called up share capital	12	2,507	2,503	2,507	2,503	2,503
Share premium account	13	17	17	17	17	17
Revaluation reserve	13	18,322	11,991	16,359	13,487	11,645
Profit and loss account	13	8,006	10,423	7,939	10,419	11,561
SHAREHOLDERS' FUNDS	13	<u>28,852</u>	<u>24,935</u>	<u>26,822</u>	<u>26,426</u>	<u>25,726</u>

CONSOLIDATED CASH FLOW STATEMENTS

	<i>Notes</i>	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash (out)/inflow from operating activities	14	(54)	254	(270)	(532)	(750)
Returns on investment and servicing of finance	15	(23)	8	1	168	234
Taxation		—	—	498	129	(3,815)
Capital expenditure and financial investment	16	(77)	(2,503)	(3,300)	(1,377)	5,198
Equity dividends		—	—	—	(306)	—
Cash (out)/inflow before financing		(154)	(2,241)	(3,071)	(1,918)	867
Financing	17	—	(250)	500	(782)	(2,100)
Decrease in cash in the period	18	(154)	(2,491)	(2,571)	(2,700)	(1,233)
Reconciliation of net cash flow to movement in net debt						
Decrease in cash in the period	18	(154)	(2,491)	(2,571)	(2,700)	(1,233)
Cash (out)/inflow from change in debt		—	(250)	(1,000)	—	2,100
Exchange movement		—	—	(3)	—	—
Movement in net debt in the period		(154)	(2,741)	(3,574)	(2,700)	867
Opening net debt		(740)	2,834	2,834	5,534	4,667
Closing net debt	18	(894)	93	(740)	2,834	5,534

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the provision of consultancy services.

Investments

Investments are stated at fair value.

The valuations of investments are conducted by the Board. In valuing investments the Board applies guidelines issued by the British Venture Capital Association (BVCA). The following valuation methodologies have been used in reaching fair value of investments, some of which are in early stage companies:

- (a) at cost, unless there has been a significant round of new equity finance in which case the investment is valued at the price paid by an independent third party. Where subsequent events or changes to circumstances indicate that an impairment may have occurred, the carrying value is reduced to reflect the estimated extent of impairment;
- (b) by reference to underlying funds under management;
- (c) by applying appropriate multiples to the earnings and revenues of the investee company; or
- (d) by reference to expected future cashflows from the investment where a realisation or flotation is imminent.

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

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

Income from investments

Income from investments comprises:

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

Depreciation

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

Furniture & equipment – 5 years

Foreign currencies

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

Deferred taxation

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

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

Pension costs

The Company operates a defined contributions scheme for some of its employees. The contributions payable to the scheme during the year are charged to the profit and loss account.

Operating leases

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

2. STAFF COSTS

	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
The average number of employees, including directors, employed by the Company during the period was:	22	22	22	22	19
	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
	£000	£000	£000	£000	£000
The related staff costs were:					
Wages and salaries	420	460	982	946	1,180
Social security costs	48	55	119	111	136
Pension costs	41	37	75	69	101
	509	552	1,176	1,126	1,417

3. DIRECTORS' EMOLUMENTS

	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
	£000	£000	£000	£000	£000
The aggregate emoluments of the directors were:					
Management services	230	289	634	620	671
Fees	20	45	87	104	84
Pension contributions	25	23	48	45	82
	275	357	769	769	837
Highest paid director					
Emoluments	75	74	162	161	187
Pension contribution	8	7	15	14	16
	83	81	177	175	203

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.

	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
--	-----------------------------------	-----------------------------------	------------------------------------	------------------------------------	------------------------------------

The number of directors accruing benefits under money purchase pension schemes during the period was:

	4	4	4	4	5
--	---	---	---	---	---

4. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Other interest	33	15	14	—	—
Loans from a director	—	—	22	—	11
	<u>33</u>	<u>15</u>	<u>36</u>	<u>—</u>	<u>11</u>

5. RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
The result on ordinary activities before taxation for the period was arrived at after charging:					
Operating lease rentals of land and building	59	59	118	118	118
Auditors' remuneration	12	—	16	21	14
Depreciation	3	4	9	8	12
	<u>3</u>	<u>4</u>	<u>9</u>	<u>8</u>	<u>12</u>

6. TAXATION

	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
The charge for tax comprises:					
Charge for year	—	—	—	—	2,129
Overprovision in respect of prior year	—	—	(416)	—	—
Factors affecting the charge for the year	—	—	(416)	—	2,129
(Loss)/Profit on ordinary activities before tax	67	503	(2,392)	(52)	4,535
Tax at 30% on (loss)/profit on ordinary activities	20	151	(718)	(16)	1,360
Effects of:					
Expenses not deductible for tax purposes	2	9	24	37	501
Impairment provision not deductible for tax	20	13	699	50	—
Depreciation in excess of capital allowances	—	—	—	—	47
Other effects:					
Overprovision in relation to prior years	—	—	(416)	—	(419)
Tax losses carried forward / (utilised)	49	(5)	362	234	229
Taxable capital loss in excess of accounting loss	—	—	(86)	—	—
Income recognition timing difference	—	—	—	—	28
Foreign tax in excess of UK rate of 30%	—	—	—	—	697
Non-taxable income (dividends received)	(91)	(168)	(281)	(305)	(314)
Tax charge for the period	—	—	(416)	—	2,129

7. DIVIDENDS

	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Ordinary dividends					
Interim dividend paid	—	—	—	306	—
	—	—	—	306	—

In 2004 a dividend of £306,125 was paid to a “B” shareholder.

8. TANGIBLE FIXED ASSETS

	<i>6m to 31 July 2005</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Furniture & Equipment				
Cost				
Opening cost for the period	94	152	150	140
Additions	1	4	2	10
Disposals	—	(62)	—	—
	<u>95</u>	<u>94</u>	<u>152</u>	<u>150</u>
Depreciation				
Opening accumulated depreciation for the period	84	137	129	117
Charge for the period	3	9	8	12
Disposals	—	(62)	—	—
	<u>87</u>	<u>84</u>	<u>137</u>	<u>129</u>
Net book value				
Opening net book value	<u>10</u>	<u>15</u>	<u>21</u>	<u>23</u>
Closing net book value	<u><u>8</u></u>	<u><u>10</u></u>	<u><u>15</u></u>	<u><u>21</u></u>

9. FIXED ASSET INVESTMENTS

	<i>Participating interests</i>	<i>Other Investments other than Loans</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At valuation			
At 1 February 2002	24,035	1,706	25,741
Additions	1,991	150	2,141
Disposals	(1,247)	(124)	(1,371)
Impairment Provision	(300)	(292)	(592)
Revaluation	(5,987)	457	(5,530)
At 1 February 2003	18,492	1,897	20,389
Additions	254	533	787
Disposals	—	(82)	(82)
Impairment Provision	(165)	—	(165)
Revaluation	2,005	(163)	1,842
At 1 February 2004	20,586	2,185	22,771
Additions	265	327	592
Disposals	(185)	—	(185)
Impairment Provision	(936)	(44)	(980)
Revaluation	1,837	1,035	2,872
At 31 January 2005	21,567	3,503	25,070
Additions	271	—	271
Disposals	(92)	—	(92)
Impairment Provision	—	(16)	(16)
Revaluation	320	1,668	1,988
At 31 July 2005	22,066	5,155	27,221
At cost			
At 1 February 2002	6,593	1,998	8,591
Additions	1,991	150	2,141
Disposals	(1,247)	(124)	(1,371)
Impairment Provision	(300)	(292)	(592)
At 1 February 2003	7,037	1,732	8,769
Additions	254	533	787
Disposals	—	(82)	(82)
Impairment Provision	(165)	—	(165)
At 1 February 2004	7,126	2,183	9,309
Additions	265	327	592
Disposals	(185)	—	(185)
Impairment Provision	(936)	(44)	(980)
At 31 January 2005	6,270	2,466	8,736
Additions	271	—	271
Disposals	(92)	—	(92)
Impairment Provision	—	(16)	(16)
At 31 July 2005	6,449	2,450	8,899

Participating interests

The participating interests at 31 July 2005, all of which are registered in England and Wales except for Carpenter Moore Insurance Services Inc., which is incorporated in the USA, are as follows:-

<i>Name of company</i>	<i>% holding of share capital</i>	<i>Date information Available to</i>	<i>Aggregate capital and Reserves</i>	<i>Profit/(Loss) for the year</i>	<i>Principal activity</i>
			<i>£000</i>	<i>£000</i>	
Hyperion Insurance Group Limited	27.96	30.09.04	4,363	1,111	Insurance holding company
Jump Group Limited	22.50	30.04.04	2,265	378	Estate agency
Public Risk Management Limited	35.00	31.12.04	(246)	(296)	Public risk management consultants
Carpenter Moore Insurance Services Inc.	27.37	30.09.04	73	37	Broker of surplus lines insurance
Besso Holdings Limited	24.69	31.12.04	7,575	1,525	Investment holding company
Paterson Martin Limited	22.50	31.12.04	382	(111)	Non-life insurance/reinsurance
Portfolio Design Group International Limited	20.00	31.12.04	3,964	279	Fund managers of traded endowment policies
Morex Commercial Ltd	20.00	31.07.04	(1,262)	(309)	Trading in secondary life policies
Preferred Asset Management Ltd	20.00	30.09.03	42	17	Fund management company
Surrenda-Link Nominees Ltd	20.00	31.12.03	Nil	Nil	Investment holding company

The company has a 35% interest in shares of Summa Insurance Brokerage, S.L. as at 31 July 2005. It is a newly incorporated company (as at 23 December 2004) registered in Spain. Their first period of accounts will be to 31 December 2005 and therefore no statutory figures were available as at the date of the 2005 annual report.

The company has a 28% interest in the shares of HQB Partners Limited as at 31 July 2005. The company was incorporated on 14 September 2004 and their first period of accounts will be to 31 December 2005. Therefore no statutory figures were available as at the date of the 2005 annual report.

On 4 August 2005, Jump Group Limited was placed into administration. The Group had made a full provision against this investment in its accounts for the year ended 31 January 2005.

10. DEBTORS

	<i>As at 31 July 2005</i>	<i>As at 31 July 2004</i>	<i>As at 31 Jan 2005</i>	<i>As at 31 Jan 2004</i>	<i>As at 31 Jan 2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Due within one year					
Trade debtors	213	69	182	140	96
Other debtors	208	197	382	15	492
Prepayments and accrued income	152	236	136	198	286
	<u>573</u>	<u>502</u>	<u>700</u>	<u>353</u>	<u>874</u>
Due after one year					
Loans to participating interests and other debtors	2,975	3,829	2,945	1,457	—
	<u>3,548</u>	<u>4,331</u>	<u>3,645</u>	<u>1,810</u>	<u>874</u>

	<i>As at 31 July 2005</i>	<i>As at 31 July 2004</i>	<i>As at 31 Jan 2005</i>	<i>As at 31 Jan 2004</i>	<i>As at 31 Jan 2003</i>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
The following amounts, owed by the Group's participating interests, were included within trade debtors at the period end:	191	33	119	108	103
	<u><u>191</u></u>	<u><u>33</u></u>	<u><u>119</u></u>	<u><u>108</u></u>	<u><u>103</u></u>

11. CREDITORS

	<i>As at 31 July 2005</i>	<i>As at 31 July 2004</i>	<i>As at 31 Jan 2005</i>	<i>As at 31 Jan 2004</i>	<i>As at 31 Jan 2003</i>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Amounts falling due within one year					
Trade creditors	7	42	8	—	8
Corporation Tax	429	350	429	350	350
Other taxes and social security	49	34	34	38	26
Other loan	332	329	332	329	329
Accruals and deferred income	546	551	692	616	708
	<u>1,363</u>	<u>1,306</u>	<u>1,495</u>	<u>1,333</u>	<u>1,421</u>
	<u><u>1,363</u></u>	<u><u>1,306</u></u>	<u><u>1,495</u></u>	<u><u>1,333</u></u>	<u><u>1,421</u></u>

The other loan 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).

	<i>As at 31 July 2005</i>	<i>As at 31 July 2004</i>	<i>As at 31 Jan 2005</i>	<i>As at 31 Jan 2004</i>	<i>As at 31 Jan 2003</i>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Amounts falling due after more than one year					
Other loan	1,000	250	1,000	—	—
	<u>1,000</u>	<u>250</u>	<u>1,000</u>	<u>—</u>	<u>—</u>
	<u><u>1,000</u></u>	<u><u>250</u></u>	<u><u>1,000</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

The other loan relates to amounts lent to the company by Mr B.P. Marsh as part of a £3,000,000 facility, and is secured on the assets of the company. The loan accrues interest at a rate of 2% above the base rate, which was 4.75% at the year end and is repayable in full by June 2009. Interest is payable on a quarterly basis.

12. CALLED UP SHARE CAPITAL

	<i>As at 31 July 2005</i>	<i>As at 31 July 2004</i>	<i>As at 31 Jan 2005</i>	<i>As at 31 Jan 2004</i>	<i>As at 31 Jan 2003</i>
	£	£	£	£	£
Authorised					
153,179,452 "A" Ordinary shares of 1p each (2004: 4,034,280 of £1 each, 2003: 4,034,280 of £1 each)	1,531,795	4,034,280	1,531,795	4,034,280	4,034,280
2,502,509 deferred shares of £1 each (2004: nil, 2003: nil)	2,502,509	—	2,502,509	—	—
47,617 "B" shares of 1p each (2004: 50,000, 2003: 50,000)	476	500	476	500	500
49,623 "C" shares of 1p each (2004: 50,000, 2003: 50,000)	496	500	496	500	500
50,000 "D" shares of 1p each	500	500	500	500	500
	<u>4,035,776</u>	<u>4,035,780</u>	<u>4,035,776</u>	<u>4,035,780</u>	<u>4,035,780</u>
Allotted, called up and fully paid					
435,250 "A" Ordinary shares of 1p each (2004: 2,502,666 of £1 each, 2003: 2,502,666 of £1 each)	4,352	2,502,666	4,352	2,502,666	2,502,666
2,502,509 deferred shares of £1 each (2004: nil, 2003: nil)	2,502,509	—	2,502,509	—	—
23,568 "B" shares of 1p each (2004: 25,278, 2003: 25,590)	236	253	236	253	259
21,223 "C" shares of 1p each (2004: 21,600, 2003: 21,600)	212	216	212	216	216
1,000 "D" shares of 10p each	10	10	10	10	10
	<u>2,507,319</u>	<u>2,503,145</u>	<u>2,507,319</u>	<u>2,503,145</u>	<u>2,503,151</u>

REDEMPTION OF SHARES

On 28 June 2004 the Company redeemed 377 "C" shares of 1p each for £500,000 from The Stephen Crowther Trust.

On 27 November 2003 the Company redeemed 25 "B" shares of 1p each for £32,891 from The Tasha Dunbar Trust. On the 11 April 2003 the Company redeemed 617 "B" shares of 1p for £750,000 from The Tasha Dunbar Trust.

REORGANISATION OF SHARE CAPITAL

On 22 December 2004 a written resolution was passed to reorganise the share capital of the Company, the details are as follows:

- (i) 1,531,614 authorised but unissued "A" shares of £1 each were sub-divided into 153,161,400 ordinary shares of one penny each;
- (ii) 935,766 of the 2,502,666 existing "A" shares of £1 each were converted into 935,766 deferred shares of £1 each;
- (iii) the remaining 1,566,900 issued "A" shares of £1 each were converted and sub-divided into 1,566,900 "A" shares of 0.01 penny each and 1,566,900 deferred shares of 99.99 pennies each;
- (iv) 1,741 issued "B" shares of one penny each were converted into 174,100 "A" ordinary shares of 0.01 penny each;

- (v) the 935,766 deferred shares of £1 and the 1,566,900 deferred shares of 99.99p each were consolidated and converted into 2,502,509 deferred shares of £1 each and 31 “B” shares of one penny each;
- (vi) 41,784,000 “A” ordinary shares of 0.01 penny each were allotted by way of a bonus issue out of distributable reserves to the holders of the “A” ordinary shares in the company as at 31st December 2003 free of any pre-emption rights;
- (vii) the 43,525,000 “A” ordinary shares of 0.01 penny each were consolidated into 435,250 “A” ordinary shares.

RIGHTS ATTRIBUTABLE TO EACH CLASS OF SHARE

(a) as regards income:

- (i) subject to the performance related provisions the holders of the “A”, “B” and “C” shares from time to time in issue shall be entitled to be paid such sum by way of dividend as the holder or holders of the majority of the “A” Shares determine from time to time;
- (ii) until 31 January 2007 the holders of the relevant “D” shares from time to time in issue shall not be entitled to any percentage of the profits of the company available for distribution and resolved to be distributed in respect of each of the company’s financial years;
- (iii) the deferred shares shall have no rights to any income;
- (iv) the holder or holders of the “A” shares holding the majority of the issued “A” shares from time to time may declare such a dividend in favour of such one or more individual shareholder, one or more class of shareholder or one or more classes of shareholder as they so agree and any declaration or payment to any one or more shareholder shall not be deemed to be a disposal or waiver of any right of any other shareholder.

(b) as regards capital:

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

- (i) first equally among all of the holders of “A” shares and of “B” shares and of “C” shares and of the “D” shares and of the deferred shares according to the sums paid up or credited as paid up on and up to the nominal value of each share; and
- (ii) secondly as to any balance equally among the holders of the “A” shares only as regards any surplus assets.

(c) as regards voting:

subject to the performance related provisions:

- (i) on a show of hands and a poll every holder of an “A” share shall have one vote, less any proportion allocated to “B” and “C” shares under the performance related provisions;
- (ii) on a show of hands and a poll every holder of “B” and “C” shares shall have a vote dependent on the performance related provisions in place;
- (iii) until 31 January 2007 the “D” shares shall carry no rights to vote at any general meeting whether on a show of hands, on a poll or otherwise;
- (iv) the Deferred Shares shall carry no rights to vote at any general meeting whether on a show of hands, on a poll or otherwise and shall have no right to be notified of or attend any general meeting.

(d) as regards redemption:

- (i) between 31 January 2003 and 31 January 2006 the “B” shares shall be redeemable in whole or in part either by the holder of the share or by the company. On any such redemption each share shall confer the right to a fixed redemption sum equal to the sum per share net of any tax or other duty.

- (ii) between 31 January 2004 and 31 January 2006 the “C” shares shall be redeemable in whole or in part either by the holder of the share or by the company. On any such redemption each share shall confer the right to a fixed redemption sum equal to the sum per share net of any tax or other duty.
- (iii) between 31 January 2007 and 31 January 2010 the “D” shares shall be redeemable in whole or in part either by the holder of the share or by the company. On any such redemption each share shall confer the right to a fixed redemption sum equal to the sum per share net of any tax or other duty.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER’S FUNDS

	<i>Share capital</i>	<i>Share premium account</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 February 2002	2,503	17	17,175	9,155	28,550
Allotted during the year: 1,000 “D” shares of 1p each	—	—	—	—	—
Profit for the year	—	—	—	2,406	2,406
Fair value adjustment to investments	—	—	(5,530)	—	(5,530)
At 1 February 2003	2,503	17	11,645	11,561	25,726
Shares redeemed during the year	—	—	—	(784)	(784)
Profit for the year	—	—	—	(52)	(52)
Dividends paid	—	—	—	(306)	(306)
Fair value adjustment to investments	—	—	1,842	—	1,842
At 1 February 2004	2,503	17	13,487	10,419	26,426
Loss for the year	—	—	—	(1,976)	(1,976)
Shares redeemed during the year	—	—	—	(500)	(500)
Bonus issue of “A” shares	4	—	—	(4)	—
Fair value adjustment to investments	—	—	2,872	—	2,872
At 31 January 2005	2,507	17	16,359	7,939	26,822
Profit for the period	—	—	—	67	67
Realised revaluation deficit on sale of investments	—	—	(25)	—	(25)
Surplus on revaluation of investments	—	—	1,988	—	1,988
At 31 July 2005	2,507	17	18,322	8,006	28,852

14. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating profit/(loss)	121	244	(378)	(236)	(1,449)
Depreciation charges	3	4	9	8	12
(Increase)/decrease in debtors	(46)	33	19	(215)	(98)
Increase/(decrease) in creditors	(132)	(27)	80	(89)	(2)
Charitable donations	—	—	—	—	787
Net cash (out)/inflow from operating activities	(54)	254	(270)	(532)	(750)

15. RETURNS ON INVESTMENT AND SERVICING OF FINANCE

	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Interest received	10	23	37	168	245
Interest paid	(33)	(15)	(36)	—	(11)
	(23)	8	1	168	234

16. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Purchase of tangible fixed assets	(1)	(2)	(4)	(2)	(10)
Purchase of investments	(271)	(268)	(592)	(787)	(2,141)
Proceeds on sale of investments	101	321	500	262	6,928
(Payment)/repayment of loans (to)/from investee companies	94	(2,554)	(3,204)	(850)	421
	(77)	(2,503)	(3,300)	(1,377)	5,198

17. FINANCING

	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Loan advances received in the year	—	250	1,000	—	—
Loan repayments	—	—	—	—	(2,100)
Payments to redeem shares	—	(500)	(500)	(782)	—
	—	(250)	500	(782)	(2,100)

18. ANALYSIS OF CHANGES IN NET DEBT

	<i>At 1 Feb 2002</i>	<i>Cash flows</i>	<i>At 31 Jan 2003</i>	<i>Cash flows</i>	<i>At 31 Jan 2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	7,096	(1,233)	5,863	(2,700)	3,163
Debt due within one year	(2,429)	2,100	(329)	—	(329)
Debt due after one year	—	—	—	—	—
	<u>4,667</u>	<u>867</u>	<u>5,534</u>	<u>(2,700)</u>	<u>2,834</u>

	<i>At 1 Feb 2004</i>	<i>Cash flows</i>	<i>Exchange movement</i>	<i>At 31 Jan 2005</i>	<i>Cash flows</i>	<i>At 31 July 2005</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	3,163	(2,571)	—	592	(153)	439
Debt due within one year	(329)	—	(3)	(332)	—	(332)
Debt due after one year	—	(1,000)	—	(1,000)	—	(1,000)
	<u>2,834</u>	<u>(3,571)</u>	<u>(3)</u>	<u>(740)</u>	<u>(153)</u>	<u>(893)</u>

19. OPERATING LEASES

The Company is committed to making the following annual payments under a non-cancellable operating lease:

	<i>As at 31 July 2005</i>	<i>As at 31 July 2004</i>	<i>As at 31 Jan 2005</i>	<i>As at 31 Jan 2004</i>	<i>As at 31 Jan 2003</i>
	<i>Land and buildings</i>	<i>Land and buildings</i>	<i>Land and buildings</i>	<i>Land and buildings</i>	<i>Land and buildings</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Leases expiring:					
Within two to five years	118	118	118	118	—
Greater than five years	—	—	—	—	118
	<u>118</u>	<u>118</u>	<u>118</u>	<u>118</u>	<u>118</u>

20. LOAN COMMITMENTS

On 31 January 2005 the Company entered into an agreement to provide a participative-subordinated loan of €1,368,615 (£994,785) and a loan facility of €1,500,000 (£1,090,116) to Summa Insurance Brokerage S.L, an associated company and a company incorporated in Spain. €368,615 (£254,217) of the participative-subordinated loan was paid on 7 February 2005 with the remaining €1,000,000 due to be paid following shareholder approval of the company's first acquisition target.

On 15 April 2004 the Company entered into an agreement to provide a loan facility of £300,000 to Paterson Martin Limited, an associated company. At 31 July 2005 this loan had not been drawn on.

21. CONTINGENT LIABILITIES

The directors estimate that, if the group were to dispose of all its investments at the amount stated in the Balance Sheet for each period, the following amounts of tax on capital gains would become payable by the group:

	<i>As at 31 July 2005</i>	<i>As at 31 July 2004</i>	<i>As at 31 Jan 2005</i>	<i>As at 31 Jan 2004</i>	<i>As at 31 Jan 2003</i>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Tax payable	5,215	4,056	4,726	4,563	4,011

22. RELATED PARTY DISCLOSURES

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

	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Hyperion Insurance Group Limited	2,350	2,350	2,350	—	—
Portfolio Design Group International Limited	179	179	357	357	357
Public Risk Management Ltd	345	300	345	100	—
Jump Group Limited	—	750	1,350	750	750

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, was as follows:

	<i>6m to 31 July 2005</i>	<i>6m to 31 July 2004</i>	<i>Year to 31 Jan 2005</i>	<i>Year to 31 Jan 2004</i>	<i>Year to 31 Jan 2003</i>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Besso Holdings Limited	62	27	53	51	51
Carpenter Moore Group	16	181	199	127	138
Corporate Finance Security Limited	—	—	—	14	7
E-Risk Services LLC	—	—	—	—	21
Hyperion Insurance Group Limited	195	184	336	84	73
Jump Group Limited	96	59	94	88	7
Marine Reinsurance International Limited	—	59	58	—	15
Marsh Christian Trust	23	22	45	84	21
Portfolio Design Group International Limited	26	30	60	70	60
Public Risk Management Ltd	27	21	48	10	—
Paterson Martin Limited	14	13	26	—	—
HQB Partners Limited	12	—	—	—	—
Summa Insurance Brokerage S.L.	36	—	—	—	—

The Company owed the following amounts to Mr B. P. Marsh, who is the Chairman and majority shareholder of the Company:

	<i>As at</i> <i>31 July</i> <i>2005</i>	<i>As at</i> <i>31 July</i> <i>2004</i>	<i>As at</i> <i>31 Jan</i> <i>2005</i>	<i>As at</i> <i>31 Jan</i> <i>2004</i>	<i>As at</i> <i>31 Jan</i> <i>2003</i>
	<u>£000</u> <u>1,000</u>	<u>£000</u> <u>250</u>	<u>£000</u> <u>1,000</u>	<u>£000</u> <u>—</u>	<u>£000</u> <u>—</u>
Interest paid to him during the period amounted to:	<u>33</u>	<u>1</u>	<u>22</u>	<u>—</u>	<u>11</u>

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

23. DIRECTOR'S INTEREST IN CONTRACTS

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

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

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

24. POST BALANCE SHEET EVENTS

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

On 1 February 2006 the Company's share capital was reorganised into a single class of ordinary share.

PART 5

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names and functions appear on page 4 of this document and the Company accept responsibility for all the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

2. The Company

The Company's full name is B. P. Marsh & Partners plc. The Company is registered in England and Wales under company registration number 5674962. The Company was incorporated in England and Wales on 13 January 2006 under the Companies Act 1985. The Company is a public company limited by shares and operates under English law.

The Company's registered office and its principal place of business is at Granville House, 5th Floor, 132 Sloane Street, London, SW1X 9AX and the main switchboard telephone number is 020 7730 2626.

3. Organisational structure

The Company has the following principal subsidiaries:

<i>Subsidiary</i>	<i>Country of incorporation</i>	<i>Registered office</i>	<i>Field of activity</i>	<i>Proportion of share capital and voting power</i>
B. P. Marsh & Company Limited	United Kingdom	Granville House 5th Floor 132 Sloane Street London SW1X 9AX	Trading/ Investment company	100%
Marsh Insurance Holdings Limited	United Kingdom	Granville House 5th Floor 132 Sloane Street London SW1X 9AX	Investment company	100%
B. P. Marsh 2006 Limited	United Kingdom	Granville House 5th Floor 132 Sloane Street London SW1X 9AX	Dormant	100%
Marsh Development Capital Limited	United Kingdom	Granville House 5th Floor 132 Sloane Street London SW1X 9AX	Dormant	100%
B. P. Marsh Asset Management Limited	United Kingdom	Granville House 5th Floor 132 Sloane Street London SW1X 9AX	Investment manager Dormant	100%
B. P. Marsh & Co. Trustee Company Limited	United Kingdom	Granville House 5th Floor 132 Sloane Street London SW1X 9AX	Dormant	100%

4. Auditors

The Company's auditors for each of the financial years ended 31 January 2003, 2004 and 2005 were Rawlinson & Hunter of Eagle House, 110 Jermyn Street, London, SW1Y 6RH, a member of the Institute of Chartered Accountants in England and Wales.

5. Share capital

5.1 The Company's share capital as at the date of this document is as follows:

	<i>Total</i>
Number of shares authorised	50,000,000
Number of shares issued fully paid	21,429,000
Par value of shares	£0.10
	<hr/>
Total issued share capital	£2,142,900

All of the issued shares were issued on 13 January and 1 February 2006. The ten subscriber shares were issued for cash and all of the other shares were issued credited as paid other than in cash pursuant to the Share Exchange Agreement.

5.2 The following are details of the changes in the issued and authorised share capital of the Company since its incorporation:

- (i) there have been no changes in the authorised share capital of the Company;
- (ii) on 13 January 2006, 10 Ordinary Shares were subscribed for on incorporation of the Company; and
- (iii) on 1 February 2006, the issued share capital was increased from 10 Ordinary Shares to 21,429,000 Ordinary Shares by the allotment and issue of 21,428,990 Ordinary Shares pursuant to the Share Exchange Agreement.

5.3 The Company has not issued any convertible securities, exchangeable securities or securities with warrants.

5.4 No shares in the capital of the Company are held by or on behalf of the Company or by any Subsidiary.

5.5 Save for the Share Incentivisation Scheme and the Option Agreements which are summarised below, no capital of any member of the Group is under option or agreed conditionally or unconditionally to be put under option.

5.6 The principal terms of the Share Incentivisation Scheme were adopted by the Company on 16 January 2006. As at the date of this document, there are no shares currently under option under the Share Incentivisation Scheme. Shortly after Admission the Company intends to grant options over shares under the Share Incentivisation Scheme. These options will be held by employees and current Directors. The principal details of the Share Incentivisation Scheme are set out below:

(a) Scheme Structure and Operation of the Scheme

The Share Incentivisation Scheme will be structured as a Stock Appreciation Rights Plan and shall be constituted by rules approved by the remuneration committee of the Company ("Remuneration Committee"). Its operation will be overseen by the Remuneration Committee.

(b) Eligibility

The Remuneration Committee may select at its discretion any executive who must be an employee or director of the Company and/or any of its subsidiaries to participate in the Share Incentivisation Scheme. However, it is not intended that Mr Brian Marsh OBE will participate in the Share Incentivisation Scheme.

(c) Initial Award of Share Units

Initial awards of share units may be made at any time within six months following Admission. Initial awards of share units will have an allocation price equal to the Placing Price.

Initial awards will vest in whole or in part at the end of the performance period (see below) and at such time and subject to the achievement of performance conditions (see below) a number of Ordinary Shares may be distributed to participants.

Participants will receive no dividends and have no voting rights until awards have vested and Ordinary Shares have been issued.

(d) Subsequent Awards of Share Units

After the initial awards, subsequent awards may be made within 42 days after the announcement of the Company's interim or final results in any year and, exceptionally at such other times as the Committee may determine.

No award may be made more than ten years after the date of Admission to AIM. The Remuneration Committee will review the operation of the Plan after no more than three years to consider whether it continues to meet the Company's needs.

(e) Allocation Price

For awards made after the initial award (which may be made at any time within six months after Admission), the allocation price of each share unit may be no less than the market value of an Ordinary Share at the date of the award. The market value for these purposes may be taken from an average of the closing Ordinary Share prices over ten dealing days prior to the date of the award.

(f) Vesting of Awards

Awards of share units made under the Share Incentivisation Scheme will only vest if the performance conditions laid down by the Remuneration Committee for the relevant performance period (as described in paragraph 5.6(g)) are met. The normal vesting date will be as determined by the Remuneration Committee at the award date, being no earlier than the third anniversary of the award date and in the case of the initial award of share units, ten dealing days after the announcement of the results of the Company for the financial year ending 31 January 2009.

A shorter performance period may apply in the case of a cessation of employment or in the case of a change in control (as described in paragraph 5.6(h)).

Subject to any applicable income tax and National Insurance liabilities, on vesting, participants will receive a number of Ordinary Shares equal in value (as nearly as may be) at that time to the increase in value of the number of share units which have vested, determined for each vested share unit as the difference, if positive, between the market value of an Ordinary Share on the vesting date plus the aggregate gross value of any dividends declared in respect of such Ordinary Share during the vesting period, less the allocation price.

Any share units that do not vest will lapse with immediate effect.

(g) Performance Conditions

Performance conditions for each award shall be set by the Remuneration Committee at the award date.

The performance condition proposed for the initial award of share units will be based on the achievement of an annualised internal rate of return ("IRR") over the performance period. For the purpose of calculating the Company's IRR over the performance period it shall be assumed that an Ordinary Share is purchased on the date of Admission at the Placing Price and is sold on the vesting date, taking account of the gross value of dividends declared between the date of Admission and the vesting date. The Ordinary Share price on the vesting date for the purposes of this calculation shall be the average closing Ordinary Share price for the ten dealing days commencing on the date of the announcement of the Company's full year results for the financial year ending 31 January 2009.

The proportion of the share units awarded that may vest will depend on the achievement of the performance condition as follows:

Less than	5.0 per cent. IRR	0 per cent. of the share units awarded may vest
	5.0 per cent IRR	50 per cent. of the share units awarded may vest
	8.0 per cent. IRR or more	100% of the share units awarded may vest

A linear relationship shall exist between 5.0 per cent. IRR and 8.0 per cent. IRR.

It is anticipated that similar performance conditions will be attached to subsequent Awards.

(h) Leavers and Change of Control

“Good” and “Bad” leaver provisions will apply. Good leavers are those who cease to be employed by the Company for reasons of ill-health, death, redundancy, retirement or any other reason that may be determined by the Remuneration Committee as constituting a Good leaver situation. Good leavers’ unvested awards will vest taking into account the achievement of the performance conditions attached to the awards up to the date of cessation of employment.

Bad leavers are defined as all other leavers.

In the case of Bad leavers, any unvested awards will lapse in full.

In the event of a change in control of the Company, all awards will vest subject to the achievement of the performance condition(s) up to the date of the change of control.

(i) Limits

Ordinary Shares to be used for the purposes of satisfying awards under the Share Incentivisation Scheme may either be newly issued Ordinary Shares or existing Ordinary Shares purchased in the market.

The number of share units awarded under the Share Incentivisation Scheme that may be outstanding at any time may not exceed 15 per cent. of the issued ordinary share capital of the Company at that time.

The number of Ordinary Shares which may be issued to satisfy all awards made under the Share Incentivisation Scheme may not exceed 15 per cent. of the issued ordinary share capital of the Company from time to time.

(j) Variations of Share Capital

If there is a variation of the issued share capital of the Company, the allocation price and/or the number of share units comprised in an award may be adjusted in such manner as the Remuneration Committee considers to be reasonable.

(k) Transferability of Awards

Awards are neither transferable nor assignable except in the case of death.

(l) Pensionability

The terms and conditions of employment of participants will not be affected by participation in the Share Incentivisation Scheme. Rights and benefits conferred upon participating employees and executive Directors under the Share Incentivisation Scheme will not be taken into account for the purpose of determining remuneration for pension, bonus or profit sharing purposes.

(m) Variation and termination of the Share Incentivisation Scheme

The Remuneration Committee may vary or terminate the Share Incentivisation Scheme at any time provided that:

- (i) no deletion, amendment or addition would operate to affect adversely any rights already acquired by a participant in the Share Incentivisation Scheme without his prior consent in writing;

- (ii) the subsisting rights of participants would not be affected by any termination of the Plan;
- (iii) no alteration to the definition of “Executive” or the limits may be made to the advantage of executives without the prior approval of shareholders in general meeting.

5.7 *The Option Agreements*

The Company entered into the Share Option Agreements on 1 February 2006 with each of Hichens, Harrison & Co. plc and Nabarro Wells. Each of the option agreements grants the option holder the right to subscribe for 17,857 Ordinary Shares at the Placing Price and such right may be exercised at any time during the period of 5 years commencing on the date of Admission. The Option Agreements contain mechanics for further shares to be issued or the number of shares the subject of the option to be reduced in the case of a sub-division or consolidation of the Ordinary Shares. The option holders may assign the benefit of the Option Agreements with the group of companies of which they are a part. No warranties were given by the option holders or the Company pursuant to the Option Agreements.

6. **Major Shareholders**

Save as set out below the Company is not aware of any person, other than the Directors and senior employees of the Company, who directly or indirectly has a material interest of 3 per cent. or more of the Company’s share capital or could, directly or indirectly, exercise control of the Company:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Shareholding percentage before the Placing</i>	<i>Shareholding percentage after the Placing</i>
Brian Marsh	17,121,771	79.9%	58.5%
Trustees on behalf of Natasha Dunbar	2,142,900	10.0%	4.9%
Trustees on behalf of Stephen Crowther	2,142,900	10.0%	4.9%

None of the Shareholders who hold a notifiable interest as set out above have different voting rights to those of other Shareholders.

So far as the Company is aware, the Company is owned or controlled directly by Brian Marsh by reason of the fact that he together with his wife holds Ordinary Shares representing in aggregate 80 per cent. of the Company’s issued share capital. After the Placing he is expected to hold Ordinary Shares representing in aggregate 58.5 per cent. of the Company’s issued share capital. He has entered into a deed of undertaking relating to the manner in which such control is to be exercised. The terms of this undertaking are summarised in paragraph 13(f) of Part 5 of this document.

There are no arrangements in place, known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

7. Administrative, management and supervisory bodies and senior management

7.1 The table below states the names of all companies and partnerships of which the Directors are or have been a director or partner at any time in the period of five years immediately preceding the date of this document (other than directorships in the Subsidiaries):

<i>Name</i>	<i>Current</i>	<i>Past</i>
Brian Marsh	Carpenter Moore (London) Limited Besso Holdings Limited 80 to 82 Onslow Gardens Limited Hyperion Insurance Group Limited	Carpenter Moore Insurance Services, Inc. MBB Newco Limited BC Dyer Investments Limited Moore Brown Barnes (Overseas) Limited Barder and Marsh Limited Wildlife Information Network Wildlife Information Network Trading Limited Marine Reinsurance International Limited Jitro Guernsey Limited Portfolio Design Group International Limited Morex Commercial Limited Glenrand MIB Pty. Limited Jump Group Limited Admiral Liability Acceptances (Pty) Limited Admiral Professional Underwriting Agencies (Pty) Limited
Natasha Dunbar		BC Dyer Investments Limited Flashpushers Limited
Stephen Clarke		Stepaul Limited Thomson's Group plc Portfolio Design Group International Limited Morex Commercial Limited Jump Group Limited
Philip Mortlock	Dyfed Mohair Fibre Producers Limited The Essex Locomotive Society Limited Mortlock Associates Limited Ffabrigio Limited Portfolio Design Group International Limited Morex Commercial Limited	
Stephen Crowther	Howden Insurance Brokers Limited Dual International Limited DCR Holdings Limited Dual Corporate Risks Limited Hyperion Insurance Group Limited Besso Holdings Limited Besso ESOP Trustee Limited Principal Investment Holdings Limited HQB Partners Limited Dual Iberica Riesgos Profesionales S. A. Summa Insurance Brokerage, S. L.	BC Dyer Holdings Limited BC Dyer Underwriting Agencies Limited BC Dyer Investments Limited KR Barrett Underwriting Agencies Limited CFC Technology Limited Marine Reinsurance International Limited Dual Corporate Risks Limited CFC Underwriting Limited CFC Liability Holdings Limited CFC Liability Limited Global Insurance Services Limited

<i>Name</i>	<i>Current</i>	<i>Past</i>
		Marine Reinsurance International Limited Admiral Liability Acceptances (Pty) Limited Admiral Professional Underwriting Agencies Limited GSK Underwriting Agencies (Asia) Limited
Francis de Zulueta	Cyber Risk Services Limited Berkeley Insurance (Holdings) Limited Berkeley (Insurance) Limited Corporate Finance Security Limited Paterson Martin Limited	Jump Group Limited Public Risk Management Limited Gabbitas, Truman and Thring Educational Trust
Jonathan Newman	Public Risk Management Limited Paterson Martin Limited	

Save as disclosed above, none of the Directors is or has been a director or member of any administrative, management or supervisory body of any companies or partner in partnerships at any time in the period of five years immediately preceding the date of this document.

- 7.2 As at the date of this document, the interests (all of which are beneficial unless otherwise stated) of the Directors in Ordinary Shares which (in the case of the Ordinary Shares of the Directors) have been notified to the Company in accordance with sections 324 or 328 of the Act (or which are required, pursuant to section 325 of the Act, to be entered in the register referred to in that section) including (to the extent known or which can with reasonable due diligence be ascertained by the relevant Director) the interests of persons connected with that Director (within the meaning of section 346 of the Act), which would, if the connected person were a director, be required to be disclosed pursuant to those provisions of the Act, are as follows:

(a) Ordinary Shares

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Shareholding percentage before Placing</i>	<i>Shareholding percentage after Placing</i>
Brian Marsh	17,121,771	79.9%	58.5%
Natasha Dunbar	2,142,900	10.0%	4.9%
Stephen Crowther	2,142,900	10.0%	4.9%
Aleksandra Marsh	21,429	0.1%	0.0%

- 7.3 None of the Directors has had any convictions in relation to fraudulent or indictable offences in the five years preceding the date of this document.
- 7.4 None of the Directors has been a bankrupt or entered into an individual voluntary arrangement. None of the Directors was a director of any company or partner of any partnership at the time of or within 12 months of any liquidation, administration or receivership or partnership voluntary arrangement. None of the Directors has owned an asset over which a receiver has been appointed. Save as set out below, none of the Directors, acting in a capacity of director, has been associated with any bankruptcies, receiverships, compulsory liquidations, creditors' voluntary liquidations or any company's composition or arrangements with its creditors generally or any class of its creditors in the five years preceding the date of this document. None of the Directors was a partner of any partnership which owned any assets over which a receiver has been appointed at the time of or within 12 months of such receivership.

<i>Name</i>	<i>Company</i>	
Brian Marsh	Jump Group Limited	Administrative Receiver appointed on 4 August 2005
	Moore Brown Barnes Holdings Limited	Receiver & Manager appointed 9 March 2000
	Moore Brown Barnes Limited	Receiver appointed 17 February 2000
Francis de Zulueta	Jump Group Limited	Administrative Receiver appointed on 4 August 2005
Stephen Clarke	Jump Group Limited	Administrative receiver appointed on 4 August 2005
	A.F. Budge Limited	On 9 December 1992 A. F. Budge Limited was placed into receivership by a syndicate of banks
Stephen Crowther	Moore Brown Barnes Holdings Limited	Receiver and manager appointed 9 March 2000

- 7.5 There have been no official public incriminations and / or sanctions of any of the Directors, nor any public criticisms of any of the Directors, by any statutory or regulatory authority (including designated professional bodies) and none of the Directors has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company within the five years preceding the date of this document.

7.6 **Lock-in arrangements**

Each of the Directors who holds or is interested in Ordinary Shares (namely Brian Marsh, Natasha Dunbar and Stephen Crowther), have entered into share restriction arrangements as part of the Placing Agreement in respect of such shareholdings. Under the terms of the share restriction arrangement each of those persons has agreed not to sell or otherwise dispose of any Ordinary Shares held by them, other than in certain specified circumstances, for the period of 12 months from Admission. For a further 12 months after the expiry of such period those persons have agreed that the Company's broker will be given the opportunity to deal with the sale of any of their Ordinary Shares prior to their effecting sales through other brokers. The share restriction arrangements will not apply in connection with an offer made for all the Company's issued share capital and will not prevent any of those persons from selling or undertaking to sell their Ordinary Shares to an offeror or potential offeror.

These lock-in arrangements will apply in respect of approximately 19,978,999 Ordinary Shares representing approximately 68.2 per cent. of the issued share capital of the Company (assuming allotment of all the New Ordinary Shares).

- 7.7 Since the Company's incorporation, there were no persons who ceased to be directors of the Company.

Whilst the Company is not required to comply with the Combined Code under the corporate governance regime in the UK, the Company intends, where practicable for a company of its size and nature to comply with the principles of the Combined Code. The Company also intends to comply with the corporate governance guidelines for AIM companies published by the Quoted

Companies Alliance. The Board has appointed a remuneration committee (the “Remuneration Committee”) and an audit committee (the “Audit Committee”) each with delegated duties and responsibilities.

The Audit Committee comprises Philip Mortlock and Stephen Clarke and is chaired by Philip Mortlock. The Audit Committee will receive and review reports from management and from the Company’s auditors relating to the interim and annual accounts and to the internal control procedures in use throughout the Group. The Audit Committee will also be required to monitor and review the effectiveness of the Company’s internal financial controls and audit functions and the external auditor’s engagement and independence.

The Remuneration Committee comprises Philip Mortlock, Stephen Clarke and Brian Marsh. The Remuneration Committee is chaired by Philip Mortlock and shall determine and review the terms and conditions of service, including the remuneration and grant of options to executive Directors and employees under any share option scheme of the Company. The Remuneration Committee will also operate and administer the Share incentivisation scheme.

Additionally, the directors recognise the benefits of non-executive director representation on the board and intend to appoint an additional independent non-executive director within the next 12 months.

- 7.8 Save as set out below, as at the date of this document and upon Admission, neither the Directors nor any member of a Director’s family (which, in relation to this paragraph 7.8 means a spouse, any child under the age of 18 years, any trust in which such individuals are trustees or beneficiaries and any company over which they have control of more than 20 per cent. of its voting or equity rights in general meeting, but excluding any employee share or pension scheme where such individuals are beneficiaries rather than trustees) held any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of Ordinary Shares:

Capita BPM Investment Fund (an open-ended investment company) in which Mr Marsh holds 93 per cent. of the capital has indicated that it wishes to subscribe for 140,000 Placing Shares.

8. Directors’ service agreements and letters of appointment

- 8.1 The Directors each have a service contract or letter of appointment with the Company, as follows:

Executive Directors

Brian Marsh OBE

Brian Marsh became executive chairman of the Marsh Group in January 1990. Mr Marsh has entered into a service agreement with the Company dated 30 January 2006. This agreement confirms Mr Marsh’s appointment as executive chairman. The agreement can be terminated upon 6 months’ notice in writing by either party. Mr Marsh is entitled to a basic salary of £173,500 per annum and death in service cover of 4 times basic salary. He is also entitled to a discretionary bonus. The next salary review is on the 1 February 2007. The agreement includes usual covenants (effective for a period of 6 months following termination) prohibiting Mr Marsh from competing with the Company or the Group, and soliciting business, customers, or employees of, or suppliers or introducers of business to, the Company or the Group.

Natasha Dunbar

Natasha Dunbar became a Director on 16 January 2006 having become a director of B.P. Marsh & Company Limited in December 1997. She was appointed managing director in March 2002. Ms Dunbar has entered into a service agreement with the Company dated 30 January 2006. This agreement confirms Ms Dunbar’s appointment as managing director. The agreement can be terminated upon 12 months’ notice in writing by either party. Ms Dunbar is entitled to a basic salary of £158,000 per annum, pension contributions to the value of 10 per cent of basic salary and death in service cover of 4 times basic salary. She is also entitled to permanent health cover and private medical insurance. Ms Dunbar is also entitled to a discretionary bonus. The next salary review is on the 1 February 2007. The agreement includes usual covenants (effective for a period of 6 months following termination) prohibiting Ms Dunbar from competing with the Company or the Group, and soliciting business, customers, or employees of, or suppliers or introducers of business to, the Company or the Group.

Jonathan Newman

Jonathan Newman became a Director on 16 January 2006 having become a director of B.P. Marsh & Company Limited in September 2001. He was appointed finance director in December 2003. Mr Newman has entered into a service agreement with the Company dated 30 January 2006. This agreement confirms Mr Newman's appointment as finance director. The agreement can be terminated upon 6 months' notice in writing by either party. Mr Newman is entitled to a basic salary of £85,000 per annum, pension contributions to the value of 10 per cent of basic salary and death in service cover of 4 times basic salary. He is also entitled to permanent health cover and private medical insurance. Mr Newman is also entitled to a discretionary bonus. The next salary review is on the 1 February 2007. The agreement includes usual covenants (effective for a period of 6 months following termination) prohibiting Mr Newman from competing with the Company or the Group, and soliciting business, customers, or employees of, or suppliers or introducers of business to, the Company or the Group.

Mr Newman is also entitled to receive a bonus of £250,000 to be paid on completion of five years' service from 2 April 2001. It is anticipated that this will be paid from the EBT (as described in paragraph 8.2).

Stephen Crowther

Stephen Crowther became a Director on 16 January 2006 having become a director of B.P. Marsh & Company Limited in May 1998. Mr Crowther has entered into a service agreement with the Company dated 30 January 2006. This agreement confirms Mr Crowther as a Director. The agreement can be terminated upon 6 months' notice in writing by either party. Mr Crowther is entitled to a basic salary of £158,000 per annum, pension contributions to the value of 10 per cent of basic salary and death in service cover of 4 times basic salary. He is also entitled to permanent health cover and private medical insurance. Mr Crowther is also entitled to a discretionary bonus. The next salary review is on the 1 February 2007. The agreement includes usual covenants (effective for a period of 6 months following termination) prohibiting Mr Crowther from competing with the Company or the Group, and soliciting business, customers, or employees of, or suppliers or introducers of business to, the Company or the Group.

On 17 January 2006 a dividend was paid to the Trustees on behalf of Stephen Crowther of £68,948

Francis de Zulueta

Francis de Zulueta became a Director on 16 January 2006 having become a director of B.P. Marsh & Company Limited in February 2002. Mr de Zulueta has entered into a service agreement with the Company dated 30 January 2006. This agreement confirms Mr de Zulueta as a Director. The agreement can be terminated upon 6 months' notice in writing by either party. Mr de Zulueta is entitled to a basic salary of £137,500 per annum, pension contributions to the value of 10 per cent of basic salary and death in service cover of 4 times basic salary. He is also entitled to permanent health cover and private medical insurance. Mr de Zulueta is also entitled to a discretionary bonus. The next salary review is on the 1 February 2007. The agreement includes usual covenants (effective for a period of 6 months following termination) prohibiting Mr de Zulueta from competing with the Company or the Group, and soliciting business, customers, or employees of, or suppliers or introducers of business to, the Company or the Group.

Letter of appointment for Philip Mortlock

The Company appointed Philip Mortlock as a non-executive Director on 16 January 2006. Mr Mortlock must carry out such duties as are consistent with his position and shall be required to devote a minimum of 12 working days per annum as a non-executive Director. In particular, Mr Mortlock shall be required to attend meetings of the board (to be held at least bi monthly), any committees of which he is a member from time to time and all shareholders' meetings.

Mr Mortlock shall (unless otherwise agreed by the Company), receive £20,000 per annum in consideration of his duties (payable by equal monthly instalments in arrears) and shall be reimbursed for any expenses which he may reasonably and necessarily incur in the performance of his duties.

The appointment letter provides for an initial term of 12 months. Mr Mortlock may terminate the appointment at any time by serving upon the Company three month's written notice of termination. After expiry of the initial 12 month period, the Company may also serve upon Mr Mortlock three month's written notice of termination. In addition the appointment shall terminate automatically (without Mr Mortlock becoming entitled to receive compensation) on the occurrence of an event of default, including where he is not re-elected as a Director in accordance with the Articles.

Letter of appointment for Stephen Clarke

The Company appointed Stephen Clarke as a non-executive Director on 16 January 2006. Mr Clarke must carry out such duties as are consistent with his position and shall be required to devote a minimum of 12 working days per annum as a non-executive Director. In particular, Mr Clarke shall be required to attend meetings of the board (to be held at least bi monthly), any committees of which he is a member from time to time and all shareholders' meetings.

Mr Clarke shall (unless otherwise agreed by the Company), receive £20,000 plus VAT (where applicable) per annum in consideration of his duties (payable by equal monthly instalments in arrears) and shall be reimbursed for any expenses which he may reasonably and necessarily incur in the performance of his duties.

The appointment letter provides for an initial term of 12 months. Mr Clarke may terminate the appointment at any time by serving upon the Company three month's written notice of termination. After expiry of the initial 12 month period, the Company may also serve upon Mr Clarke three month's written notice of termination. In addition the appointment shall terminate automatically (without Mr Clarke becoming entitled to receive compensation) on the occurrence of an event of default, including where he is not re-elected as a Director in accordance with the Articles.

Save as mentioned above, there are no service agreements between any Director and the Company or its Subsidiaries, which provide benefits on termination of employment.

Other than as set out above, none of the members of the Audit Committee or the Remuneration Committee are entitled to any payments from any member of the Group on termination of their employment or appointment.

Certain Directors have been granted share options by the Company, details of which are set out in paragraph 7.2(b) of this Part 5. As at the date of this document, no additional share options have been granted to the Directors by the Company.

- 8.2 On the 16 May 2001 B.P. Marsh & Company Limited entered into a trust deed with B.P. Marsh & Co. Trustee Company Limited pursuant to which it established the B.P. Marsh & Co. Employee Benefit Trust (the "EBT").

The EBT was established for the purpose of encouraging and providing incentives to employees and former employees of participating companies. B.P. Marsh & Co. Trustee Company Limited is the trustee of the EBT. The trust period is the earlier of the date which is 80 years from 16 May 2001 or the winding up of B.P. Marsh & Company Limited or such date as the trustees may declare by deed to be the end of the trust period.

Jonathan Newman, a Director has a right under his service agreement to receive a bonus of £250,000 (subject to deduction required by law) to be paid following the completion of five years' service from 2 April 2001. It is anticipated that such a payment will be made from the EBT. Other employees whose contracts entitle them to receive a bonus (which the EBT is expected to discharge) include:

- (a) Ivor Pigram who will receive a bonus of £250,000;
- (b) Lorraine Ryan who will receive a bonus of £150,000; and
- (c) Kathy Pyke also will receive a bonus of £50,000.

The EBT has sufficient funds to meet these obligations subject to change in employers' National Insurance rates.

9. Memorandum and articles of association of the Company

9.1 *Memorandum of association*

The memorandum of association of the Company provides that the Company may act as the holding and coordinating company of the group of companies, of which the Company is for the time being the holding company and that its principal object is to carry on the business of a holding company. The objects of the Company are set out in full in clause 4 of its memorandum of association, which is available for inspection as described in paragraph 22 of this Part 5.

9.2 *Articles of association*

The Articles which were adopted by special resolution of the Company on 16 January 2006 contain certain provisions, the material provisions of which are set out below. This is a description of significant rights and does not purport to be complete or exhaustive.

(a) Votes of members

Subject to the provisions of the Act and to any special rights or restrictions as to voting attached to any shares or class of shares or otherwise provided by the Articles, on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

(b) Restriction on rights of members where calls outstanding

Unless the Board otherwise determines, no member shall be entitled to receive any dividend or to be present and vote at a general meeting or at any separate general meeting of the holders of any class of shares either personally or by proxy, or to be reckoned in a quorum, or to exercise any other right or privilege conferred by membership in respect of a share held by him in relation to meetings of the Company unless and until he shall have paid all calls or other sums presently due and payable by him, whether alone or jointly with any other person, to the Company.

(c) Transfer of shares

(i) Form of transfer

Subject to the provisions in the Articles regarding uncertificated shares, all transfers of certificated shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Board and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. In relation to both certificated and uncertificated shares, the transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect of such shares. All instruments of transfer which are registered may be retained by the Company.

(ii) Right to refuse registration

The Board may in its absolute discretion and without assigning any reason for its actions refuse to register any transfer of any certificated share which is not a fully paid share provided that the Board shall not refuse to register any transfer or renunciation of partly paid shares which are admitted to AIM on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

(iii) Other rights to decline registration

The Board may decline to recognise any instrument of transfer relating to certificated shares unless the instrument of transfer:

(A) is in respect of only one class of share;

(B) is lodged at the registered office of the Company or such other place as the Board may appoint;

- (C) is accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do);
- (D) is duly stamped (if so required); and

in the case of a transfer to joint holders, the number of joint holders does not exceed four.

(d) *Dividends*

(i) Final dividends

Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests but no such dividends shall exceed the sum recommended by the Board.

(ii) Interim dividends

In so far as in the opinion of the Board the profits of the Company justify such payments, the Board may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment of such dividends and may also from time to time declare and pay interim dividends on shares of any class of such sums and on such dates and in respect of such periods as it thinks fit. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

(iii) Ranking of shares for dividend

Unless and to the extent that the rights attached to any shares or the terms of issue of such shares otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the sums paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For this purpose no sum paid on a share in advance of calls shall be treated as paid on the share.

(iv) No dividend except out of profits

No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Act.

(v) No interest on dividends

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

(vi) Retention of dividends

The Board may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or obligations in respect of which the lien exists.

The Board may retain the dividends payable upon shares in respect of which any person is under the provisions in the Articles as to the transmission of shares entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

(vii) Waiver of dividend

The waiver in whole or in part of any dividend on any share by any document (whether or not executed as a deed) shall be effective only if such document is signed by the holder of such share (or the person becoming entitled to the share in consequence of the death, bankruptcy or mental disorder of the holder or by operation of law or any other event) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

(viii) Unclaimed dividend

All dividends, interest or other sum payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect such unclaimed sum. Any dividend unclaimed after a period of twelve years from the date the dividend became due for payment shall be forfeited and shall revert to the Company.

(ix) Distribution in specie

The Company may upon the recommendation of the Board by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Board shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Board may settle the same as it thinks expedient and in particular:

- (A) may issue fractional certificates;
- (B) may fix the value for distribution of such specific assets or any part of such specific assets;
- (C) may determine that cash payments shall be made to any member upon the footing of the value so fixed in order to adjust the rights of all members; and
- (D) may vest any such specific assets in trustees as may seem expedient to the Board.

(e) *Capitalisation of profits and reserves*

- (i) The Board may, with the sanction of an ordinary resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts (including any share premium account, capital redemption reserve, or other undistributable reserve) or any sum standing to the credit of profit and loss account.
- (ii) Such capitalisation shall be effected by appropriating such sum to the holders of ordinary shares on the register of members of the Company at the close of business on the date of the resolution (or such other date as may be specified in such resolution or determined as provided in such resolution) in proportion to their holdings of ordinary shares and applying such sum on their behalf in paying up in full unissued ordinary shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them in proportion to their holdings.
- (iii) The Board may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Board to make such provision as it thinks fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit of such fractional entitlements accrues to the Company rather than to the members concerned). The Board may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental to such capitalisation and any agreement made under such authority shall be effective and binding on all concerned.

(f) *Share capital*

(i) Variation of Rights

Whenever the share capital of the Company is divided into different classes of shares, the special rights for the time being attached to any share or class of share in the Company may, subject to the provisions of the Act, be varied or abrogated either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate

general meeting all the provisions of these articles relating to general meetings of the Company and to the proceedings at such general meetings shall with necessary modifications apply, except that:

- (A) the necessary quorum shall be two persons holding or representing by proxy at least one-third in nominal value paid up of the issued shares of the class (but so that if at any adjourned meeting a quorum as defined above is not present, any one holder of any shares of the class present in person or by proxy shall be a quorum); and
- (B) any holder of shares of the class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of the class held by him.

The article only applies to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights of which are to be varied.

(ii) Special rights

The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue of that class of shares, be deemed to be varied:

- (A) by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects equally with such shares but in no respect in priority to such shares;
- (B) by the purchase by the Company of any of its own shares (and the holding of any such shares as treasury shares); or
- (C) the Board resolving that a class of shares shall become, or the operator of the relevant system permitting such class of shares to be, a participating security (the phrases “operator”, “relevant system” and “participating security” having the meanings set out in the CREST Regulations).

(iii) Increase in share capital

The Company may from time to time by ordinary resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe. All new shares shall be subject to the provisions of the Act and of the Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

(iv) Consolidation, subdivision and cancellation

The Company may from time to time by ordinary resolution:

- (A) consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;
- (B) cancel any shares which, at the date of the passing of such resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled;
- (C) subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller nominal value than is fixed by the memorandum of association and so that the resolution whereby any share is sub-divided may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared to the others.

Apart from this, there are no conversion provisions in the Articles in respect of the Ordinary Shares.

(v) Reduction or cancellation

The Company may by special resolution reduce or cancel its share capital or any revaluation reserve or share premium account or any other reserve fund in any manner and with and subject to any confirmation or consent required by law and any rights for the time being attached to any shares.

(vi) Purchase of own shares

Subject to the provisions of the Act and any special rights for the time being attached to any shares, the Company may purchase or may enter into any contract under which it will or may purchase at any price, any of its own shares of any class (including any redeemable shares) and may hold (and sell) any of such shares as treasury shares. Any shares to be so purchased may (subject to any resolution of the Company in general meeting) be selected in any manner determined by the Board.

Where there are in issue convertible securities convertible into or carrying a right to subscribe for equity shares of a class proposed to be purchased, a separate meeting of the holders of the convertible securities must be held and their approval by extraordinary resolution obtained before the Company enters into any contract to purchase equity shares of the relevant class. Subject to this and notwithstanding anything to the contrary contained in the articles, the rights and privileges attached to any class of shares shall be deemed not to be altered or abrogated by anything done by the Company in pursuance of any resolution passed under the powers referred to in the preceding paragraph of this paragraph 9.2(e)(vi).

(g) *Forfeiture and lien*

(i) Notice on failure to pay a call

If a member fails to pay in full any call or instalment of a call on the due date for payment of such call or instalment, the Board may at any time after the failure serve a notice on him or any person entitled to the shares by transmission requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued on such call or installment and any expenses incurred by the Company by reason of such nonpayment.

The notice shall name a further day (being not fewer than seven days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance with such notice the shares on which the call was made will be liable to be forfeited.

(ii) Forfeiture for non-compliance

If the requirements of any such notice as is referred to in paragraph 9.2(f)(i) are not complied with, any share in respect of which such notice has been given may at any time after the non compliance, before payment of all calls and interest and expenses due in respect of such share has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Board may accept a surrender of any share liable to be forfeited under the Company's articles.

(iii) Notice on previous holder

Where any share has been forfeited, notice of the forfeiture shall be served upon the person who was the holder of the share before forfeiture or, in the case of a person entitled to such share by transmission, upon such person (as the case may be). An entry recording the fact that notice of forfeiture has been given and that the share has been forfeited shall immediately be made in the Company's register of members in respect of such share. However, no forfeiture shall be invalidated in any manner by any omission or neglect to give such notice or make such entry.

(iv) Disposal of forfeited shares

A share forfeited or surrendered shall become the property of the Company and, subject to the Act may be sold, re-allotted or disposed of in any other way either to the person who was the holder of such share or entitled to such share before such forfeiture or surrender, or to any other person upon such terms and in such manner as the Board shall think fit and at any time before a sale, re-allotment or other disposition the forfeiture may be annulled by the Board on such terms as it thinks fit. The Board may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such other person.

(v) Holder to remain liable despite forfeiture

A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares (and shall surrender to the Company for cancellation the certificate for such shares) but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest on such shares at such rate (not exceeding 15 per cent. per annum) as the Board may determine from the date of forfeiture or surrender until payment. The Board may at its absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part.

(vi) Lien on partly-paid shares

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share. The Board may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this article.

(vii) Sale of shares subject to lien

The Company may sell in such manner as the Board thinks fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled to such share by reason of his death, bankruptcy, liquidation or otherwise.

(viii) Proceeds of sale of shares subject to lien

The net proceeds of sale of shares subject to a lien (after payment of the costs of such sale) shall be applied in or towards payment or satisfaction of the debts or liabilities in respect of which the lien exists so far as the same are presently payable and any residue shall (subject to a like lien for liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale. For giving effect to any such sale the Board may authorise some person to transfer the shares sold to, or in accordance with the directions of, the purchaser.

(ix) Evidence of forfeiture

A statutory declaration in writing that the declarant is a Director or the company secretary and that a share has been duly forfeited or surrendered or sold to satisfy obligations covered by a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated in the declaration as against all persons claiming to be entitled to the share. Such declaration shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share and shall be discharged from all calls made prior to such sale or disposition and shall not be bound to see to the application of the purchase moneys (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or other disposal of the share.

The forfeiture of a share shall extinguish at the time of forfeiture all interest in and claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the holder whose share is forfeited and the Company, except only such of those rights and liabilities as are by the Articles expressly saved, or as are by the Act given or imposed in the case of past members.

(h) *Directors*

Subject as provided in the Articles the Directors shall not be fewer than two nor more than ten in number. The Company may by ordinary resolution from time to time vary the minimum number and/or maximum number of directors.

(i) Share qualification

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at shareholders' meetings.

(ii) Directors' fees

The ordinary remuneration of the directors shall from time to time be determined by the Board except that such remuneration shall not exceed £950,000 per annum in aggregate or such higher sum as may from time to time be determined by ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the Directors as the Board may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.

(iii) Other remuneration of Directors

Any Director who holds any executive office (including for this purpose the office of chairman or deputy chairman whether or not such office is held in an executive capacity), or who serves on any committee of the Board, or who otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the Board may determine.

(iv) Directors' expenses

The Board may repay to any Director all such reasonable expenses as he may properly incur in attending and returning from meetings of the Board or of any committee of the Board or shareholders' meetings or otherwise in connection with the performance of his duties as a director of the Company.

(v) Directors' pensions and other benefits

The Board shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any director or ex-director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

(vi) Directors' interest in contracts

A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of auditor) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated for his acts and in any such case (save as otherwise agreed by him) he may retain for his own absolute use and benefit all profits and advantages accruing to him under or in consequence of his acts and no such contract, arrangement or transaction shall be avoided on the grounds of any such interest or benefit.

(vii) Disclosure of interests to the Board

A Director who, to his knowledge, is in any way (directly or indirectly) interested in any contract, arrangement or transaction with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement or transaction is first considered, if he knows his interest then exists or, in any other case, at the first meeting of the Board after he knows that he is or has become so interested. For this purpose:

- (A) a general notice given to the Board by a Director that he is to be regarded as having an interest (of the nature and extent specified in the notice) in any contract, transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a sufficient disclosure under this article in relation to such contract, transaction or arrangement; and
- (B) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

(viii) Appointment of executive Directors

The Board may from time to time appoint one or more of their body to be the holder of any executive office (including, where considered appropriate, the office of chairman or deputy chairman) on such terms and for such period as they may (subject to the provisions of the Act) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke or vary the terms of any such appointment.

(ix) Ceasing to be a Director

The appointment of any Director to the office of chairman or deputy chairman or chief executive or managing or joint managing or deputy or assistant managing director shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company. The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

(x) Powers of executive Directors

The Board may entrust to and confer upon any Director holding any executive office any of the powers exercisable by them as directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

(i) *Appointment and retirement of Directors*

(i) Power of Company to appoint directors

Subject to the provisions of the Articles, the Company may by ordinary resolution appoint any person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board, but so that the total number of directors shall not at any time exceed any maximum number fixed by or in accordance with the articles.

(ii) Power of Board to appoint Directors

Without prejudice to the power of the Company in general meeting pursuant to any of the provisions of these articles to appoint any person to be a Director, the Board may appoint any person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board, but so that the total number of directors shall not at any time exceed any maximum number fixed by or in accordance with the Articles. Any Director so appointed must retire from office at, or at the end of, the next following annual general meeting and will then be eligible to stand for election but shall not be taken into account in determining the directors or the number of Directors who are to retire by rotation at that meeting.

(iii) Age limit

Any provision of the Act which, subject to the provisions of the Articles, would have the effect of rendering any person ineligible for appointment or election as a director or liable to vacate office as a Director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment or election of any director over a specified age, shall not apply to the Company.

(iv) Retirement by rotation

At each annual general meeting of the Company one-third of the Directors for the time being shall retire from office by rotation (or, if their number is not a multiple of three, the number nearest to but not exceeding one-third) shall so retire provided always that all directors must be subject to re-election at intervals of no more than three years.

(v) Selection of Directors to retire by rotation

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election and so that as between persons who became or were last re-elected Directors on the same day those to retire shall, unless they otherwise agree among themselves, be determined by lot together with those who in the absence of any such retirement would continue in office for a period in excess of three years. A retiring Director shall be eligible for re-election.

(vi) Re-election of retiring Directors

The Company at the meeting at which a Director retires under any provision of the articles may by ordinary resolution fill the office being vacated by electing to that office the retiring Director or some other person eligible for election. In default the retiring director shall be deemed to have been re-elected except in any of the following cases:

- (A) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such director is put to the meeting and lost;
- (B) where such Director has given notice in writing to the Company that he is unwilling to be re-elected;
- (C) where such Director has attained any retiring age applicable to him as director; or
- (D) where the default is due to the moving of a resolution in contravention of the provision in paragraph 9.2 (h)(vii).

(vii) Election of two or more Directors

A resolution for the election of two or more persons as Directors by a single resolution shall not be moved at any general meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of this provision shall be void.

(viii) Timing of retirement

The retirement of a Director at any general meeting shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in place of the retiring director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring director who is re-elected or deemed to have been re-elected will continue in office without a break.

(ix) Nomination of Director for election

No person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election as a Director at any general meeting unless not fewer than seven nor more than 42 days (inclusive of the date on which the notice is given) before the date appointed for the meeting there has been lodged at the Company's registered office notice in writing signed by some member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

(x) Vacation of office

The office of a Director shall be vacated if:

- (A) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director;
- (B) he becomes bankrupt, has an interim receiving order made against him, makes any arrangement or compounds with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;
- (C) he is, or may be suffering from mental disorder and either:
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;
- (D) he resigns by writing under his hand left at the Company's registered office or he offers in writing to resign and the Board resolves to accept such offer;
- (E) he shall for more than six consecutive months have been absent without permission of the Board from meetings of the Board held during that period and the Board resolves that his office be vacated; or
- (F) notice stating he is removed from office as a Director is served upon him signed by all his co-directors who must account to the members at the next general meeting of the Company. If a Director holds an appointment to an executive office which automatically determines on his removal from office under this or the preceding sub-paragraph such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

(xi) **Removal of Director**

The Company may in accordance with and subject to the provisions of the Act by ordinary resolution of which special notice has been given remove any Director from office (notwithstanding any provision of these articles or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement) and elect another person in place of a Director so removed from office. Any person so elected shall be treated for the purpose of determining the time at which he or any other Director is to retire by rotation as if he had become a Director on the day on which the Director in whose place he is elected was last elected a Director. In default of such election the vacancy arising upon the removal of a Director from office may be filled as a casual vacancy.

(xii) **Resolution as to vacancy conclusive**

A resolution of the Board declaring a Director to have vacated office under the terms of the article summarised in paragraph 9.2(h)(xi), shall be conclusive as to the fact and grounds of vacation stated in the resolution.

(j) *Meetings and proceedings of Directors*

Subject to the provisions of these articles the Board may meet together for the despatch of business, adjourn and otherwise regulate their proceedings as they think fit. At any time any Director may, and the company secretary at the request of a Director shall, summon a meeting of the Board. Notice of a Board meeting shall be deemed to be properly given to a Director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him to the Company for that purpose. It shall not be necessary to give notice of a meeting of the Board to any director for the time being absent from the United Kingdom. Any Director may waive notice of any meeting and any such waiver may be retrospective.

(k) Borrowing powers

The Board may exercise all the powers of the Company to borrow money, to give guarantees and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Save as set out in this paragraph 9, there are no conditions imposed by the memorandum of association or the Articles regarding changes in the Company's capital which are more stringent than required by the law of England and Wales. There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.

10. Variation of Shareholder rights

The rights attaching to shares in the Company are set out in the Articles and summarised in paragraph 9. For these rights to be varied or changed would require a general meeting of the Company to be convened. This would require 21 days written notice (in the absence of Shareholders who together hold not less than 95 per cent. in nominal value of shares giving a right to attend and vote at the meeting deciding otherwise) to be given to each holder of shares of the relevant class. Each Shareholder would have the right to attend the general meeting in person or by proxy and vote on the resolution to be proposed. Such resolution would be a special resolution of the Company and requires a majority of not less than three-fourths of shareholders voting in person or by proxy at such general meeting.

11. Shareholder meetings

The Company must in each year hold a general meeting as its annual general meeting (or "AGM"). Not more than 15 months can elapse between AGMs. An AGM must be convened, unless all Shareholders entitled to attend and vote agree to short notice, on giving 21 days notice in writing to the members of the Company.

Other meetings can be convened by the Company from time to time referred to as extraordinary general meetings (or "EGMs"). The length of written notice to convene such a meeting varies depending on the nature of the business to be transacted. If the meeting is for the passing of an ordinary resolution, then 14 days written notice to convene the EGM is required. If the meeting is for the passing of a special resolution then 21 days notice must be given.

EGMs can be convened on shorter notice with the agreement of Shareholders being a majority in number and holding not less than 95 per cent. in nominal value of the shares giving a right to attend and vote at the meeting.

Shareholders need not attend a meeting of the Company in person but can do so by way of a validly appointed proxy. Proxies are appointed in accordance with the Articles. In essence, to be validly appointed, details of the proxy must be lodged at the Company's registered office no later than 48 hours before the commencement of the relevant meeting. Failure to lodge details of the appointed proxy in accordance with the Articles could result in the vote of the proxy being excluded on any resolution and possibly to the exclusion of the proxy from the meeting unless they were also a Shareholder.

If a Shareholder is a corporation, whether or not a company, it can pass a resolution of its directors or other governing body to authorise such person as it thinks fit to act as its representative at any meeting of the Company or class meeting of shareholders of the Company.

12. Disclosure of interests in Ordinary Shares

Whilst disclosure of shareholdings is not a requirement of the Articles, sections 198-201A of the Act makes provision regarding disclosure of interests in shares.

Where a person has material interests in shares where the aggregate nominal value of such shares is equal to or more than 3 per cent. of the nominal value of the Company's share capital then the person has an obligation to disclose such interest. A similar obligation arises where a person has any interest whatsoever in shares representing in aggregate 10 per cent. of the nominal value of the Company's share capital.

Where a person's notifiable interest changes, then further disclosure obligations arise.

13. Material contracts

The Company and the other members of the Group have entered into the following contracts, not being contracts entered into in the ordinary course of business, which are or may be material in the two year period preceding the publication date of this document:

- (a) The Placing Agreement, under which Hichens, Harrison & Co. plc has agreed to use reasonable endeavours to procure subscribers for the Placing Shares. The Placing Agreement is conditional, amongst other things, on Admission occurring no later than 8.00 a.m. on 2 February 2006 or such later date as the Company, and Hichens, Harrison & Co. plc and Nabarro Wells & Co. Limited may agree (being in any event not later than 8.00 a.m. on 9 February 2006). The Placing Agreement provides for the payment to Hichens, Harrison & Co. plc of a corporate finance retainer in the sum of £60,000 together with a commission of 4 per cent. of the aggregate value of the Placing Shares at the Placing Price. The Selling Shareholders shall pay to Hichens, Harrison & Co. plc a commission of [4] per cent. of the aggregate value of the Sale Shares at the Placing Price. The Company will also pay all other reasonable costs, charges and expenses of, or incidental to, the Placing and the issue of the Placing Shares including, without limitation, registrars' fees, printing, legal fees and disbursements (including Hichens, Harrison & Co. plc's and Nabarro Wells & Co. Limited's legal fees and expenses) and all stamp and other duties and taxes in relation to the Placing Shares. The Placing Agreement contains warranties and indemnities given by the Company and Directors in favour of Hichens, Harrison & Co. plc in relation to the Placing. The Placing Agreement is terminable in certain circumstances by Hichens, Harrison & Co. plc prior to Admission.
- (b) B.P. Marsh & Company Limited entered into a loan agreement with Brian Peter Marsh on 24 June 2004. Pursuant to that agreement, Mr Marsh agreed to make available to the Company a secure term loan facility in a maximum principal sum not exceeding £3,000,000. The loan agreement provides for interest to be paid quarterly at the rate which is the aggregate of the base rate of Lloyds TSB Bank Plc and 2 per cent. The loan is repayable in full on the fifth anniversary of the loan agreement, but the Company is entitled to prepay all or any part of the loan as it so chooses.

B.P. Marsh & Company Limited gave warranties in favour of Mr Marsh covering its power and authority to enter into the agreement, the status of B.P. Marsh & Company Limited and the form of the finance documentation. Warranties were also given by B.P. Marsh & Company Limited as to the financial condition B.P. Marsh & Company Limited, the absence of litigation and the absence of encumbrances over B.P. Marsh & Company Limited's property, amongst other things.

Various covenants were given by B.P. Marsh & Company Limited in favour of Mr Marsh and various events of default were set out in the loan agreement. Should one of the events of default occur, Mr Marsh may declare the loan to be immediately due and payable by the Company.

Mr Marsh has agreed that, following repayment of the existing loan by B.P. Marsh & Company Limited, he would be prepared to put in place a new £3.0 million loan facility in favour of the Company on substantially the same terms and conditions as were previously in place under the loan agreement of 24 June 2004 with B.P. Marsh & Company Limited.

The principal differences will be that:

- (a) the Company will not be able to draw down on the facility (whether in whole or in part) if Mr Marsh is deceased, is no longer the executive chairman of the Company or no longer a majority Shareholder of the Company;
- (b) the facility may be redrawn once paid (and is therefore effectively a rolling facility); and
- (c) interest of 1 per cent. per annum will be charged on any un-drawn part of the £3.0 million facility.
- (c) B.P. Marsh & Company Limited entered into a deed of a counter-indemnity with Jason Gary Butler and Brian Peter Marsh on 7 April 2005. Mr Butler and B.P. Marsh & Company Limited were shareholders in Jump Group Limited and Mr Butler entered into a guarantee in favour of Lloyds Bank TSB Bank Plc in respect of liabilities of Jump Direct Limited. Lloyds TSB Bank Plc requested a guarantee in respect of Jump Group Limited,

which Lloyds TSB Private Banking Limited agreed to provide (the “Private Banking Guarantee”), subject to receiving an indemnity from Mr Marsh, which Mr Marsh gave (the “Marsh Guarantee”). B.P. Marsh & Company Limited agreed to enter into a counter-indemnity in favour of Mr Marsh in respect of the Marsh Guarantee. Pursuant to the counter-indemnity, Mr Butler agreed to indemnify Mr Marsh or, to the extent that Mr Marsh had been reimbursed by B.P. Marsh & Company Limited, to indemnify B.P. Marsh & Company Limited against all demands, claims, proceedings, damages, liabilities, interest, costs and expenses which may be brought against them, or which either of them may suffer or incur. In addition, Mr Butler agreed that should sums be requested from Mr Marsh or B.P. Marsh & Company Limited by Lloyds TSB Private Banking Limited, they will be entitled to pay them without agreement from Mr Butler and that, on demand, Mr Butler would pay to Mr Marsh or B.P. Marsh & Company Limited such sums that they had to pay.

Separately, B.P. Marsh & Company Limited gave an indemnity in favour of Mr Marsh against all demands, claims, proceedings, damages, liabilities, interests, costs and expenses which might be brought against him or which he might suffer or incur in connection with giving of the Marsh Guarantee for the purposes of indemnifying Lloyds TSB Private Banking Limited against all demands made against them which may be incurred pursuant to the guarantee given to Lloyds TSB Bank Plc.

- (d) Lloyds TSB Bank Plc, Lloyds TSB Private Bank Limited, Brian Peter Marsh and B.P. Marsh & Company Limited entered into a deed of postponement and release on 22 September 2005. Lloyds TSB Bank Plc made a formal demand of Lloyds TSB Private Bank Limited pursuant to the Private Banking Guarantee on 5 August 2005. Lloyds TSB Bank Plc agreed to discharge the liabilities of Lloyds TSB Private Bank Limited and Lloyds TSB Private Bank Limited agreed to discharge Mr Marsh’s liabilities under the Marsh Guarantee by entering into the deed of postponement and release.

Pursuant to the deed of postponement and release, Lloyds TSB Bank Plc agreed that it would not require repayment of Lloyds TSB Private Bank Limited’s liabilities unless the purchaser of Jump Group Limited failed to pay the deferred consideration payable on the trade sale of the business of Jump Group Limited on the date that it is due. Subject to the purchaser paying that deferred consideration, Lloyds TSB Bank Plc irrevocably and unconditionally released and discharged Lloyds TSB Private Bank Limited from all its obligations and liabilities under its guarantee. Further, on such payment, Lloyds TSB Private Bank Limited agreed to irrevocably and unconditionally release and discharge Mr Marsh from his obligations and liabilities under the Marsh Guarantee and, on release of his obligations pursuant to the Marsh Guarantee, Mr Marsh irrevocably and unconditionally released and discharged B.P. Marsh & Company Limited from all its obligations and liabilities pursuant to the counter-indemnity.

- (e) Brian Peter Marsh and B.P. Marsh & Company Limited entered into a deed of agreement on 19 October 2005. Pursuant to this agreement, B.P. Marsh & Company Limited, in light of the formal demand made by TSB Bank Plc of Lloyds TSB Private Bank Limited, agreed that it would pay the sum of £250,000 to Mr Marsh by 31 October 2005 pursuant to the terms of the counter-indemnity. Pursuant to the deed of agreement, Mr Marsh agreed that on such payment, B.P. Marsh & Company Limited would be released from its obligations pursuant to the counter-indemnity.
- (f) The Company entered into a controlling shareholder’s deed with Brian Marsh on 26 January 2006. Under this deed, Mr Marsh has undertaken to exercise his powers to procure that any transaction between Mr Marsh and the Group are at arm’s length and on a normal commercial basis.
- (g) The Company entered into a share exchange agreement with the shareholders in B.P. Marsh & Company Limited dated 1 February 2006 pursuant to which the Company acquired the entire issued share capital in B.P. Marsh & Company Limited in consideration for the issue of shares in the Company to the selling shareholders. The Company did not give any warranties pursuant to the agreement.
- (h) Marsh Insurance Holdings Limited entered into heads of agreement with Besso Holdings Limited on 17 November 2005, pursuant to which it has agreed to subscribe for 600,000 preference shares of £1 each in Besso Holdings Limited and will also acquire 300,000

warrants to subscribe for 300,000 ordinary shares in Besso Holdings Limited at £2.50 per ordinary share. On 27 January 2006 the Group lent Besso Holdings Limited £600,000 pending the completion of the subscription.

- (i) On 31 January the Company entered into an agreement to provide a participative-subordinated loan of €1,368,615 (£994,785) and a loan facility of €1,500,000 (£1,090,116) to Summa Insurance Brokerage S.L. an associated company and a company incorporated in Spain. €368,615 (£254,217) of the participative-subordinated loan was paid on 7 February 2005 with the remaining €1,000,000 due to be paid following shareholder approval of the Summa Insurance Brokerage S. L.'s first acquisition target.
- (j) On 15 April 2004 the Company entered into an agreement to provide a loan facility of £300,000 to Paterson Martin Limited, an associated company. At 31 July 2005 this loan had not been drawn on.

14. Related party transactions

B.P. Marsh & Company Limited owed £1.0 million to Mr Brian Marsh as at 31 July 2005 and the movement in sums owed to Mr Marsh since 31 January 2003 is set out in note 22 to the report of the Reporting Accountants in Part 4 of this document. Interest on such outstanding sums was paid to Mr Marsh and the sums paid since 31 January 2003 are also set out at note 22. As at 31 July 2005, the interest paid was £33,000.

On 19 December 2005 B.P. Marsh & Company Limited drew down an additional £1.5 million from Mr Brian Marsh bringing the total amount drawn down to £2.5 million.

Pursuant to an agreement between B.P. Marsh & Company Limited and Mr Stephen Clarke, Mr Stephen Clarke is entitled to receive up to a maximum amount of 20 per cent. of any gain (after deduction of all expenses, repayment of loans, redemption of preference shares, loan stock and equivalent finance provided by the Group) resulting from the sale of certain of the Group's investments. On 21 February 2005, Mr Clarke received £12,676 resulting from the Group's investment in Jump Group Limited. The valuations of these certain agreed investments of the Group have been reduced by the respective entitlements to Mr Stephen Clarke.

15. Employees

The average number of employees, including directors, employed by the Group during the year ended 31 January 2005 was 22 (2004: 22, 2003: 19).

The related staff costs were:

	<i>2005</i>	<i>2004</i>	<i>2003</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Wages and salaries	982	946	1,180
Social security costs	119	111	136
Pension costs	75	69	101
	<u>1,176</u>	<u>1,126</u>	<u>1,417</u>

Details of the Share Option Plan are set out in paragraph 5.6 and of the EBT in paragraph 9.2 of Part 5 of this document. Employees may be involved in the Company's capital.

16. Information on holdings

The undertakings in which the Company holds a proportion of the capital likely to have a significant impact on the assessment of its own assets, liabilities, financial position or profits and losses are set out in paragraph 5 of Part 1 of this document and in Part 4 of this document.

17. Significant change

There has been no significant change in the financial or trading position of the Group since 31 July 2005 other than:

- (a) the sale of Carpenter Moore Insurance Services, Inc. as disclosed in paragraph 5 of Part 1 of this document;

- (b) the administration of Jump Group Limited as disclosed in note 9 of the Accountants' Report and paragraph 5 of Part 1 of this document; and
- (c) on 18 November 2005 B.P. Marsh & Company Limited entered into a £1.5 million secured loan facility with Hyperian Insurance Group Limited which was drawn down in full by 21 November 2005.

18. Litigation

Save as set out below, neither the Company nor any of its Subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the 12 months preceding the date of this document, which have had in the recent past, or may have, significant effects on the Company and/or the Group's financial position or profitability.

The Company is pursuing a claim against Mitsui in respect of its investment in Corporate Finance Security Limited. The statement of claim has been issued against Mitsui and the defendant has lodged an application for the claim to be struck out.

B.P. Marsh & Company Limited originally lent Jump Group Limited (in administration) ("Jump") £750,000, in addition to an equity investment of £936,875 in November 2002.

Further loans of £650,000 were granted by the Group to Jump and then in April 2005, in order to increase Jump's overdraft facility, Lloyds TSB Bank PLC ("Lloyds Corporate") required personal guarantees from Jump's main director, Jason Butler ("Butler") for £150,000 (which he gave) and from B.P. Marsh & Company Limited for £250,000. After this guarantee had been given the total exposure had increased to approximately £2.6 million.

The £250,000 guarantee was provided both by B.P. Marsh & Company Limited and Brian Marsh and was "cash-backed" by money held by Lloyds TSB Private Bank Limited ("Lloyds Private") in Mr Marsh's name. The guarantee is between Lloyds Private and Lloyds Corporate, with Mr Marsh having granted a guarantee to Lloyds Private and B.P. Marsh & Company Limited having, in turn, granted an indemnity to Mr Marsh.

In consideration of granting the guarantee, Mr Marsh and B.P. Marsh & Company Limited required Butler to enter into a counter-indemnity regarding their respective liabilities.

The intention behind the counter-indemnity was that Butler's and B.P. Marsh & Company Limited's/Brian Marsh's combined liabilities (if any) to Lloyds Corporate/Lloyds Private would be calculated in accordance with their respective shareholdings in the Company (Butler, 75 per cent. and B.P. Marsh & Company Limited/Mr Marsh, 22.5 per cent.

On 3 August 2005, Jump went into administration. B.P. Marsh & Company Limited as a fixed charge holder, consented to the sale of Jump's business and assets by way of a management buy-out to Jazbut PLC. It was agreed that the sale consideration would be paid over time and the final deferred consideration payment is due on 1 July 2006.

Lloyds Corporate agreed to defer recovery of any sums due from B.P. Marsh & Company Limited/Mr Marsh whilst the deferred consideration was being paid and if it was paid in full, to write off the liability. If Jazbut PLC defaulted, an amount would become due.

In September 2005, B.P. Marsh & Partners Plc agreed to repay the £250,000 to Mr Marsh.

At the start of October 2005, Butler demanded repayment of a sum of approximately £33,000, as demand of just less than £150,000 had been made of him by Lloyds Corporate, who had not agreed any deferred arrangement with him. The £33,000 is 22.5 per cent. of the £150,000 and is demanded under the counter-indemnity. Mr Marsh wrote to Butler denying any liability.

On 18 November 2005, Butler's solicitors wrote to B.P. Marsh & Company Limited threatening presentation of a winding up petition. B.P. Marsh & Company Limited has disputed any liability as the liability under the counter-indemnity cannot be calculated until all liabilities to Lloyds Corporate/Lloyds Personal, on both sides, are known.

An undertaking has been received from Butler's solicitors that they will not present a winding up petition without giving B.P. Marsh & Company Limited 5 business days' written notice.

Further details of the documentation are included in paragraphs 13(c) to (e) of this part 5.

19. Taxation

- 19.1 The following summary is only intended as a general guide to the taxation of dividends under the law of the United Kingdom and what is understood to be HM Revenue and Customs practice applicable at the date of this document. It is addressed to potential Shareholders who are resident or ordinarily resident in the United Kingdom holding Ordinary Shares as an investment and who are the beneficial owners of such Ordinary Shares, and not to special classes of potential Shareholders such as insurance companies and dealers in securities. Its applicability will depend upon the particular circumstances of a prospective Shareholder.
- 19.2 Potential Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate professional adviser.
- 19.3 Under current United Kingdom taxation legislation the Company is not required to withhold tax from dividend payments.

19.4 Individual Shareholders

Individual Shareholders who are resident in the United Kingdom for tax purposes and who receive dividends paid by the Company, will be entitled to a tax credit. The amount of the tax credit is currently one ninth of the cash dividend or 10 per cent. of the aggregate of the cash dividend and the associated tax credit.

Such individual Shareholders will be liable to income tax on an amount of income equal to the aggregate of the dividend and the associated tax credit. This amount of income is treated as the top slice of an individual's income and, depending upon the individual's circumstances, the individual will be subject to income tax at the Schedule F ordinary rate (currently 10 per cent.) to the extent that such income is below the threshold for higher rate tax in the relevant tax year or at the Schedule F upper rate (currently 32.5 per cent.) to the extent that such income is above that threshold. The tax credit will be offset against the individual's total income tax liability. As a result, an individual Shareholder who, after taking into account such dividend income, is subject to United Kingdom income tax only at the starting rate or the basic rate will have no further liability to income tax. Higher rate taxpayers will have an additional tax liability of an amount equal to 22.5 per cent. of the aggregate of the cash dividend and the associated tax credit (which is equal to 25 percent of the cash dividend received).

United Kingdom resident Shareholders whose income tax liability is less than the tax credit are not entitled to claim a repayment of all or part of the tax credit associated with dividend paid by the Company. The amount of the tax credit in respect of a dividend paid which constitutes income of a pension fund, life assurance company or charity will not be repaid.

19.5 Corporate Shareholders

United Kingdom resident corporate Shareholders will not generally be liable to United Kingdom corporation tax on any dividends received from the Company. Such Shareholders will not be able to claim a repayment of the tax credit associated with any such dividend.

20. Working capital

In the opinion of the Directors, having made due and careful enquiry, taking into account the net proceeds of the Placing receivable by the Company and other facilities available to it, the working capital available to the Company and the Group will be sufficient for their present requirements, that is for at least twelve months from the date of Admission.

21. Further information

- 21.1 Save as disclosed in this document, no person (other than a professional adviser referred to in this document or trade suppliers dealing with members of the Group) has:
- (a) received, directly or indirectly, from any member of the Group, within the twelve months preceding the Company's application for Admission; or
 - (b) entered into any contractual arrangement (not otherwise disclosed in this document) to receive, directly or indirectly, from any member of the Group on or after Admission, any of the following:
 - (i) fees totalling £10,000 or more;

- (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
- (iii) any other benefit with a value of £10,000 or more at the date of Admission.

B.P. Marsh & Company Limited sometimes enters into 'introducer' agreements which can result in B.P. Marsh & Company Limited paying an introducer £25,000 plus VAT in circumstances where an opportunity is introduced to the Group which is completed by the Group.

21.2 Nabarro Wells & Co. Limited have acted as nominated adviser to the Company in connection with the Admission and Hichens, Harrison & Co. plc have acted as broker to the Company in connection with the Placing.

22. Documents on display

22.1 Copies of the following documents will be available for inspection during normal business hours on any week day (Saturdays, Sundays and public holidays excepted), at Granville House, 5th Floor, 132 Sloane Street, London, SW1X 9AX and the offices of Taylor Wessing up to and including 2 February 2006:

- (a) the Articles and the Company's memorandum of association;
- (b) the annual reports and accounts of B.P. Marsh & Company Limited for the financial years ending 31 January 2003, 31 January 2004 and 31 January 2005; and
- (c) the interim report for the six-month period ending 31 July 2005.

22.2 Copies of this document are available, free of charge from the registered office of the Company at Granville House, 5th Floor, 132 Sloane Street, London, SW1X 9AX and from the offices of Nabarro Wells & Co. Limited at Saddlers House, Gutter Lane, Cheapside, London, EC2V 6HS and Hichens, Harrison & Co. plc at Bell Court House, 11 Blomfield Street, London, EC2M 1LB during normal business hours on any weekday, Saturdays, Sundays and public holidays excepted, from the date of this document until 2 February 2006.

PART 6

DEFINITIONS

In this document the following terms and expressions have the following meanings unless the context requires otherwise:

“Act”	the Companies Act 1985, as amended
“Admission”	admission of the Ordinary Shares including the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules”	the rules of the London Stock Exchange governing the admission to and operation of AIM
“Articles”	the articles of association of the Company, a summary of which is set out in paragraph 9.2 of Part 5 of this document
“Board” or “Directors”	the directors of the Company
“Combined Code”	the revised combined code containing the principles of good Corporate Governance and Code of Best Practice published in July 2003 by the Financial Reporting Council
“Company” or “B.P. Marsh”	B. P. Marsh & Partners Plc, a company incorporated in England and Wales with registered number 5674962
“CREST UK System”	the facilities and procedures for the time being of CREST
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“EEA States”	the states which are contracting parties to the agreement on the European Economic Area signed at Oporto on 2 May 1992, as it has effect for the time being (such states being at the date of this document Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom)
“FPO”	the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005
“FSA”	the Financial Services Authority, acting in its capacity as competent authority in the United Kingdom pursuant to Part VI of FSMA
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Group” or “Marsh Group”	B. P. Marsh & Partners Plc and its Subsidiaries and /or (where the context requires) any one or more of them
“London Stock Exchange”	London Stock Exchange Plc
“Nabarro Wells & Co. Limited” or “Nabarro Wells”	means Nabarro, Wells and Co, Limited trading as Nabarro Wells & Co. Limited
“New Ordinary Shares”	the 7,857,143 new Ordinary Shares to be allotted and issued by the Company pursuant to the Placing
“Official List”	the Official List of the UK Listing Authority
“Option Agreements”	the agreements between the Company and each of Nabarro Wells & Co. Limited and Hichens, Harrison & Co. Plc dated 1 February 2006 in respect of the grant of options over Ordinary Shares summarised in paragraph 5.7 of Part 5 of this document

“Ordinary Shares”	ordinary shares of £0.10 each in the capital of the Company
“Placing”	the conditional placing by Hichens, Harrison & Co. plc of the New Ordinary Shares and the Sale Shares at the Issue Price pursuant to the terms and conditions of the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 31 January 2006 between Hichens, Harrison & Co. plc, Nabarro Wells & Co. Limited, the Company, the Selling Shareholders, and the Directors, relating to the Placing, further details of which are set out in paragraph 4(a) of Part 5 of this document
“Placing Price”	£1.40 per Ordinary Share
“Placing Shares”	the Ordinary Shares which are the subject of the Placing
“Prospectus Rules”	the prospectus rules sourcebook made by the FSA pursuant to section 73A(1) and (4) of FSMA
“Sale Shares”	the 1,450,001 Ordinary Shares being sold by the Selling Shareholders pursuant to the Placing
“Selling Shareholders”	those Shareholders selling shares in the Placing
“Share Exchange Agreement”	the agreement between the Company, Brian Marsh, Aleksandra Marsh, Mr K Ashman and Mr I C Springall and Dr P A Dunbar and Ms D V R Dunbar dated 1 February 2006 details of which are set out in paragraph 13(g) of Part 5 of this document
“Shareholders”	holders of Ordinary Shares
“Share Incentivisation Scheme”	the B. P. Marsh & Partners plc stock appreciation rights plan 2006 further details of which are set out in paragraph 5.6 of Part 5 of this document
“Subsidiary”	B.P. Marsh & Company Limited, Marsh Insurance Holdings Limited, B.P. Marsh Asset Management Limited and B.P. Marsh & Co. Trustee Company Limited
“UK”	the United Kingdom of Great Britain and Northern Ireland
“VAT”	value added tax
“Working Days”	any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday in England
“\$”	United States dollars, the lawful currency of the United States of America