

Interim Results

For the six months to 31 July 2011

Brian Marsh OBE, Chairman

Jonathan Newman, Group Finance Director

Camilla Kenyon, Investment Director

Daniel Topping, Investment Director

October 2011

Overview

- Niche Venture Capital provider focused on minority investments in financial services businesses, typically taking an equity stake of between 15% and 45%
- Geographic focus on UK, but also considers opportunities in EU and North America
- Established in 1990 with funding of £2.5m – 31 investments made to date; initially invests up to £2.5m with an average holding period of seven years and provides follow-on funding to enhance growth; few competing sources of capital available at this level of investment (so called 'Equity Gap')
- As at 31 July 2011 – ten investments in portfolio with an equity valuation of £48.5m; net Asset Value increase of 4.3% since 31 January 2011

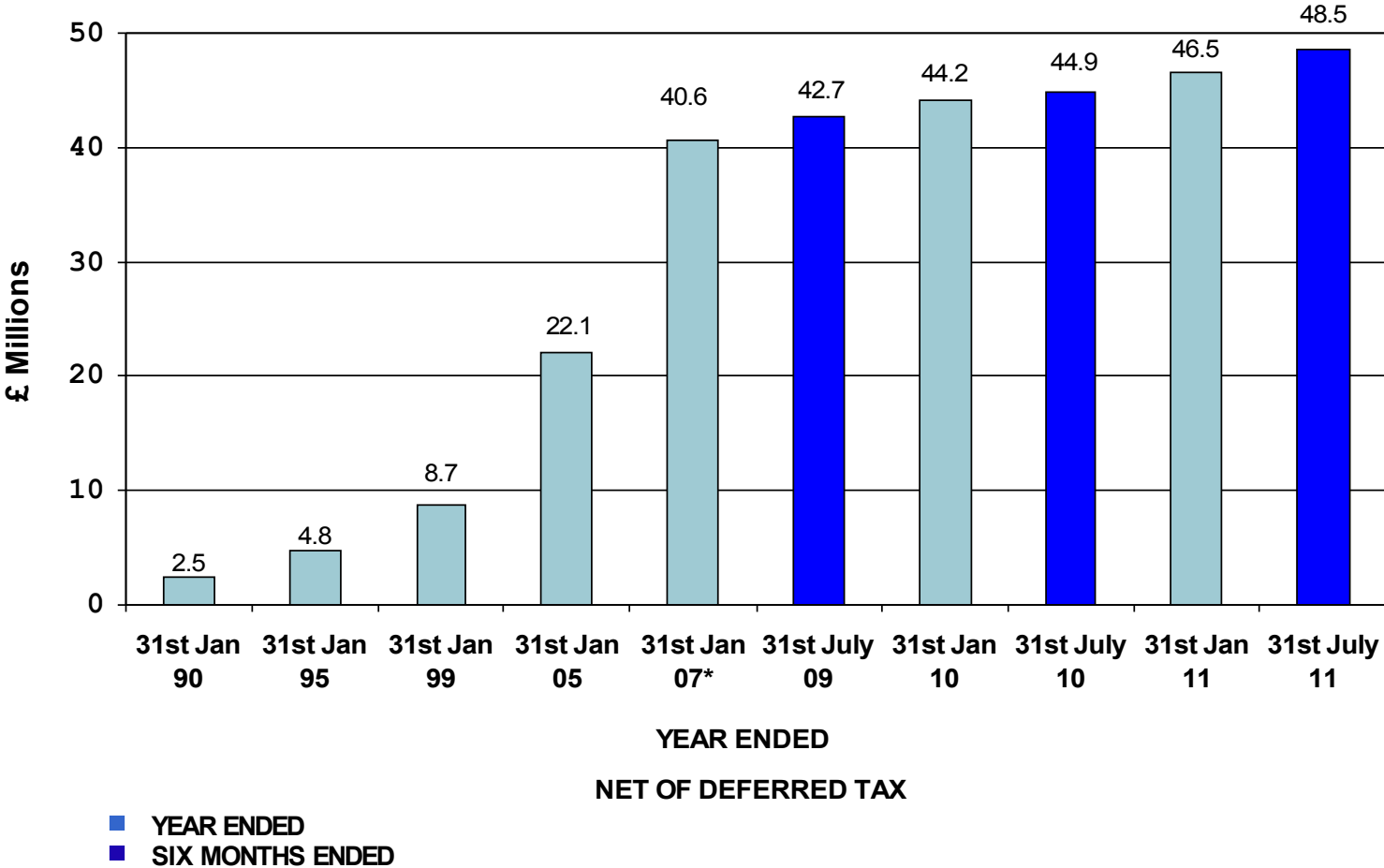
Financial Highlights – Period Ended 31 July 2011

- NAV of £48.5m
(31 January 2011: £46.5m, 31 July 2010: £44.9m)
- NAV per share 166p
(31 January 2011: 159p, 31 July 2010: £153p)*
- Currently trading at a 46.4% discount to NAV
- Consolidated profit after tax £2.0m
(31 January 2011: £2.6m, 31 July 2010: £1.0m)
- Average compound NAV growth of 12.1% p.a. since 1990 (excl. £10.1m raised on flotation)**
- £0.45m cash at year-end plus a further £3.075m loan facility available. £2.36m committed to current investments, £1.17m available

*This excludes any value for the Group itself

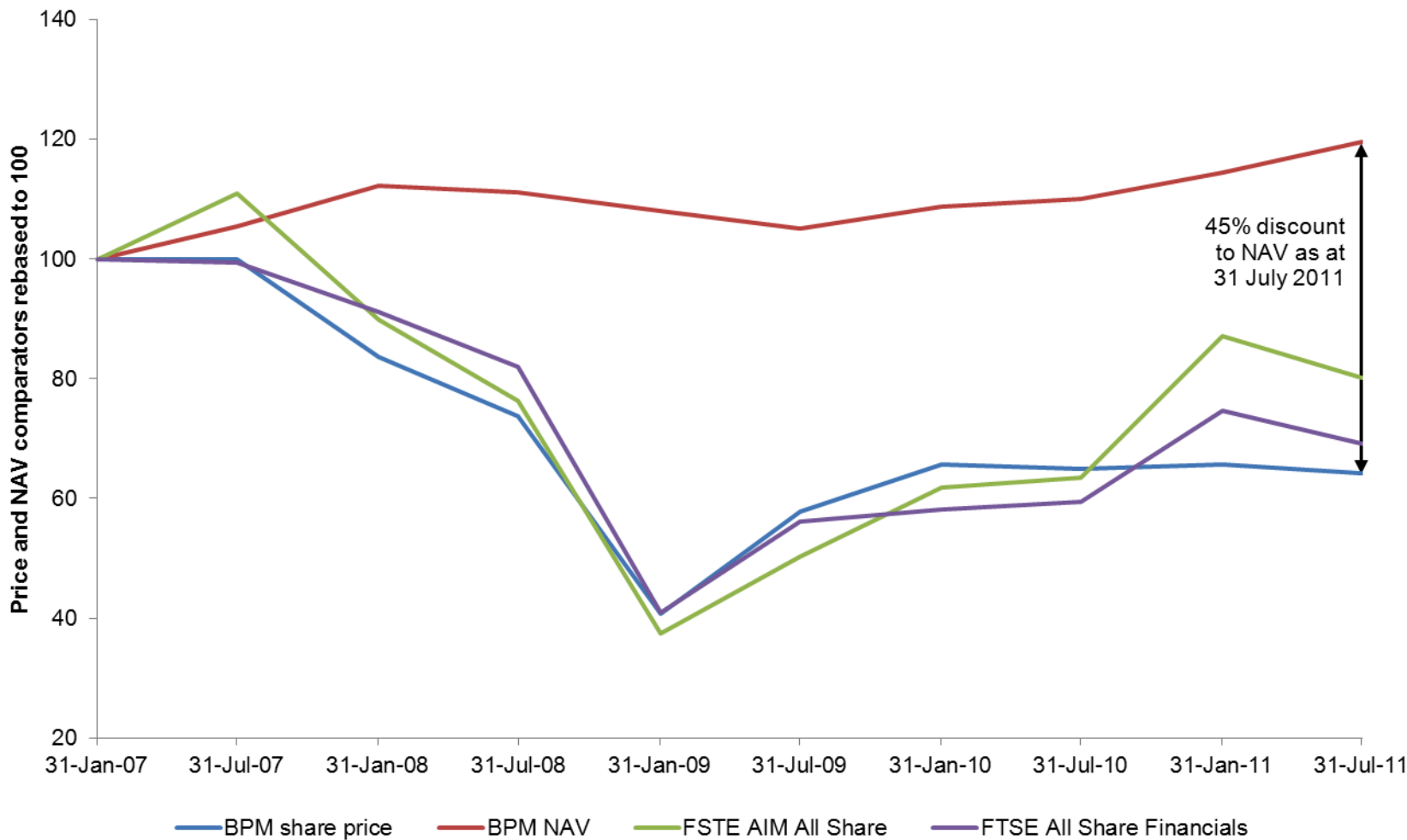
**Net of provision for deferred tax

Performance: Net Asset Value (NAV)

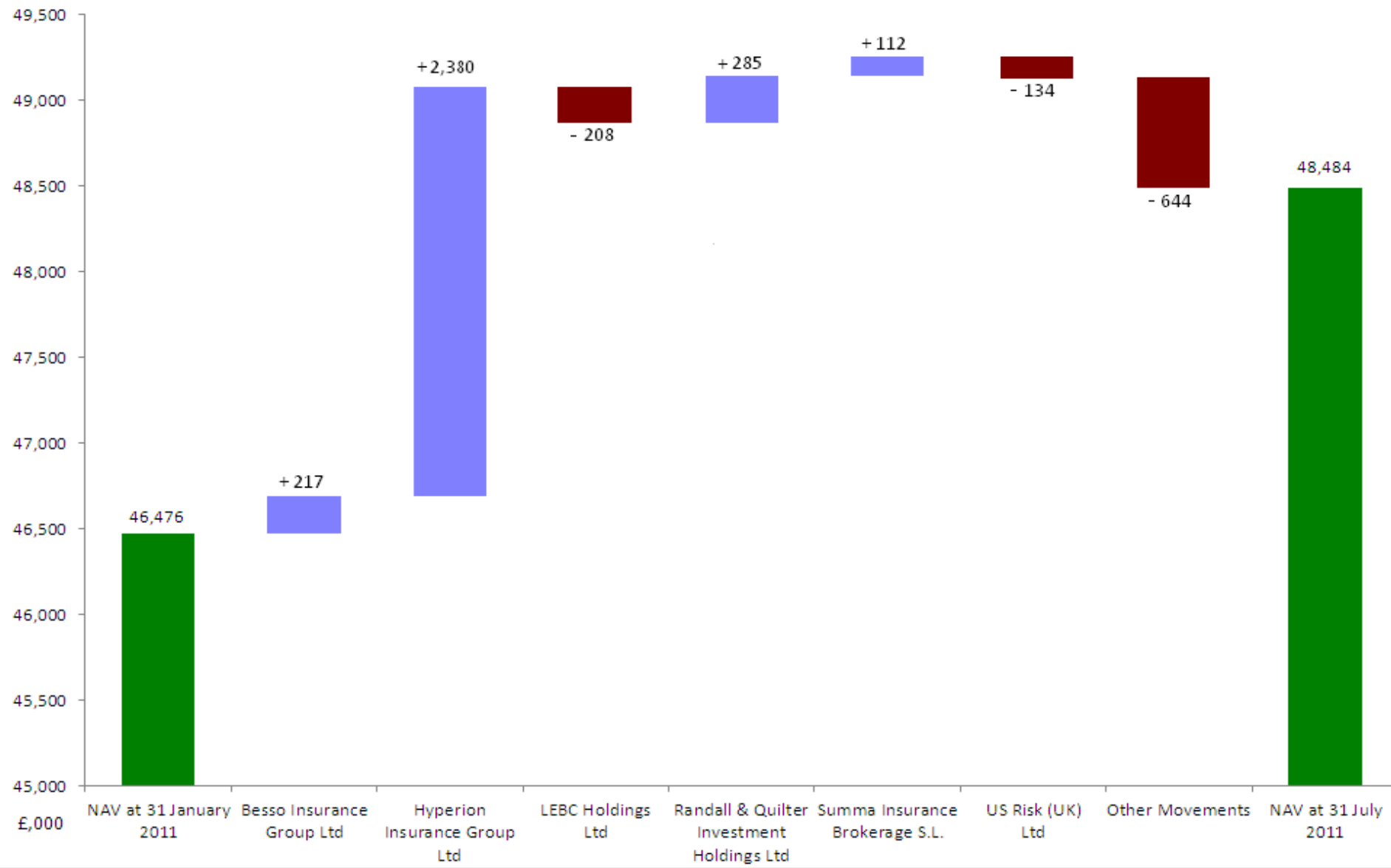


* NB: The valuation at 31 January 2007 includes £10.1m net proceeds raised on AIM

2007-2011: Resilient Net Asset Value (NAV)



NAV Performance Attribution



Key Portfolio Valuation Movements

Company	Reason for Change	Valuation movement in 6 months (£ '000)
Besso Insurance Group Limited *	Increase due to re-valuation of 11.3% additional equity acquired	217
Hyperion Insurance Group Limited	2010 increased revenue by 26% to £72.2m and EBITDA by 41% to £12.0m. 2011 on track to deliver further strong revenue and EBITDA growth	2,380
LEBC Holdings Limited	Business underwent a restructuring exercise as the cost of regulation increases, which reduced profitability despite continued strong revenue growth	(208)
Randall & Quilter Investment Holdings Limited	Positive resolution of Seaton & Stonewall litigation, share buy-back and solid interims led to share price rise	285
Summa Insurance Brokerage, S.L.	Increase due to foreign exchange movement. Summa on track to deliver similar revenue and profits in 2011 as previous year despite the difficult Spanish economy	112
US Risk (UK) Limited	Short-term reduction in profits in 2011 to fund new teams/producers - should lead to value growth in 2012	(134)

* NB: the valuation increase is in addition to the £765k paid for the equity

Investments made in six months to 31 July 2011

■ Besso Insurance Group Limited

- In April 2011 a consortium including Michael Wade and the Group agrees to acquire Wells Fargo's 38% shareholding in Besso
- Michael Wade appointed Chairman and acquires 15% of the equity
- The Group acquires a further 11% for £0.7m, increasing its shareholding from 22.7% to 34%
- The Group acquires an additional £0.8m of 14% loan stock from Wells Fargo
- This further investment was funded from existing cash resources and by utilising £1.25m of the £4.325m Directors' loan that was put in place in June 2010

Outlook

- The Group is uniquely placed to take advantage of the 'Equity Gap'
- The Group continues to seek investment opportunities in high growth businesses within niche sectors
 - RDR creating significant momentum in IFA sector
 - Increased levels of M&A activity in the insurance sector resulting in fall out / potential opportunities for team lifts and start up enterprise
- The Group continues to create growth opportunities for investee companies and seek attractive realisation opportunities for current portfolio investments

Summary

- NAV proving to be resilient even in uncertain economic conditions
- 90% of portfolio by value in insurance broking or related activities
- BP Marsh is not subject to the limitations of a closed fund, such as asset redemption pressures
- Cash position at 31 July 2011 of £0.4m
- The Company has secured a loan facility of £4.325m from its Directors on favourable terms to take advantage of further investment opportunities. The Company utilised £1.25m of this loan to fund the further investment in Besso
- Share price trading at a discount of 46.4% to NAV as at close 17 October 2011
- The Board is confident about the future prospects and resilience of the Group's current portfolio

Appendices

- Management Team
- Board Members
- Minority Investor Protections
- Adding Value
- Exit Strategy
- Current Portfolio
- Financials
- Major Shareholders
- Contacts

Management Team

Executive Chairman

Brian Marsh OBE

50 years' experience in insurance broking and underwriting. 1979-1990 was chairman of the Nelson Hurst & Marsh Group. More than 30 years' experience building, buying and selling financial services businesses particularly in the insurance sector.

Group Finance Director

**Jonathan Newman ACMA
MCSI**

Chartered Management Accountant with over 14 years' experience in the financial services industry. Joined the Company in Nov 1999 and became FD in Dec 2003. Jonathan advises several investee companies through non-executive board appointments and evaluates new investment opportunities.

Investment Director

Daniel Topping ACIS MCSI

Daniel Topping is a Member of the Chartered Institute of Securities and Investment and a Member of the Institute of Chartered Secretaries and Administrators. Daniel joined the Company in February 2007 and currently holds four non-executive board appointments and evaluates new investment opportunities.

Investment Director

Camilla Kenyon

Camilla Kenyon was appointed as Head of Investor Relations at B. P. Marsh in February 2009, having four years prior experience with the Company. She holds three non-executive appointments and is Chair of the New Business Committee. She is a Member of the Investor Relations Society.

Board Members

Non-Executive Director

Natasha Dunbar

Over 15 years' experience in the financial services industry. Having joined the Company in 1994 she was made Managing Director in March 2002. Natasha is still involved in aspects of the operational side of the business and works closely with Brian Marsh in defining the strategic development of the Company.

Non-Executive Director

Stephen Clarke

A Chartered Accountant, Stephen gained many years' experience with Charterhouse Development Capital in the structuring of venture capital projects in all fields including financial services, and in guiding and monitoring their progress. He joined the Group in 1993 and has over 25 years' experience of the financial services sector. Stephen continues to give specialist advice to B. P. Marsh on the structuring of entry and exit deals.

Non-Executive Director

Philip Mortlock

A Chartered Accountant with over 25 years insurance experience, Philip entered the Lloyd's insurance world in 1965 and, after some years with Fenchurch Group, joined Nelson Hurst & Marsh group as finance director and company secretary until 1990. He joined the Group in 1990 and has a great deal of experience of the special nature of broking and underwriting finances. Philip continues to give a broad range of advice to B. P. Marsh.

Minority Investor Protections

- B.P. Marsh's position is well protected and portfolio investments are actively monitored. It has the following investor safeguards in place:
- Board meetings are held frequently and at least every three months;
- Timely management accounts information is required; and
- B.P. Marsh's approval may be required for various actions including, inter alia, the following:
 - Alterations to share capital
 - Acquisitions
 - Capital expenditure or asset disposals of any nature outside pre-agreed limits
 - Appointments of directors and senior executives
 - Remuneration of directors and senior executives
 - Any material additional borrowing
 - Changes in the nature of the company's business
 - Application for a flotation
 - Dividend payments or other distributions including bonuses

Adding Value

- Representation at Board level
- Guidance on strategy and development
- Market intelligence and contacts to develop customer base / strategic alliances
- Provision of follow-on funding
- Identify exit path and potential acquirers

Exit Strategy

- Exit considered on entry
- Patient development to achieve full earning potential
- Recognise and act on opportunistic situations
- Deal size favours acquisition by large financial services firms

Current Portfolio

Amberglobe Limited - 49%	<ul style="list-style-type: none"> ▪ March 2008 invested in Amberglobe Ltd ▪ Start-up, financing ex-managing director of Dipford plc ▪ Company is a business sales platform, providing valuation and negotiation services for the sale of SME businesses in the sub £3m sector
Besso Insurance Group Limited- 34%	<ul style="list-style-type: none"> ▪ February 1995 the Group assisted a specialist team departing from Jardine Lloyd Thompson Group in establishing Besso Holdings ▪ Company specialises in insurance broking for the North American wholesale market ▪ The Group increased its shareholding from 22.7 % to 34% in April 2011 ▪ Besso Holdings Limited changed its name to Besso Insurance Group Limited in June 2011
HQB Partners Limited - 27.7%	<ul style="list-style-type: none"> ▪ January 2005 investment made in HQB Partners ▪ Company provides strategic transaction advice, proxy solicitation services, voting analysis and investor relations services
Hyperion Insurance Group Limited - 19.5%*	<ul style="list-style-type: none"> ▪ First invested in Hyperion Insurance Group in 1994 ▪ Company owns, amongst other things; Howdens, an insurance broker specialising in directors' and officers' and professional indemnity insurance, and DUAL International, a specialist underwriting group with a specific mandate for Mid-Market business
LEBC Holdings Limited- 21.9%	<ul style="list-style-type: none"> ▪ April 2007 invested in LEBC ▪ LEBC is a national Independent Financial Advisory company providing services to individuals, corporates and partnerships principally in employee benefits, investment and life product areas and has 11 offices throughout the UK

* This includes a sweet equity provision. The Group is entitled to 21% for any value of Hyperion up to £102m.

Current Portfolio cont.

Paterson Squared LLC - 22.5%	<ul style="list-style-type: none"> ▪ Founded in September 2008 after its separation from Paterson Martin Limited ▪ The team use sophisticated modelling techniques to assess risk, with a view to providing counter-party risk and transaction advice
Portfolio Design Group International Limited - 20%	<ul style="list-style-type: none"> ▪ The Group invested in March 1994 ▪ Company sells with-profits life endowment policies to large financial institutions and in 2002 the company diversified into investment management
Randall & Quilter Investment Holdings Plc - 1.35%	<ul style="list-style-type: none"> ▪ The Group invested in Randall & Quilter in January 2010, the result of a share exchange with the Group's shareholding in JMD Specialist Insurance Services Group Limited, which Randall & Quilter have now wholly acquired ▪ Randall & Quilter Investment Holdings plc is an AIM listed run-off management service provider and acquirer of solvent insurance companies in run-off.
Summa Insurance Brokerage, S.L. - 48.6%	<ul style="list-style-type: none"> ▪ January 2005 the Group provided finance to a Spanish management team with the objective of acquiring and consolidating regional insurance brokers in Spain
US Risk (UK) Limited - 30%	<ul style="list-style-type: none"> ▪ Invested in July 2010 ▪ US Risk (UK), the parent company of Oxford Insurance Brokers Ltd, a London-based Lloyd's insurance and reinsurance broker.

Investments at 31 July 2011

Investment	Activity	Cost of investment (£'000)	Fair market value 31.07.11 (£'000)	Equity %	Year of initial investment	Movement in 6 month period (£'000)
Amberglobe Limited	Business sales platform	98	98	49%	2008	-
Besso Insurance Group Limited	Insurance broker	2,097	4,182	34%	1995	217
HQB Partners Limited	Shareholder services	35	0	27.7%	2005	-
Hyperion Insurance Group Limited	Insurance intermediary	4,345	31,748	19.5%*	1994	2380
LEBC Holdings Ltd	IFA network	2,066	3,069	21.9%	2007	(208)
Paterson Squared LLC	Actuarial consultants	-	0	22.5%	2008	-
Portfolio Design Group International Limited	Asset management	253	1,893	20%	1994	(13)
Randall & Quilter Investment Holdings Limited	Insurance service provider to the non-life insurance market	689	845	1.35%	2010	285
Summa Insurance Brokerage, S.L.	Insurance intermediary	5,098	5,210	48.6%	2005	112
US Risk (UK) Limited	Insurance broker	1,397	1,647	30%	2010	(134)
Total		16,078	48,692			2,639

* This includes a sweet equity provision. The Group is entitled to 21% for any value of Hyperion up to £102m.

Consolidated Statement of Financial Position (IFRS) at 31 July 2011

	Unaudited 6 months to 31 July 2011 £'000	Audited Year to 31 Jan 2011 £'000	Unaudited 6 months to 31 July 2010 £'000
Tangible assets	24	33	36
Investments at fair value	48,692	47,143	45,578
Debtors / Loans receivable	8,086	6,075	5,887
Cash	448	515	562
Creditors < 1 year	(174)	(276)	(201)
Creditors > 1 year (Carried Interest provision)	(328)	(331)	(335)
Creditors > 1 year (Directors Loan)	(1,250)	-	-
Net Assets (excl. Deferred tax)	55,498	53,159	51,527
Deferred Taxation provision	(7,014)	(6,683)	(6,656)
NET ASSETS (8.1% increase over 2010)	48,484	46,476	44,871

Consolidated Statement of Comprehensive Income (IFRS) to 31 July 2011

	Unaudited 6 months to 31 July 2011 £'000	Audited Year to 31 January 2011 £'000	Unaudited 6 months to 31 July 2010 £'000
Gains on Investments (Realised and Unrealised)	2,619	3,321	1,743
Impairment of investments and loans	(239)	(446)	(223)
Operating Income	764	2,018	872
TOTAL INCOME	3,144	4,893	2,392
Operating Expenses and FX Movement	(731)	(1,847)	(997)
Net Interest Receivable / (Payable)	(47)	(26)	(3)
Carried Interest provision	3	(7)	(11)
Exceptional Items	(30)	-	-
PROFIT BEFORE TAX	2,339	3,013	1,381
Taxation	(331)	(415)	(388)
POST TAX PROFIT FOR PERIOD	2,008	2,598	993

Consolidated Statement of Cash Flows (IFRS) at 31 July 2011

	Unaudited 6 months to 31 July 2011 £'000	Audited Year to 31 Jan 2011 £'000	Unaudited 6 months to 31 July 2010 £'000
Net cash (used by) / from operating activities	(51)	114	(411)
Taxation	-	-	-
Purchase of Property, plant and equipment	(3)	(6)	-
Investments made	(735)	(1,437)	(1,437)
Proceeds on sale of investments	30	18	15
Net Loans (granted) / repaid	(510)	(827)	(284)
Advances (repayment) of borrowing	1,250	-	-
Net Interest Received / (Paid)	(47)	(26)	(3)
Dividends	-	(293)	(293)
(DECREASE) / INCREASE IN CASH IN THE PERIOD	(66)	(2,457)	(2,413)
FX Movement	(1)	-	3
Cash at beginning of period	515	2,972	2,972
CASH AND CASH EQUIVALENTS AT PERIOD END	448	515	562

Key Shareholders

- Directors
 - Brian Marsh OBE - 59.1%
 - Natasha Dunbar - 4.9%

- Major Shareholders (>3%)
 - SVM Asset Management Limited
 - Gartmore Investment Management
 - AXA Framlington
 - The Stephen Crowther Trust
 - Sanlam Asset Management (Ireland)

Contacts

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