B.P. Marsh & Partners Plc

Interim Results

For the six months to 31 July 2015

Brian Marsh OBE, Chairman

Jonathan Newman, Group Finance Director

Dan Topping, Investment Director

Camilla Kenyon, Director & Head of Investor Relations

October 2015

B. P. MARSH & PARTNERS PLC

Overview

- Niche Venture Capital provider focused on minority investments in financial services businesses, typically taking an equity stake of between 15% and 45%
- Considers investment opportunities based in the United Kingdom, Europe and internationally
- Established in 1990 with funding of £2.5m – 41 investments made to date, (with 27 realisations made as at 31 July 2015)
- Average compound NAV growth of 11.2% p.a. since 1990 (excl. £10.1m raised on flotation)
- Initially invests up to £3m and provides follow-on funding to enhance growth
- Reputation within its sector for developing strong business partnerships with its investee companies and helping talented management teams to realise their ambitions

Overview Continued

- As at 31 July 2015 – fourteen investments in portfolio with a NAV of £65.5m, with an average holding period of six years
- Equity Portfolio increase of 9.3% since 31 January 2015
- Net Asset Value per share of 225p, increase of 9.5% since 31 July 2015, increase of 4.1% since 31 January 2015
- Equity Portfolio increase of 19.8% since 31 July 2014
- Total Shareholder Return of 10.8% for year to 31 July 2015 (5.3% from 31st January 2015)
- £6.0m cash and treasury funds at 31 July 2015, £3.2m available for new investments
- Dividend of 2.75p per share declared for the year ended 31 January 2015, and paid on 24 July 2015
- The Board intends to increase the dividend to 3.42p per share for the current financial year and intends to maintain at least this level of dividend for the next financial year

Investments

Investment	Sector	Cost of equity investment (£'000)	Fair market value 31.07.15 (£'000)	Equity	Year of initial investment	Movement in Period to 31.07.15 (£'000)	Movement in Period to 31.07.15
Besso	Insurance Broking	2,828	13,896	37.94%	1995	2,997	27.5%
LEBC	IFA	3,066	8,449	34.91%	2007	1,466	21%
Hyperion	Insurance Broking	743	7,310	1.6%	1994	–	–
Summa	Insurance Broking	6,096	3,782	77.25%	2005	(544)	(12.6%)
Nexus	MGA	3,108	3,589	9.78%	2014	481	15.5%
Trireme	Insurance Broking	1,849	1,976	30.56%	2010	(57)	(2.8%)
Sterling	MGA	1,945	1,880	19.7%	2013	(385)	(17%)
MB	MGA	480	1,235	40%	2013	(53)	(4.1%)
R&Q	Insurance services	955	1,120	1.32%	2010	(123)	(9.9%)
Walsingham	MGA	600	600	40.5%	2013	–	–
Broucour	Business Sales	98	341	49%	2008	50	17.2%
PLUM	MGA	306	307	20%	2015	1	0.2%
Bastion	Insurance Broking	100	100	35%	2014	(55)	(35.5%)
Bulwark	MGA	–	–	35%	2015	–	–
Total		22,174	44,585			3,778	

Specific Activity within the Portfolio During the Period (i)

BESSO

- Continuing strong financial performance; forecast position as 31.12.2015 revenue of £37m and EBITDA of £4.8m (the year ending 31.12.2014 achieved revenue of £31.3m and EBITDA of £3.7m)
- Continued international expansion
- Strengthening of management team, Rob Dowman and Russ Nichols being appointed dual-CEO, reflecting their increasing contribution to the development and strategy of the Group. Also Howard Green and Roddy Caxton-Spencer were appointed as Chairman and deputy Chairman of Besso Limited respectively.

NEXUS

- Strengthening of the Board, hiring of a new CEO, Tim Coles, and appointment of a new independent NED, Jeremy Adams
- Acquisition of EBA
- Board's stated ambition to grow the business to an MGA underwriting $250m

Specific Activity within the Portfolio During the Period (ii)

LEBC

- Strong continued performance, benefitting from legislative reforms in the pensions sector. Significantly ahead of 2014 results
- 43% increase in profits and 9% increase in turnover in financial year to 30.09.14
- New office opened in Maidstone, bringing total branches to 15

SUMMA

- Despite turnover in 2015 being slightly down over that of 2014, the profit before tax position remains steady and in line with the Group's expectations
- Ongoing restructuring process taking place, including a number of personnel changes within regional branches alongside the introduction of a standardised IT communication system
- Summa will be in the position by 2016 to increase turnover and to take advantage of Spain's recovering economy

Specific Activity within the Portfolio During the Period

New Investment

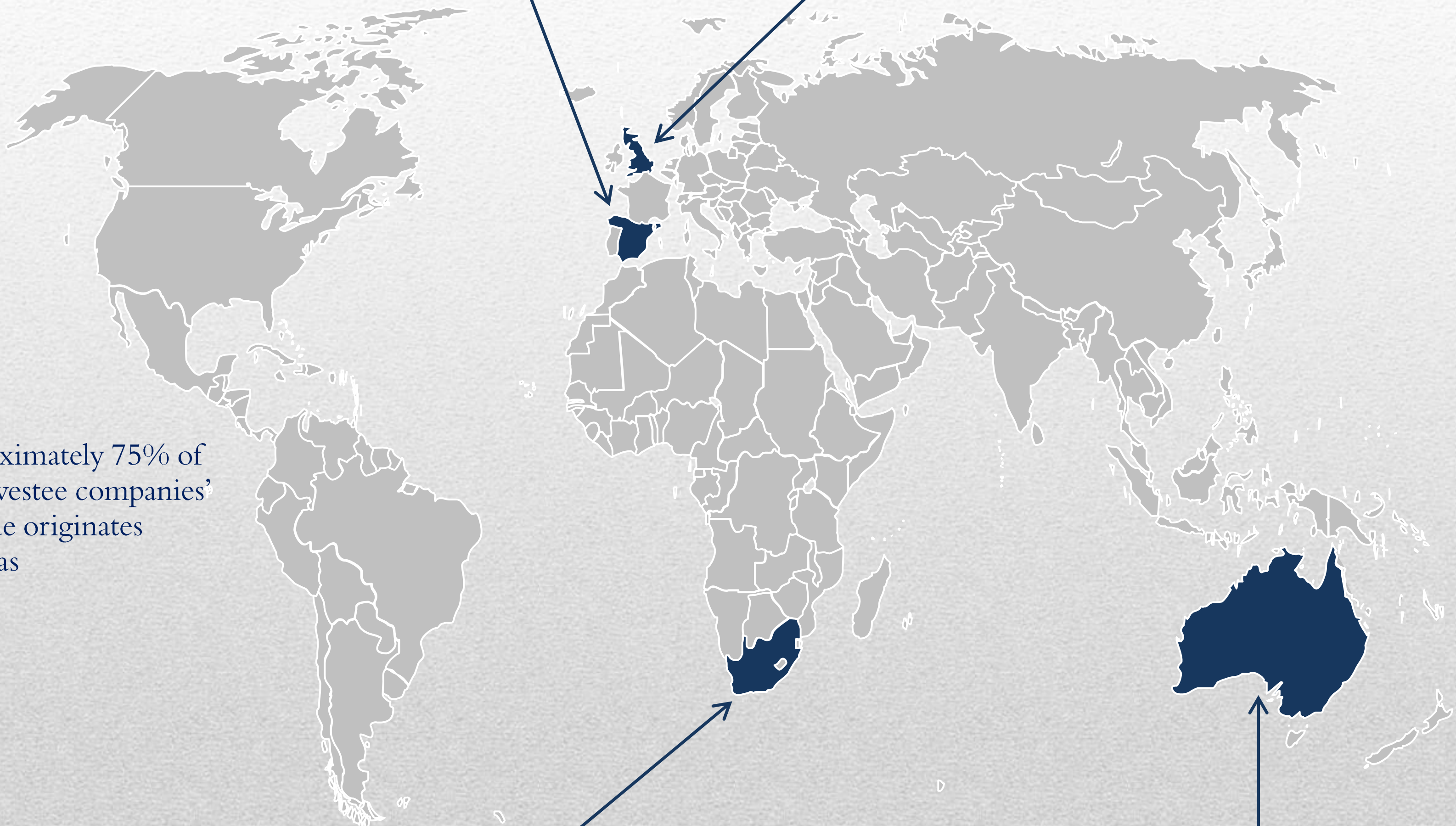
Property and Liability Underwriting Managers (PTY) Ltd ("PLUM")

- Acquisition of 20% of PLUM in June 2015
- Managing General Agent based in Johannesburg, specialising in large corporate property risks
- Supported by domestic South African insurance capacity and A-rated international reinsurance capacity
- Initial consideration of £0.3m
- Total consideration could increase to £0.6m, depending on PLUM achieving EBITDA targets over the first year of the Group's investment
- Encouraging performance since investment

Investments by Location

Summa Insurance Brokerage S.L.
Total – £3.78m

UK Based Investments
Total – £37.28m



Approximately 75% of our investee companies' revenue originates overseas

Bastion Reinsurance Brokerage (PTY) Limited
Bulwark Investment Holdings (PTY) Limited
Property & Liability Underwriting Managers (PTY) Limited
Total – £0.41m

Sterling Insurance (PTY) Limited &
MB Prestige Holdings (PTY) Limited
Total – £3.12m

Financial Highlights – Period Ended 31 July 2015

- Equity Portfolio increase of 9.3% for the six month period to 31 July 2015, Equity Portfolio increase of 19.8% for the twelve month period from 31 July 2014, 24.6% excl. Hyperion

- NAV of £65.5m
  (31 July 2014: £59.8m, 31 January 2015: £63.0m) *

- NAV per share of 225p
  (31 July 2014: 205p, 31 January 2015: 216p) *

- Consolidated profit after tax £3.4m
  (31 July 2014: £1.7m, 31 January 2015: £4.9m)

- Underlying profit before tax of £0.4m in the six month period (2014: £0.6m)

*Net of provision for deferred tax

Financial Highlights – Period Ended 31 July 2015

- Average compound NAV growth of 11.2% p.a. since 1990 (excl. £10.1m raised on flotation)*

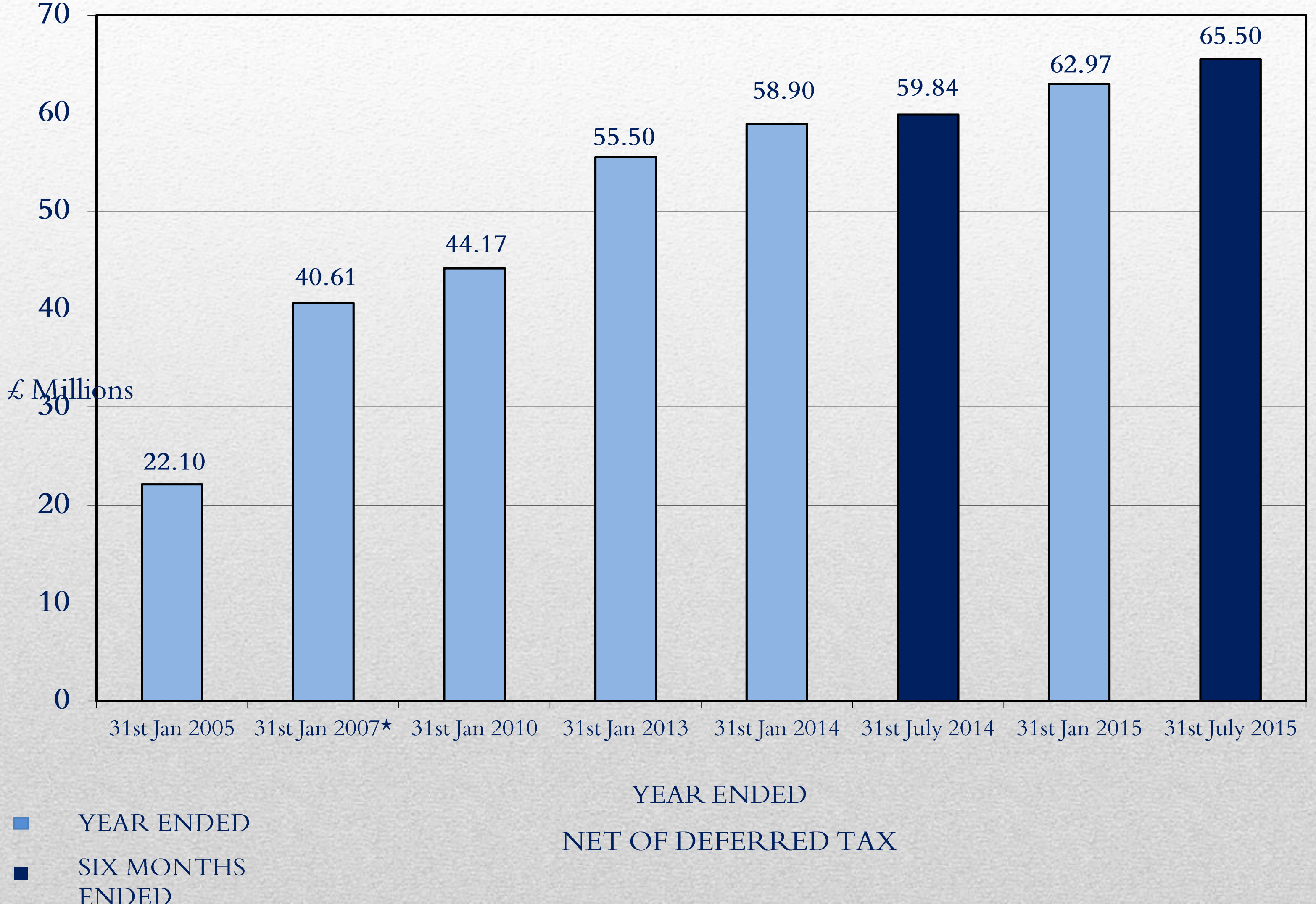
- Final Dividend of 2.75p per share declared (£0.8m) and paid on 24 July 2015 to Shareholders registered at the close of business on 26 June 2015.

- Share price of 145.5p, trading at a 35% discount to NAV (at close 19 October 2015)

- £6.0m cash and treasury funds at 31 July 2015, £3.2m available for new investments. Further cash of £7.3m expected in July 2016 from the realisation of the Group's remaining stake in Hyperion

*This excludes any value for the Group itself

Performance: Net Asset Value (NAV)

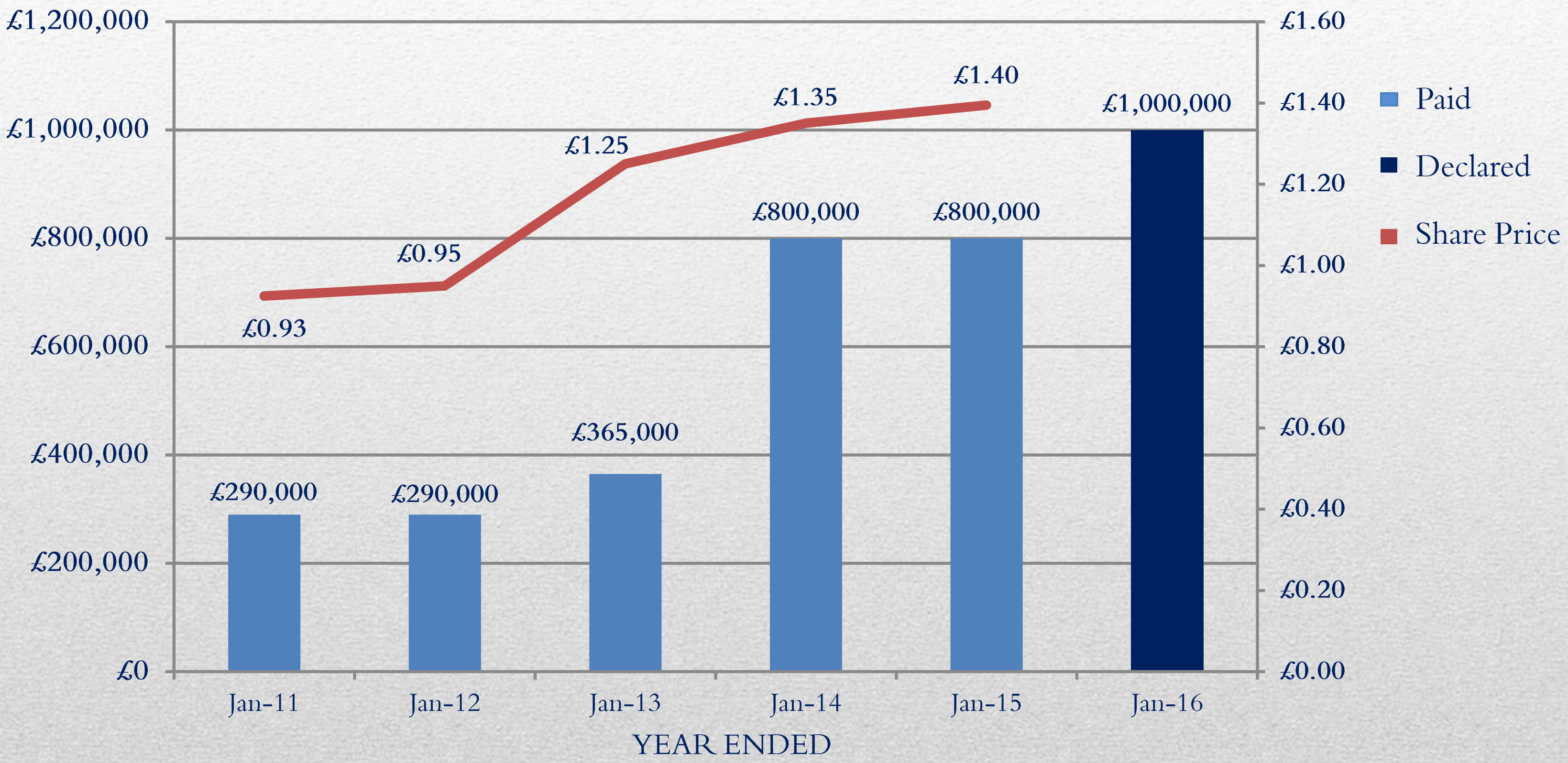


NET OF DEFERRED TAX

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

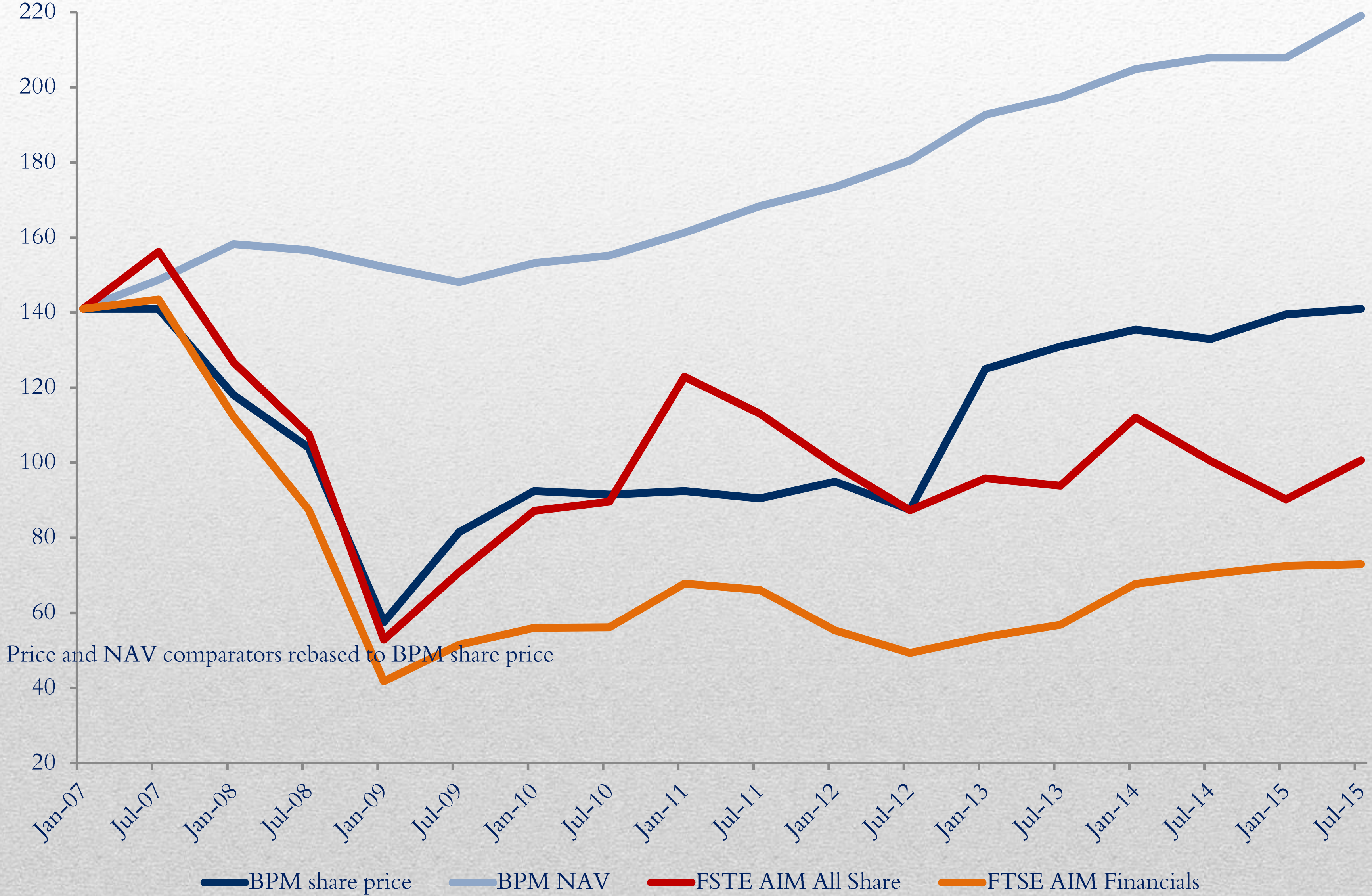
Dividends

- Over the past five years the Group has paid out dividends to its shareholders, demonstrating that the Group is an attractive capital and income investment. The dividend policy is also part of the Group's strategy to reduce the share price discount to NAV



- Aggregate dividend £3.54m
- Given the Group does not impose exit mechanisms on investee companies, there is no guarantee that the Group will continue to pay annual dividends
- Notwithstanding this, it is the Board's intention to continue to pay dividends when circumstances allow e.g. following realisations

Performance: Net Asset Value (NAV)



Cash Position

Cash at 1 Feb 2015 (inc. treasury funds)	**£7.9m**
Equity Investments	£(2.2)m
Net (loans) / repayments	£0.5m
Tax Repayment	£0.2m
Dividend Paid	£(0.8)m
Net treasury gains / other investment income	£0.2m
Other operating movements	£0.2m
Cash at 31 July 2015 (inc. treasury funds)	**£6.0m**

Investment Opportunities

- Seek entrepreneurial and experienced management teams with a focused growth plan for their business
- Market positioning enables first-mover advantage in a sellers market
- Flexible investment approach key driver
- Add value by provision of contacts, experience in business development, acquisitions and strategic advice
- Cross-pollination opportunities for portfolio

Recent and current projects:-

- MGAs – operating in niche specialisms, both start-ups and growth businesses
- Broking – established businesses looking to build up
- SaaS opportunities – including in robo-advisory and data analysis
- Alternative finance – P2P and business lending platforms and pension-led funding
- Bolt-ons are a current feature for the portfolio, with synergies delivering value

Investment Opportunities

- 30 new investment enquiries received in the period to 31 July 2015
- 33% of the 30 investments continued to detailed investigations
- Strong current pipeline
- Out of 30 new enquiries received:
    - 23% insurance sector (of which 57% Underwriting Agencies, 14% Brokers, 29% other insurance-related)
    - 3% IFAs
    - 43% other financial services
    - 30% Non financial services (non-eligible)

Summary

- Equity Portfolio increase of 19.8% since 31 July 2014, 24.6% excl. Hyperion
- Final Dividend of 2.75p per share declared and paid
- £3.2m of cash and treasury funds currently available for investment
- Further cash of £7.3m expected in July 2016 from the realisation of the Group's remaining stake in Hyperion
- Share price discount to Net Asset Value of 35% (at close 19 October 2015)
- Board continues to work on narrowing the discount, having reduced it from 48% in 2012
- Continue to seek new investment opportunities in high growth businesses, whilst focusing on maximisation of value in the existing portfolio
- Group looks forward to year ahead with confidence – reflected in aspiration to pay a dividend of at least 3.42p/share in the current and next financial year

Appendices

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- Current Portfolio
- Minority Investor Protections
- Adding Value
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- Major Shareholders
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Management Team

Executive Chairman

Brian Marsh OBE

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

Group Finance Director

Jonathan Newman ACMA CGMA MCSI

Chartered Management Accountant with over 17 years' experience in the financial services industry. Joined the Company in Nov 1999 and became FD in Dec 2003. Jonathan advises investee companies and has a number of non-executive appointments over three investee companies and evaluates new investment opportunities.

Investment Director

Dan Topping ACIS MCSI

Dan Topping is a Member of the Chartered Institute of Securities and Investment (MCSI) and an Associate of the Institute of Chartered Secretaries and Administrators (ACIS) and graduated from Durham University in 2005. Dan joined B.P. Marsh in February 2007 and in 2011 he was appointed as a director and currently has a number of non-executive appointments over seven investee companies and evaluates new investment opportunities.

Management Team

Director, Head of IR

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 was appointed a Director in 2011. Camilla has two non-executive appointments and is Chair of the New Business Committee evaluating new opportunities. She is a Member of the Investor Relations Society.

Director

Alice Foulk

Alice Foulk joined B.P. Marsh in September 2011 having started her career at a leading Life Assurance company. In 2014 she took over as Executive Assistant to the Chairman, running the Chairman's Office.

Board Members

Non-Executive Deputy Chairman

Campbell Scoones

Campbell Scoones has over 45 years' experience in the Lloyd's and overseas insurance broking and underwriting markets. Having started his career in 1966 Campbell has worked for a number of Lloyd's insurance broking and underwriting firms during this time, including, inter alia, Nelson Hurst & Marsh, Citicorp Investment Limited, Marsh & McLennan Companies and Admiral/Encon Underwriting

Non-Executive Director

Philip Mortlock

A Chartered Accountant with over 50 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 BP Marsh.

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 50 years' experience of the financial services sector. Stephen continues to give specialist advice to BP Marsh on the structuring of entry and exit deals.

Board Members Continued

Non-Executive Director

Pankaj Lakhani FCCA

A Certified Accountant, Pankaj Lakhani has over 40 years' of accounting experience within the Insurance Market and joined the Company as Non Executive Director on 21 May 2015.

Portfolio

Bastion Reinsurance Brokerage PTY Limited – 35%	▪ The Group invested in December 2014 ▪ Bastion specialises in the provision of reinsurance solutions over a number of complex issues, engaged by various insurance companies and managing general agents.
Besso Insurance Group Limited - 37.9%	▪ February 1995 the Group assisted a specialist team departing from Jardine Lloyd Thompson Group in establishing Besso, which specialises in insurance broking for the North American wholesale market ▪ Growth from revenue of £2.2m in 1995 to £29.1m in the year ended 31 December 2013 ▪ Besso has developed into an international insurance and reinsurance broker, with over 200 employees ▪ Invested a further £1.58m in October 2015 to acquire an additional 7.03% bringing the Group's current shareholding to 44.97%. These shares are being held subject to an option arrangement whereby the Management can purchase the shares at a prescribed uplift over the subsequent 12 months
The Broucour Group Limited – 49%	▪ March 2008 invested in Amberglobe Ltd a start-up, financing ex-managing director of Dipford plc ▪ In July 2012 Amberglobe acquired the assets of Turner & Co (GB) Limited and Turner Butler Limited and the Groups' holding has been hived up into a new holding company, The Broucour Group Limited ▪ Company is a business sales platform, providing valuation and negotiation services for the sale of SME businesses in the sub £3m sector
Bulwark Investment Holdings (PTY) Limited – 35%	▪ April 2015, alongside its existing South African Partners, established a new venture, Bulwark Investment Holdings (PTY) Limited ▪ Bulwark is a South African based holding company which establishes Managing General Agent in South Africa ▪ To date Bulwark has established two new Managing General Agents, Preferred Liability Underwriting Managers (PTY) Limited and Mid-Market Risk Acceptances (PTY) Limited
Hyperion Insurance Group Limited – 1.6%	▪ First invested in Hyperion Insurance Group in 1994 ▪ Hyperion owns, amongst other things, Howden Insurance Brokers Limited, 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. In July 2012 Hyperion acquired Windsor ▪ Sold 80% of its holding in July 2013 to General Atlantic, the remaining being subject to an option agreement

Portfolio Continued

LEBC Holdings Limited – 34.9%	▪ 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 14 offices throughout the UK
MB Prestige Holdings Limited – 40%	▪ December 2013 invested in MB ▪ MB is a MGA, headquartered in Sydney, Australia, recognised as a market leader in respect of prestige motor vehicle insurance in all mainland states of Australia
Nexus Underwriting Management Limited – 9.8%	▪ Invested in August 2014 ▪ Nexus is an independent specialty Managing General Agency, founded in 2008. Through its two operating subsidiaries, Nexus Underwriting Limited and Nexus CIFS Limited, Nexus specialises in Directors & Officers, Professional Indemnity, Financial Institutions, Accident & Health and Trade Credit Insurance
Property & Liability Underwriting Managers (PTY) Limited – 20%	▪ In June 2015 the Group completed an investment in Property And Liability Underwriting Managers (PTY) Limited ("PLUM"), a Managing General Agent based in Johannesburg, South Africa ▪ PLUM specialises in large corporate property insurance risks in South Africa and is supported by both domestic South African insurance capacity and A-rated international reinsurance capacity
Randall & Quilter Investment Holdings Limited – 1.3%	▪ 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 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

Current Portfolio Continued

Sterling Insurance PTY Limited – 19.7%	▪ Invested in June 2013, through the investment vehicle Neutral Bay Investments Limited ▪ Sterling is a Sydney-based specialist underwriting agency offering a range of insurance solutions within the Liability sector specialising in niche markets including hard-to-place and complex risks
Summa Insurance Brokerage, S.L. – 77.3%	▪ January 2005 the Group provided finance to a Spanish management team with the objective of acquiring and consolidating regional insurance brokers in Spain ▪ Summa has acquired brokers all over Spain, now has over 20 offices and continues to seek out new opportunities for expansion ▪ Through acquisition Summa is able to achieve synergistic savings, economies of scale and greater collective bargaining thereby increasing overall value. Summa continues to seek new opportunities in Spain
Trireme Insurance Group Limited – 30.57%	▪ Invested in July 2010 ▪ Trireme is the parent company of Oxford Insurance Brokers Ltd, a London-based Lloyd's insurance and reinsurance broker and James Hampden International Insurance Brokers Ltd, a specialist international reinsurance and insurance broking company
Walsingham Motor Insurance Limited – 40.5%	▪ Invested in December 2013 ▪ Walsingham is a niche UK Motor MGA, established in August 2012 and commenced trading in July 2013, having secured primary capacity from Calpe ▪ Invested a further £300,000 for an additional 10.5% stake in February 2015, taking current shareholding to 40.5%

Minority Investor Protections

- The Group believes that day-to-day operational control of the business is the domain of the executive management team. However, the Group's position is well protected and portfolio investments are actively monitored

- The Group outlines from investment the number of matters which would require consent from the Group, above certain agreed thresholds, before an investee company may proceed, these may include:

  - Alterations to share capital
  - Acquisitions
  - Capital expenditure or asset disposals of any nature outside pre-agreed limits
  - Capital protection
  - 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

- The Group has an extensive track record of working within companies as partners and places significant emphasis around investing time up-front in building relationships

Adding Value

- We believe in building strong relationships with the businesses we partner and using our expertise and experience in assisting them to achieve their growth targets and maximise shareholder value. We do so as follows:

  - Representation at Board level
  - Provision of follow-on funding
  - Guidance on strategy and development
  - Support management, without getting involved in the day-to-day running of their business
  - Market intelligence and contacts to develop customer base / strategic alliances
  - Referral of potential acquisition opportunities
  - Identification of exit path and potential acquirers

Exit Strategy

- Exit considered on entry
- Patient development to achieve full earning potential
- Recognise and act on opportunistic situations

Consolidated Statement of Financial Position (IFRS) at 31 July 2015

	Unaudited 6 months to 31 July 2015 £'000	Audited Year to 31 Jan 2015 £'000	Unaudited 6 months to 31 July 2014 £'000
Tangible assets	15	18	21
Investments at fair value – Equity Portfolio Treasury Funds	44,585 3,545	38,647 6,319	32,351 8,558
Debtors / Loans receivable	19,719	20,625	20,637
Cash	2,421	1,531	3,835
Creditors < 1 year	(314)	(508)	(2,415)
Creditors > 1 year (Loans and, tax & other payables)	(60)	-	(6)
Net Assets (excl. Deferred tax)	**69,911**	66,632	62,981
Deferred Taxation provision	(4,384)	(3,661)	(3,140)
NET ASSETS 4.1% increase in 6 month period to 31 July 2015 after dividend (5.3% before dividend)	**65,527**	62,971	59,841

Consolidated Statement of Comprehensive Income (IFRS) at 31 July 2015

	Unaudited 6 months to 31 July 2015 £'000	Audited Year to 31 Jan 2015 £'000	Unaudited 6 months to 31 July 2014 £'000
Gains on Investments (Realised and Unrealised)	3,778	5,109	1,528
Impairment of investments and loans	-	-	-
Operating Income	1,360	2,796	1,364
TOTAL INCOME	**5,138**	7,905	2,892
Operating Expenses and FX Movement	(1,166)	(2,404)	(988)
Net Financial Income / (expenses) Share based payment provision	169 (1)	399 (1)	206 -
PROFIT BEFORE TAX	**4,140**	5,899	2,110
Taxation	(782)	(964)	(389)
POST TAX PROFIT FOR PERIOD	**3,358**	4,935	1,721
Earnings Per Share	**11.5p**	16.9p	5.9p

Consolidated Statement of Cash Flows (IFRS) at 31 July 2015

	Unaudited 6 months to 31 July 2015 £'000	Audited Year to 31 Jan 2015 £'000	Unaudited 6 months to 31 July 2014 £'000
Net cash from operating activities	186	230	(46)
Taxation	201	(4,216)	(1900)
Purchase of Property, plant and equipment	(1)	(7)	(6)
Equity investments made	(2,160)	(3,066)	(351)
Net Proceeds on sale of equity investments	-	1,041	1,041
Net sale / (purchase) of treasury investment	2,939	3,325	903
Net Loans repaid by /(granted to) Investee Companies	535	(424)	(534)
Net financial income / (expenses)	4	44	33
Dividends Paid Payments made to repurchase company shares	(802) -	(804) (83)	(803) -
INCREASE IN CASH IN THE PERIOD	**902**	(3,960)	(1,663)
FX Movement	(12)	(11)	(4)
Cash at beginning of period	1,531	5,502	5,502
CASH AND CASH EQUIVALENTS AT PERIOD END *	**2,421**	1,531	3,835

*NB: the above figures exclude cash held within Treasury (£3.5m at 31/07/15, £6.3m at 31/01/15, £8.5m at 31/07/14

Key Shareholders

- Directors
  - Brian Marsh OBE - 57.9%
  - B.P. Marsh Management Limited – 4.86%
  - Daniel Topping
  - Campbell Scoones
  - Pankaj Lakhani

  Less than 0.1% each

- Major Shareholders (>3%)
  - James Sharp & Co
  - IS Partners AG / Helium Special Situations Fund

Contacts

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