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Broker
Network
Group

Directors' report and consolidated financial statements 30 April 2007

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About Broker Network

Broker Network Holdings Plc, trading as Broker Network Group, is the parent company of 4 trading businesses -

- Broker Network Limited
- Broker Network Insurance Brokers
- Broker Network London Markets
- TL Risk Solutions

Our overriding objective is to use our strong commercial awareness, significant varied experience and innovative thinking to deliver valuable brands products and services that make the life of the end customer insurance broker and insurer more productive and profitable

We work in partnership with many of the UK's leading insurers to deliver insurance products and services to UK businesses

Across the Group we employ over 350 people, over 23 locations. We have a total annual premium income of approximately £450 million with 168 Members. We have made 20 acquisitions since listing on AIM in May 2004, and we currently have a market capitalisation approaching £60 million

Our Businesses

Broker Network Limited (BNL)

Broker Network is the trading name of Broker Network Limited. It is the UK's largest network of independent commercial insurance brokers with a Membership of 168 brokers.

Broker Network negotiates centrally with insurers or wholesale intermediaries using the full combined weight of the Members and Members can place business via these facilities.

In addition, Broker Network provides Members with an extensive range of business support services including marketing, compliance, IT, training and human resource management.

Broker Network Limited (BNL)

BNIB is our thriving retail arm of community insurance brokers acquired from both within and without Membership

It was established in 2004 to support Broker Network's proposition for Members contemplating retirement

Members who have sold their businesses to Broker Network benefit from a flexible deal structure and retain their company name, existing employees and often premises

TL Risk Solutions Limited (TLRS)

TL Risk Solutions is a leading provider of risk management, healthcare and insurance advice to businesses and private individuals across the UK

The business currently has some 4 000 corporate clients and over 18,000 private clients and its principal focus is on mid-sized corporate businesses in the UK and mid to high net worth private individuals. The company places over £50 million GWP into the general insurance and healthcare markets

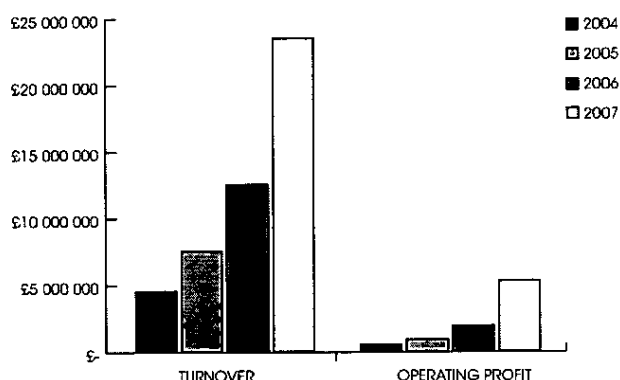
Established originally as the insurance broking arm of the Towry Law Group in 1965, it was sold to the Broker Network Group on 1 July 2006

Broker Network London Markets Limited (BNLM)

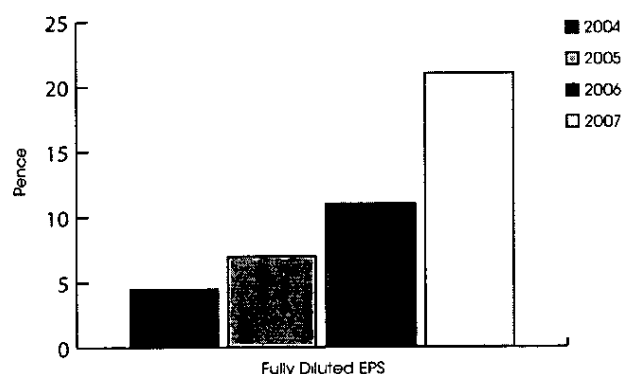
BNLM is the trading name of London Broking Services Limited and was established to provide Members with access to Lloyd's and London markets for insuring clients involved in specialist or high-risk activities

Through BNLM, Broker Network was the first network to receive full accreditation as a Lloyd's broker

Financial Performance



Year on year, Broker Network Group has increased turnover, profit and earnings per share performing ahead of market expectations



Our Vision

- To maintain our position as the number one Network for independent insurance brokers
- To reach a Membership of 500 brokers by 2015
- To be a top ten insurance broker in the UK
- To have a total annual premium income of £1.5 billion

The sector is strong and we are working to make it even stronger

It's about the future. It's about growth and success for you, our shareholders, and therefore for us – because we only win when you do

Highlights of 2006/2007

Financial Highlights

- Turnover increased by 86 % to £23.26 million (2006 £12.54 million)
- Operating profit up 147% at £5.15 million (2006 £2.09 million)
- Profit before tax and goodwill amortisation up 100% at £6.53 million (2006 £3.26 million)
- Group operating margin before amortisation 29.5% (2006 23.5%)
- Fully diluted earnings per share up 98% at 20.33p (2006 10.27p)
- Dividend payment of 1.20p per share (2006 1.00p)

Operational Highlights

- Network Membership increased by over 10% and average size of new Member 64% higher
- Members performing well with a number growing through acquisition
- Successfully completed integration of TL Risk Solutions into the Group
- Customer retention across retail division is consistently high
- Group wide re-brand successfully launched for each operating division
- Reputation as experienced acquirer consolidated
- Continued pursuit of expansion and acquisition opportunities building a strong pipeline

Chairman's statement

I am pleased to report another excellent year for Broker Network. The company has continued to grow strongly both by acquisition and organically, profitability has continued to improve and the reputation of the company within the insurance industry has been significantly enhanced.

The results for the financial year reflect four primary drivers. First, there are full year contributions from acquisitions made during 2005-06. Second, acquisitions made during 2006-07 including the major step of acquiring TLRS have provided a significant contribution. Third, the company has generated growth by increasing the number and size of network Members. Finally, as insurers have recognised the increasing size and quality of the company, improved insurer terms have contributed significantly. These same performance drivers will continue to influence the company over the coming years, although with the company's greater size, the rate of growth, which has been dramatic over the last couple of years, will gradually reduce.

The rate of broker acquisition has slowed somewhat in the last financial year. This partly reflects the management team's desire to "draw breath" following the acquisition of TLRS, but also a relative absence of attractive opportunities. However, a continuous effort has been put into building the acquisitions pipeline and there are now a good number of potential opportunities. We remain cognisant of the need not to overpay and this will inevitably influence the rate at which acquisitions are made.

TLRS has performed in line with our expectations at the time of acquisition. This acquisition was a particularly significant step because of its size and it is pleasing that the integration process has progressed smoothly.

The core network business has performed very strongly, mainly through margin enhancement. We now perceive opportunities for further organic growth in this area - primarily by adding new members as well as increasing their average size. Still further Resources have been added to the new member sales team to enable this growth to follow.

As the company has grown so has the organisation and we now employ more than 350 people in 23 locations around the country. These results have only been attained through their hard work, dedication and energy. The management team has developed along with the size of the organisation and it is reassuring that there is now strength in depth which can be called upon as the company grows further. My thanks are extended to all employees for the effort that has gone into achieving these results.

We are pleased to announce the payment of a dividend to shareholders for the year ended 30 April 2007. This will be payable on 26 October 2007 to all shareholders on the register at 28 September 2007. This is subject to approval at the annual general meeting of the Company on 17 October 2007.

The outlook for the company is good. We can see the potential to further consolidate our position as the leading insurance broking network in the country.



Faisal Rahmatallah
Chairman

Chief Executive's review

I am delighted to be reporting another year of excellent results for the Broker Network Group. Despite extremely tough insurance market conditions, we continue to demonstrate that our diverse business model allows us to prosper whatever underlying market conditions prevail.

Broker Network Limited

Our Network business continues to thrive with turnover increasing by 45% from £7.32 million to £10.65 million, and operating profit growing from £3.11 million to £5.71 million - an increase of 84%. Economies of scale mean we have been able to increase our profit margin in this business, and there remains plenty of headroom to grow income and profitability still further.

Recruitment of new Members in the year was in line with our forecast. We are also now attracting larger firms alongside our traditional broker base, evidenced by the relative size of new recruits which were, on average, 64% larger than our existing Members. Our service infrastructure and proposition is sufficiently flexible to meet all our wide ranging customer requirements offering real benefit to brokerages of most sizes.

The pipeline of prospective new Members also remains extremely healthy.

Membership numbers have fluctuated throughout the period with Members merging and a handful of others deciding to retire. There has also been a small number leaving at our behest as a result of our performance and suitability monitoring. We believe this is the right strategy and helps to reinforce our commitment to quality and the high standards we expect in return for Membership.

Our ultimate Membership goal is to have a Broker Network Member within every significant community in the UK. Our updated target is 250 firms by 2010 rising to 500 by 2015. To put this ambition in perspective, there are currently around 4,500 insurance brokers in the UK. This number is declining due to the consolidation that is taking place, although some of the decline is offset by new start-up businesses.

The insurance market accepts that membership of a network is a growing necessity for independent brokers which benefits both them and insurers. As market leaders we profit from this and believe that penetration of over 10%, whilst a challenge, is nevertheless achievable.

As part of a Group wide re-brand we began looking for a phrase that would sum up the essence and values of our network business. The process had us consult our own people, our Members and Partner Insurers and eventually led us to the phrase *Enterprising Champion*. We have also taken the opportunity to document our values and therefore what behaviour is consistent with these. In this way we should be able to ensure that as the business grows we do not lose sight of what has made us so successful to date.

During this exercise we also received a new visual identity and have re-written our service proposition to Members to ensure it is consistent with the new brand.

The Retail Insurance Division (comprising TL Risk Solutions and Broker Network Insurance Brokers)

Our retail division is represented across the country via our owned brokers – those Members and others acquired since the formation of this division at the beginning of 2004. So far we have made 20 retail division acquisitions, our latest one being completed on 31 August 2007, and we now trade from 23 sites across mainland UK.

The division hit sales targets for 2006/07 and customer retention remains extremely high. This is particularly encouraging in the TLRS business where we were required to relocate five offices into new premises during the period with the inevitable disruption that this entails. Turnover for the division grew in the year by 144% to £12.83 million whilst operating profit before amortisation rose 385% to £2.13 million.

Whilst only completing two acquisitions in the current period, we continue nonetheless to focus on providing an exit route for brokers contemplating retirement and the purchase of community general insurance brokers remains at the core of Group strategy.

However, the market for broker purchases is fiercely competitive, particularly since insurers entered the fray last year. We now have to contend with competitors who are not as disciplined as we are when it comes to the financial returns they expect from their acquisitions. Despite this, we still firmly believe that there are those who find our proposition more attractive than the competition, borne out by the fact that we are at present reviewing a number of prospects for the current year. We remain confident that we can manage expectations and complete several transactions which will all be value enhancing.

Other Developments

Broker Network London Markets (BNLM) was established to provide network Members with access to Lloyd's and the London markets for insuring clients involved in specialist or high-risk activities. The division serves us well as an investment for a cyclical market – less utilised in the current 'soft' market where premiums are low and traditional insurers are prepared to underwrite to a wider risk profile, but indispensable once the insurance market once again hardens.

Despite such challenging trading conditions turnover increased by 2% from £0.27 million to £0.28 million although the business continues to make a small loss.

Insurance Market Conditions

It has been a tough year for insurers underwriting business in the UK following the storms in January 2007 and floods in June and July.

Only days after we announced a trading update in June 2007, where we commented on prevailing benign weather conditions, the UK experienced some of the worst flooding in its history. Some industry sources are even suggesting that the cost to insurers of flood damage could top £5 billion.

The impact of the flooding on insurer rating is unlikely to filter through in 2007 although clearly it will be present when they announce their results. We have already seen some insurers publicly stating their intention to increase rates to recover their losses going forwards. In reality the floods are only the catalyst rather than the root cause of these intentions. Almost all major insurers were reporting deteriorating results for the first half of 2007 before the impact of the floods is taken into account.

It is likely therefore that the current action being taken by insurers will stall deflation in premiums in the remainder of 2007 and we are likely to see rates rise gradually during the first half of 2008.

As premiums rise our earnings across the Group will increase and we will see additional organic growth from our network and retail divisions. As we mentioned on 11 June 2007, we have worked hard to ensure our earnings from our key Partner Insurers are secure for the longer term by demonstrating real value in the service we provide them. As the market hardens, with inevitable downward pressure on broker margins, we will begin to reap the benefits of these arrangements.

I reiterate that the diverse nature of our business means the Group is well placed to trade comfortably at any point in the insurance cycle. We remain confident that we will have the opportunity to demonstrate this once again in the coming year.

Outlook for 2007-08

I am delighted to have maintained our market leading position and intend to build on it.

There are still abundant opportunities for expansion within this fast moving industry and we are working hard to remain at the forefront in our areas of expertise. For example we are currently evaluating the opportunity that exists to expand our Healthcare business following the successful acquisition and integration of TLRS, which has a sizeable Healthcare division within it. We remain realistic and prudent in our acquisition programme and we continue to evaluate critically our offering to network Members and Partner Insurers to ensure we retain our market leading position as the UK's number one network for independent insurance brokers.

We strongly believe that the Broker Network business model remains relevant and robust. Whilst challenging trading conditions lay ahead we are looking forward with confidence to another year of good performance and enhanced shareholder value.



Grant Ellis
Chief Executive Officer

Finance Director's review

	2007 £000	2006 £000	% Change
Turnover	23,260	12,535	86%
Administrative expenses	(18,110)	(10,447)	73%
Administrative expenses excluding goodwill amortisation	(16,393)	(9,592)	71%
Operating profit	5,150	2,088	147%
Profit before tax	4,814	2,405	100%
Tax	(1,628)	(800)	104%
Profit after tax	3,186	1,605	99%
Basic EPS	20.74p	10.56p	96%
Diluted EPS	20.33p	10.27p	98%
Capital expenditure	919	241	281%
Acquisition spend	13,644	4,086	234%
Cash	2,801	1,943	44%

Turnover

Turnover for the year was £23.3m, including £6.7m from acquisitions made during the year. This is an overall increase of 86% from £12.5m in 2006, 32% excluding acquisitions in the year. Turnover in the retail division grew strongly to £12.8m, an increase of 144%. This is due to the acquisition of two further brokers in the year and the full year impact of previous acquisitions. The Network also grew strongly with the addition of a net 16 new Members and a turnover increase of 45% from £7.3m to £10.6m.

Administrative Expenses

Administrative expenses, excluding goodwill amortisation, were £16.4m, an increase of 71% on the prior year. Whilst we continue to invest in both our head office and retail infrastructure, the impact of the TLRS acquisition accounted for 44% of this increase.

Intangible assets are being amortised over between 5 and 20 years, resulting in a goodwill amortisation charge of £1.7m for the year.

Profitability

Profit before tax grew strongly, from £2.4m to £4.8m, an increase of 100%. The acquisition of a further 2 brokers during the year, bringing the total number to 19, has substantially increased the headcount of the group bringing it to 381 by the year end. However, there was a 17% increase in turnover per employee and a 55% increase in operating profit per employee as shown below -

	2007	2006	% change
Average headcount	364	229	59%
	2007 £	2006 £	% change
Turnover per employee	63,901	54,738	17%
Operating profit per employee	14,148	9,118	55%

Services to our network Members continue to be improved and the infrastructure to support a larger retail branch structure is in place making further acquisitions a priority in the coming year.

Taxation

The group's tax charge for the year is £1.6m which represents an effective tax rate of 34%. This is higher than the standard rate of corporation tax of 30% due to expenses not deductible for tax purposes which is predominantly goodwill amortisation on consolidation.

Earnings per share

Basic earnings per share is 20.74p compared to 10.56p in 2006. This is based on a weighted average 15.36m shares in 2007 compared to 15.06m in 2006.

Capital expenditure

Capital expenditure for the group continues to be predominantly for office equipment, IT hardware and software. For the network business we have invested in new reconciliation software and computer equipment for new staff. In both the Head Office and our retail branches we have installed a new integrated telephone system during the year to ensure that we can benefit from economies of scale and communication between sites. We also relocated five TLRS sites following the acquisition.

Total capital expenditure was £0.9m compared to £0.2m in 2006.

Acquisitions

£12.5m was spent on the initial payments and fees for the acquisition of a further 2 brokers in the year. In addition, £1.2m was paid out in deferred consideration payments to former principals for previous acquisitions.

Intangibles and Goodwill Amortisation

Purchased goodwill (representing the excess of the fair value of consideration over the fair value of the separable net assets acquired) in respect of acquisitions is capitalised as goodwill which is amortised over a 5 to 20 year period depending on its estimated useful life.

Cashflow

Broker Network continues to be strongly cash generative and cash inflow from operating activities was £4.7m (2006: £3.0m).

Bank funding

During the year the £2.5m facility agreed with Lloyds TSB bank (of which £1m was utilised to fund acquisitions in the prior year) was replaced with a £15.5m facility, £13m of which was utilised for the purchase of Towry Law Insurance Brokers Limited. The remaining funding available for drawdown therefore remains at £1.5m.

Risk Management

The risk management process established in 2004/05 through which the major risks faced by the group were identified and evaluated, continues to operate. Each subsidiary Board of Directors reviews the risk register formally every six months prior to review by the Group Board. This is then followed by a consideration at the next Audit Committee meeting. Assurance work on the retail division is conducted on a regular basis.

Transition to International Accounting Standards

As an AIM listed company we will adopt IAS for our financial statements for the year ending 30 April 2008.



Julie Hale
Group Finance Director

Board of Directors and Advisors

Directors

P Bates
MG Collins
PG Ellis
JK Hale
NF Law
M Pendle
F Rahmatallah
MD Wood

Secretary

JK Hale

Auditors

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Principal bankers

Lloyds TSB Bank plc
1st Floor
31-32 Park Row
Leeds LS1 5JD

Royal Bank of Scotland
plc
Regents House
42 Islington High Street
London
N1 8XL

HSBC Bank plc
33 Park Row
Leeds
LS1 1LD

Broker and Nominated Advisor

Cenkos Securities Limited
6 7 8 Tokenhouse Yard
London
EC2R 7AS

Financial PR Advisor

Buchanan
Communications Limited
45 Moorfields
London
EC2Y 9AE

Registrar

Computershare Investor
Services plc
PO Box 82
The Pavilions
Bridgewater Road
Bristol
BS99 7NH

Registered office

Mowbray House
Mowbray Square
Harrogate
North Yorkshire
HG1 5AU

Directors' report

The directors present their report and the audited accounts of the group for the year ended 30 April 2007

Principal activity and business review

The principal activity of the group is the provision of access to UK general insurance markets on behalf of network members, facilitating the conclusion of insurance transactions between these parties and the acquisition and management of general insurance intermediaries. The group also provides advisory, compliance, training and other services to insurance intermediaries.

Business review

The information that fulfils the Business Review requirements for Directors' Reports can be found in the Chief Executive's Review and Finance Director's Review.

More specifically information in relation to business KPIs can be found in the Finance Director's review on Page 9 and risks and uncertainties facing the group can be found in the Chief Executive's report on page 6.

Result and dividends

The profit on ordinary activities before tax was £4.8m (2006: £2.4m).

The profit before goodwill amortisation and tax for the period was £6.5m (2006: £3.3m).

A dividend of 1.2p per share will be proposed at the forthcoming Annual General Meeting.

Directors and directors' interests

The Directors who held office during the year were as follows

FJ Rahmatallah	Non-executive Chairman
PG Ellis	Chief Executive
JK Hale	Group Finance Director
MG Collins	Non-executive Director
P Bates	Non-executive Director
M Pendle	Non-executive Director
MD Wood	Managing Director, Broker Network Limited
NF Law	Managing Director, Broker Network Insurance Brokers Limited

Equal Opportunities

The group is an equal opportunities employer and is committed to providing equal opportunities throughout employment. This includes the recruitment process, training and promotion of workers and to eliminating discrimination in the workplace whether on grounds of gender, marital status, race, colour, national or ethnic origin, nationality, age or disability.

Political and charitable contributions

Donations of £1,877 were made to charities during the year (2006: £659). The group made no political contributions during the period.

Details of Directors' service contracts and the interests of the Directors in the shares of the company and in options over such shares are disclosed in the Remuneration Committee Report on pages 18 to 22. The Articles of Association stipulate that one third of the directors will retire by rotation and, accordingly, PG Ellis, JK Hale and M Pendle will retire and offer themselves for re-election.

Substantial shareholdings

The company has been informed that on 12 September 2007 the following shareholders held substantial holdings of the issued ordinary shares of the company:

	Holding of ordinary shares number	Issued share capital %
PG Ellis	2,036,535	13.22
JP Morgan Asset Management	1,408,450	9.14
P Bates	1,273,800	8.27
D Belgian	1,250,000	8.11

Going concern

The Directors confirm that they are satisfied that the company and the group have adequate resources to continue in business for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the accounts.

Creditor payment policy

The group's strategy is to develop mutually beneficial relationships with key suppliers. The group's policy in relation to all of its suppliers is to settle the terms of the transaction and to abide by those terms, provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

The average number of days' purchases outstanding for payment by the group was 21 days (2006: 20 days).

Disclosure of information to auditors

The directors who held office at the date of approval of this report confirm that so far as they are each aware there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Annual General Meeting

The Annual General Meeting will be held on 17 October at 11.00am at Ridding Park, Follifoot, Harrogate, North Yorkshire HG3 1JH.

Auditors

In accordance with Section 384 of the Companies Act 1985, a Resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board on 12 September 2007.

By order of the board



JK Hale
Secretary

Corporate Governance

Compliance Statement

The group is not required to comply with the provisions of the Combined Code on Corporate Governance appended to the Listing Rules of the Financial Services Authority ("the Code"). The Board of Directors recognises the importance of and is committed to, ensuring that effective corporate governance procedures relevant to smaller listed groups are in place. The Board agrees with the principles of the Code and continues to work towards obtaining substantial compliance with the Code. The commentary below outlines the group's achievements during the year ended 30 April 2007.

Internal control and risk management process

The Board acknowledges that it is responsible for the group's system of internal control and for reviewing its effectiveness. Internal controls are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The process of identifying, evaluating and managing the risks faced by the group continues through the operation of a group risk register which encompasses an assessment of the internal controls in place to mitigate the identified risks and their effectiveness. This analysis is reviewed regularly by the group's senior management and Board of Directors and every six months by the Audit Committee.

An internal audit function is established with the focus being on the controls and procedures within the retail broking division. In addition monitoring of compliance with FSA requirements for both owned brokers and independent Members is given a high priority.

The Board

There were no changes in directors in the year. At 30 April 2007 the Board comprised four executive directors, three non-executive directors and one non-executive Chairman. Two of the non-executive members of the Board are considered by the Board to be independent of the company and the group. Each non-executive possesses considerable outside expertise and is able to exercise detached judgement in dealing with matters before the Board. The Board considers that the current composition provides a reasonable level of independence.

The Board, which met seven times during the year, is responsible for the overall strategy and financial performance of the group and has a formal schedule of matters required for approval. Each Board meeting is preceded by a clear agenda and any relevant information is provided to directors in advance of the meeting.

All directors are required to submit themselves for re-election at an Annual General Meeting if they were not elected or re-elected at either of the two preceding Annual General Meetings. Therefore directors appointed during the period are required to seek re-election at the first Annual General Meeting following their appointment.

Auditor independence

In order to safeguard the objectivity and independence of the company's external auditors, the Audit Committee keeps under review the nature and extent of any non-audit services supplied in order to balance the maintenance of objectivity and value for money.

Principal Board committees

The Board has established the following committees:

- **Remuneration Committee** The Committee currently comprises P Bates and M Pendle and is chaired by F Rahmatallah. The Remuneration Committee is responsible for reviewing and recommending all the elements of policy on the Board's and senior executives' remuneration and for approving all matters relating to the remuneration of executive directors. It meets formally at least quarterly. The

Remuneration Committee report on pages 18 to 22 contains a detailed description of remuneration and applicable policies.

- **Audit Committee** The committee comprises P Bates and M Pendle and is chaired by F Rahmatallah. The Audit Committee assists the Board in fulfilling its oversight responsibilities primarily in reviewing and reporting financial and non-financial information communicated to shareholders, systems of internal control and risk management and the audit process. It has the power to call for information from management and to consult directly with the auditors or other advisors as considered appropriate. The Committee operates under written terms of reference and is scheduled to meet at least twice a year with the group's auditors. The committee is responsible for the independent monitoring of the effectiveness of the systems of internal control, compliance accounting policies and published financial statements on behalf of the Board. This is achieved primarily through a review of the annual financial statements and a review of the nature and scope of the external audit. Any significant findings or identified risks are examined so that appropriate action may be taken. The Committee is also responsible for keeping under review the independence and objectivity of the external auditors, including a review of non-audit services provided to the group, consideration of any relationships with the group that could affect independence and seeking written confirmation from auditors that, in their professional judgement, they are independent.

Relations with shareholders

The group encourages the participation of both institutional and private investors. Communication with private individuals is maintained through the Annual General Meeting, annual and interim reports, investor newsletters and press releases.

Remuneration Committee Report

Introduction

The following report provides information relating to the pay and benefits policy for the company's directors

Members of the Remuneration Committee

Details relating to the remuneration committee can be found in the Corporate Governance section of the annual report on pages 16 to 17

The committee meets during the year to determine all aspects of the remuneration of the executive Directors. The remuneration of the non-executive Directors is determined by the Board as a whole

Remuneration policy

The committee believes remuneration levels should be competitive and set at a level to attract, retain and motivate executive Directors. The group makes contributions to Group personal pension schemes on behalf of executive Directors

Directors' Interests

The directors who held office at the end of the financial year had the following interests in the ordinary share capital of group companies according to the register of directors' interests

	Company	Class of share	Interest at year end	Interest at start of year or date of appointment
PG Ellis	Broker Network Holdings plc	Ordinary	2 036,535	2,036 535
P Bates	Broker Network Holdings plc	Ordinary	1 273 800	1 273,800
MG Collins	Broker Network Holdings plc	Ordinary	500 000	300 000

EMI Share Options

On 18 December 2001 and on 13 November 2003, The Broker Network Limited granted options the majority of which are expected to qualify for relief under the Enterprise Management Incentive Scheme under the Income Tax (Earning and Pensions) Act 2003, to JK Hale and MG Collins respectively

Approximately 1,000 of MG Collins' options were granted under an unapproved scheme as the limits for the Enterprise Management Incentive Scheme were exceeded

The options were granted under individual option agreements and the option agreements were in similar form. The following paragraphs summarise the key provisions of the original option agreements

1 Option price and amount

Each option is in respect of 6 000 B ordinary shares of £1 each in The Broker Network Limited at an option price of £10 per share for JK Hale and £20 per share for MG Collins subject to adjustment in the event of any subsequent variation of share capital

2 Exercise of Option Period

Subject to the terms of the option agreement, the options may be exercised on the occurrence of an event as outlined in section 3 within a period commencing with the date of grant and ending on the 10th anniversary of the date of grant

3 Exercise of Options

The option may be exercised on a sale or listing or within 40 days of the occurrence of a disqualifying event, or on a change of control of grantor company, or within three months of ceasing to hold office or employment with a Group company

where termination of employment occurs as a result of ill-health, injury, disability or redundancy within the meaning of the Employment Rights Act 1996, or within six months of the death of the option holder

4 Cessation of employment

If a participant ceases to be employed by a Group company, the options will lapse unless the grantor company in its absolute discretion determines otherwise. If the cessation occurs as a result of ill-health, injury, disability or redundancy, the option may be exercised within 3 months of the date of cessation and, if not so exercised, these will lapse. Where cessation of employment occurs as a result of the death of the option holder, the options may be exercised within 6 months of the date of death and, if not so exercised, will lapse

5 Change of control

In the event of a change in control of grantor company as a result of a take-over or reconstruction, then (as an alternative to the exercise of the options) participants may, if the acquiring company agrees, release their options in exchange for options over shares in the acquiring company

6 Variation of share capital

In the event of a variation of the ordinary share capital of The Broker Network Limited the option price of the shares under option and/or the number of such shares may be adjusted with the confirmation in writing of the auditors (except in the case of a capitalisation issue) that such adjustment is fair and reasonable

7 EMI Relief

Provided the Enterprise Management Initiative Scheme options retain their qualifying status, no income tax or national insurance contributions will arise when the options are exercised. On the exercise of the unapproved options granted to Michael Collins, income tax and national insurance contributions will arise upon the difference between the market value of the shares at the date of exercise and the price paid for those shares.

Adjustment to option agreements

The company agreed at the time of the acquisition of The Broker Network Limited to exchange the options referred to above for options over ordinary shares in Broker Network Holdings plc on similar terms and conditions. All references in the option agreements to "The Broker Network Limited" now include references to Broker Network Holdings plc. The number of shares under option and the option price were adjusted to reflect the new share capital following the company's listing on AIM. Following this adjustment JK Hale and MG Collins each had options in respect of £300,000 Class B Ordinary shares at option prices of 20p and 40p respectively. The option period remains unchanged.

On 6 June 2006, the company received notice from MG Collins of the exercise of 300,000 share options at the exercise price of 40p each. As part of the exercise of these options, on 2 June 2006 MG Collins sold 60,000 ordinary shares of 2p each at 150p per ordinary share.

Long Term Incentive Plan (LTIP)

Members of senior management are entitled to participate each year in a LTIP scheme without payment.

The benefits consist of cash incentive rewards in addition to the right to buy shares in Broker Network Holdings plc at nil cost. Vesting is subject to service conditions. The year ended 30 April 2007 is the first year in which share options have been granted under the LTIP.

Details of cash incentive rewards as part of the LTIP are provided below.

Key features of share options granted in the year are as follows:

Grant date	Expiring on	Exercise price (£)	Fair value at grant (£)	Number of options outstanding 2007
13 09 2006	13 09 2009	Nil	1.82	39,840

Details of share options granted to Directors are as follows

	Options at start of year	Options granted in the period	Options at end of year
Executive Directors			
PG Ellis	-	-	-
JK Hale	-	1,935	1,935
MD Wood	-	13,825	13,825
NF Law	-	-	-
Non-executive directors			
P Bates	-	-	-
F Rahmatallah	-	-	-
MG Collins	-	-	-
M Pendle	-	-	-

Further details in respect of the share options are provided in Note 15

Total Directors' pay and benefits in kind

Total Directors' pay and benefits in kind in the period (which exclude the value of share options granted in the period)

	Salary/fees £000	Benefits in kind £000	Sub-total Directors emoluments £000	Cash amounts received under LTIP £000	Gains on exercise of share options £000	2007 Total £000
Executive Directors						
PG Ellis	130	8	138	11	-	149
JK Hale	100	10	110	1	-	111
MD Wood	98	-	98	9	-	107
NF Law	74	-	74	-	-	74
Non-executive directors						
P Bates	10	-	10	-	-	10
F Rahmatallah	45	-	45	-	-	45
MG Collins	30	5	35	-	330	365
M Pendle	20	-	20	-	-	20

Pensions

The following directors have received contributions to Group personal pension schemes in the period

	Contributions paid or payable in the period by the company 2007 £000	Amount of company contribution accrued/ (prepaid) at year end 2007 £000
PG Ellis	6	-
JK Hale	5	-
MD Wood	2	-

Directors' contracts

Details of service agreements in place for the current directors are as follows

	Date of contract	Term	Notice period
PG Ellis	1 March 2004	Continuous subject to the notice period	12 months
JK Hale	1 March 2004	Continuous subject to the notice period	6 months
MD Wood	1 November 2004	Continuous subject to the notice period	6 months
NF Law	3 October 2005	Continuous subject to the notice period	6 months
P Bates	17 May 2006	3 years	-
F Rahmatallah	18 March 2007	3 years	-
M Pendle	18 March 2007	3 years	-
MG Collins	13 September 2006	3 years	-

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Broker Network Holdings Plc

We have audited the group and parent company financial statements (the "financial statements") of Broker Network Holdings Plc for the year ended 30 April 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 23.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chief Executive's Review and Finance Director's Review that is cross-referenced from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 April 2007 and of the group's profit for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

12 September 2007

Consolidated profit and loss account

for the year ended 30 April 2007

	Note	2007 £000	Acquisitions 2007 £000	Total 2007 £000	Total 2006 £000
Gross commission receivable (unaudited)		55,734	-	55,734	45,185
Turnover	2	16,544	6,716	23,260	12,535
Administrative expenses		(12,586)	(5,524)	(18,110)	(10,447)
Operating profit	2,3	3,958	1,192	5,150	2,088
Net interest (payable) / receivable	4			(336)	317
Profit on ordinary activities before taxation				4,814	2,405
Tax on profit on ordinary activities	7			(1,628)	(800)
Profit after tax				3,186	1,605
Minority interests	23			-	(13)
Profit for the financial period	16			3,186	1,592
Earnings per share					
- basic	24			20.74p	10.56p
- diluted	24			20.33p	10.27p

All of the activities during the current and preceding years relate to continuing operations of the group.

The group has no recognised gains or losses other than the results above and, therefore, no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit retained for the financial year stated above, and their historical cost equivalents.

Consolidated balance sheet

at 30 April 2007

	Note	2007 £000	2006 £000
Fixed assets			
Intangible assets	8	18 840	5 659
Tangible assets	9	1 190	558
		<u>20 030</u>	<u>6 217</u>
Current assets			
Debtors	11	22 926	13 399
Insurance broking account		12 078	9 513
Cash at bank and in hand		2,801	1,943
		<u>37 805</u>	<u>24 855</u>
Creditors amounts falling due within one year	12	<u>(34 752)</u>	<u>(22 848)</u>
Net current assets		<u>3 053</u>	<u>2,007</u>
Total assets less current liabilities		<u>23,083</u>	<u>8 224</u>
Creditors amounts falling due after more than one year	13	<u>(13 414)</u>	<u>(1,809)</u>
Provision for liabilities and charges	14	<u>(88)</u>	<u>(19)</u>
Net assets		<u>9,581</u>	<u>6 396</u>
Capital and reserves			
Called up share capital	15	308	301
Share premium account	16	2 274	2,095
Capital reserve	16	454	454
Profit and loss account	16	6 545	3 546
Shareholders funds		<u>9 581</u>	<u>6 396</u>

These financial statements were approved by the board of directors on 12 September 2007 and were signed on its behalf by

JK Hale, Director



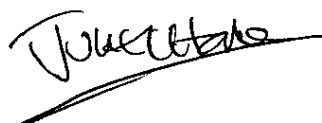
Company balance sheet

at 30 April 2007

	Note	2007 £000	2006 £000
Fixed assets			
Investments	10	4 257	1 656
		<u>4 257</u>	<u>1 656</u>
Current assets			
Debtors	11	12 295	4 959
Cash at bank and in hand		91	495
		<u>12,386</u>	<u>5 454</u>
Creditors amounts falling due within one year	12	<u>(6 295)</u>	<u>(2,759)</u>
Net current assets		<u>6 091</u>	<u>2 695</u>
Total assets less current liabilities		<u>10 348</u>	<u>4 351</u>
Creditors amounts falling due after more than one year	13	<u>(6,451)</u>	<u>(1 054)</u>
Net assets		<u>3,897</u>	<u>3 297</u>
Capital and reserves			
Called up share capital	15	308	301
Share premium account	16	2,274	2,095
Profit and loss account	16	1 315	901
Shareholders' funds		<u>3 897</u>	<u>3 297</u>

These financial statements were approved by the board of directors on 12 September 2007 and were signed on its behalf by

JK Hale, Director



Consolidated cash flow statement

for the year ended 30 April 2007

	<i>Note</i>	2007 £000	2006 £000
Net cash inflow from operating activities	20	4,667	3 000
Returns on investment and servicing of finance			
Interest received		789	371
Interest paid		(1 125)	(54)
Net cash (outflow)/ inflow from returns on investment and servicing of finance		(336)	317
Capital expenditure and investment			
Purchase of tangible fixed assets		(904)	(241)
Net cash outflow from capital expenditure and investment		(904)	(241)
Acquisitions and disposals			
Purchase of subsidiary undertakings and broker businesses	27	(12 482)	(2,590)
Deferred consideration paid in the year		(1,162)	(1,496)
Net cash outflow from acquisitions and disposals		(13 644)	(4 086)
Corporation tax paid		(1 233)	(409)
Financing			
Increase in bank loans		13 026	1 054
Bank loan repayments		(750)	-
Issue of ordinary share capital		186	-
Cash inflow from financing		12,462	1 054
Dividend paid		(154)	-
Increase/(decrease) in net cash	22	858	(365)

Reconciliation of net cash flow to movement in net (debt) / funds for the year ended 30 April 2007

	<i>Note</i>	2007 £000	2006 £000
Increase/(decrease) in cash in the year		858	(365)
Cash inflow from increase in debt		(12 276)	(1 054)
Movement in net funds in the year		<u>(11 418)</u>	<u>(1,419)</u>
Net funds at start of period		889	2 308
Net (debt) / funds at end of year	22	<u>(10 529)</u>	<u>889</u>

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

In these financial statements the following new standards have been adopted for the first time

- FRS 20 'Share based payments'

The Company has adopted FRS 20 'Share based payments' with effect from 1 May 2006. Due to the timing of the grant of share options the adoption of FRS 20 has no prior year adjustment

Basis of consolidation

The group financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 April 2007. All financial statements are prepared on a uniform basis throughout the group

The acquisition method of accounting has been adopted unless otherwise stated. Merger accounting has been adopted in relation to the creation of a new holding company in 2004. Under the acquisition method of accounting, the results of subsidiary undertakings acquired and disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Turnover

Turnover represents commissions received on the arrangement of the settlement of insurance policies and levies made on satellite operatives. Turnover is recognised when it falls due

Interest income on cash flows arising from insurance broking debtors and creditors is recognised as earned

Insurance transactions

Insurance transactions arise from the settlement of transactions with insurance companies on behalf of satellite insurance intermediaries who are members of the network. A debtor balance representing amounts owing from individual customers is recognised when the member arranges a policy, along with a creditor balance representing amounts due to the ultimate insurance provider and commissions earned by the intermediary and the Broker Network.

Insurance broking debtors and creditors are reported in accordance with the requirements of Financial Reporting Standard 5, Reporting the Substance of Transactions. The standard precludes assets and liabilities being offset unless net settlement is legally enforceable and as a result the insurance broking debtors and creditors have been shown as the gross amounts due in respect of each contract, instead of the net amount due to or from clients and underwriters.

Interest income

Interest income on cash flows arising from insurance broking debtors and creditors is recognised as earned.

Goodwill and negative goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation and business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

On the subsequent disposal or termination of a business acquired since January 1998, the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill (negative goodwill).

Fixed asset investments

Fixed asset investments are stated at cost less provisions for impairment. A provision for impairment is made to the extent that, in the directors' view, the carrying amount exceeds the recoverable amount of the fixed asset investment.

Fixed assets

Tangible fixed assets are stated at cost.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office equipment	15% - 20% straight line
Motor vehicles	25% straight line
Computer equipment	25% straight line

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Leasing

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension arrangements

The company operates a group personal pension plan, a defined contribution scheme. The pension cost is the amount of contributions payable in respect of the accounting period. The company provides no further post retirement benefits to its employees.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Share based payments

Charges for employee services received in exchange for share based payment are made for all awards/ options granted after 7 November 2002 not vested at 1 May 2006 to spread the fair value of the grant over the vesting period. The fair value of options has been calculated using the Black Scholes pricing methodology.

2 Segmental information

All of the group's operations are based in the UK. The table below sets out information for each of the group's industry segments.

	Network Services and Wholesale Insurance Broking		Retail Insurance Broking		Total	Total
	2007 £000	2006 £000	2007 £000	2006 £000	2007 £000	2006 £000
Turnover						
Total sales	10,926	7,592	12,826	5,265	23,752	12,857
Inter-segment sales	(492)	(322)	-	-	(492)	(322)
Sales to third parties	10,434	7,270	12,826	5,265	23,260	12,535
Operating profit before goodwill amortisation	4,737	2,495	2,130	448	6,867	2,943
Goodwill amortisation	-	-	(1,717)	(855)	(1,717)	(855)
Operating profit/(loss)	4,737	2,495	413	(407)	5,150	2,088
Net interest	(97)	291	(239)	26	(336)	317
Profit/(loss) before taxation	4,640	2,786	174	(381)	4,814	2,405
Segmental net assets	11,555	6,156	(1,974)	240	9,581	6,396

3 Operating profit

	2007 £000	2006 £000
Operating profit is stated after charging/(crediting)		
Fees payable to the Company's Auditors for the audit of the Company's financial statements	13	12
Fees payable to the Company's Auditors for other services		
- the audit of subsidiary financial statements pursuant to legislation	40	27
- taxation services	5	5
- other services	4	30
Amortisation of goodwill	1,717	855
Depreciation - owned fixed assets	336	211

4 Net interest (payable) / receivable

	2007 £000	2006 £000
Interest received	789	371
Bank loan interest paid	(1,125)	(54)
	<u>(336)</u>	<u>317</u>

5 Employee information

	2007 £000	2006 £000
Wages and salaries	8 944	5 213
Social security costs	898	510
Pension costs	309	120
	<u>10 151</u>	<u>5 843</u>

The group had an average of 364 (2006 229) employees during the year who are all employed within the following divisions

	No of Employees	
	2007	2006
Network Services	124	99
Insurance Broking	240	130
	<u>364</u>	<u>229</u>

6 Directors' emoluments

	2007 £000	2006 £000
Aggregate emoluments	530	412
Pension contributions	13	11
	<u>543</u>	<u>423</u>

The group made contributions to a defined contribution pension scheme in respect of three (2006 two) directors
Aggregate emoluments and benefits include amounts paid to the highest paid director as follows

	2007 £000	2006 £000
Aggregate emoluments	138	120
Pension contributions	6	6
	<u>144</u>	<u>126</u>

7 Tax on profit on ordinary activities

a Analysis of charge in period

	2007 £000	2006 £000
Corporation tax – current year	1 563	798
Corporation tax – prior years	3	7
Deferred tax	62	(5)
	<u>1 628</u>	<u>800</u>

b Factors affecting tax charge for period

The tax assessed for the year is higher (2006 higher) than the standard rate of corporation tax in the UK (30%, 2006 30%). The differences are explained below

	2007 £000	2006 £000
Profit on ordinary activities before tax	4 814	2 405
Profit on ordinary activities multiplied by standard rate of corporation tax – 30% (2006 30%)	1 444	722
Effects of		
Expenses not deductible for tax purposes	164	71
Capital allowances for the year (in excess of)/less than depreciation	(45)	5
Current tax charge for the year	1,563	798

8 Intangible fixed assets

Group	Goodwill £000
Cost	
At 1 May 2006	7 026
Acquisitions	15 230
Adjustments due to re-evaluation of deferred consideration	(332)
At 30 April 2007	21,924
Amortisation	
At 1 May 2006	1 367
Charged in the year	1 717
At 30 April 2007	3,084
Net book value	
At 30 April 2007	18 840
At 30 April 2006	5 659

9 Tangible fixed assets

Group	Office equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 May 2006	277	1,204	49	1,530
Additions	421	498	-	919
Acquisitions	13	41	12	66
Disposals	(18)	-	(52)	(70)
At 30 April 2007	770	1 778	43	2,591
Accumulated depreciation				
At 1 May 2006	183	759	30	972
Charge for year	65	258	13	336
Disposals	(14)	-	(39)	(53)
At 30 April 2007	234	1 017	4	1,255
Net book value				
At 30 April 2007	459	726	5	1 190
At 30 April 2006	94	445	19	558

10 Fixed asset investments

Group

The undertakings in which the group's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal activity	Percentage of shares held Group	Company
Subsidiary undertakings				
Broker Network Limited	United Kingdom	Insurance	100	100
Broker Network Insurance Brokers Limited	United Kingdom	Insurance broking	100	100
London Broking Services Limited	United Kingdom	Wholesale Insurance Broking	100	100
Donaldson Meigh Limited	United Kingdom	Non trading	100	-
Sharpley and Co Limited	United Kingdom	Non trading	100	-
Broker Network (Trustee) Limited	United Kingdom	Non trading	100	100
Redbox Systems Limited	United Kingdom	Non trading	100	-
Townfrost Limited	United Kingdom	Holding company	75	75
Fraser Tennant Holdings Limited	United Kingdom	Holding company	100	-
Fraser Tennant Limited	United Kingdom	Non trading	100	-
Peacock Robertson Limited	United Kingdom	Non trading	100	-
Denny Insurance Services Limited	United Kingdom	Non trading	100	-
TL Risk Solutions Limited	United Kingdom	Insurance Broking	75	-
Adam and Gaskell Limited	United Kingdom	Non trading	100	-

Company – investments in subsidiary undertakings 2007
£000

Cost	
At 1 May 2006	1 656
Additions	2 601
At 30 April 2007	<u>4 257</u>

11 Debtors

	Group 2007 £000	Group 2006 £000	Company 2007 £000	Company 2006 £000
Trade debtors	180	145	-	-
Prepayments and accrued income	789	464	20	66
Other debtors	6 285	2 492	2	21
Amounts owed by group undertakings	-	-	12 273	4 872
In relation to insurance transactions	15 672	10 298	-	-
	<u>22 926</u>	<u>13 399</u>	<u>12 295</u>	<u>4 959</u>

12 Creditors amounts falling due within one year

	Group 2007 £000	Group 2006 £000	Company 2007 £000	Company 2006 £000
Trade creditors	967	414	15	55
Taxation and social security	294	196	-	-
Other creditors	948	117	-	25
Accruals	1 062	426	186	94
Corporation tax	837	490	-	18
In relation to insurance transactions	27 750	19 811	-	-
Deferred consideration	619	1 394	-	-
Bank loan	2 275	-	1 225	-
Amounts owed to group undertakings	-	-	4,869	2 567
	<u>34,752</u>	<u>22 848</u>	<u>6 295</u>	<u>2 759</u>

13 Creditors amounts falling due after more than one year

	Group 2007 £000	Group 2006 £000	Company 2007 £000	Company 2006 £000
Deferred consideration	2,359	755	-	-
Bank loan	11,055	1 054	6,451	1,054
	<u>13 414</u>	<u>1,809</u>	<u>6 451</u>	<u>1 054</u>

Bank loans due after more than one year are repayable in between two and five years

14 Provision for liabilities and charges

	Group £000	Company £000
Deferred tax liability		
At 1 May 2006	19	-
Charged to profit and loss account	69	-
At 30 April 2007	<u>88</u>	<u>-</u>

15 Called up share capital

	2007 Number	2007 £000	2006 Number	2006 £000
Authorised				
Ordinary shares of 2p each	22 650 000	453	22 650 000	453
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
	Number	£000	Number	£000
Allotted called up and fully paid				
Ordinary shares of 2p each	15 404 224	308	15 064 906	301
	<u></u>	<u></u>	<u></u>	<u></u>

Long Term Incentive Plan (LTIP)

Members of senior management are entitled to participate each year in an LTIP scheme without payment

The benefits consist of cash incentive rewards in addition to the right to buy shares in Broker Network Holdings plc at nil cost Vesting is subject to service conditions The year ended 30 April 2007 is the first year in which share options have been granted under the LTIP

	2007 Number of options
Outstanding at 1 May 2006	-
New rights granted	39 840
Rights exercised	-
Right forfeited	-
Rights expired	-
Outstanding at 30 April 2007	<u>39,840</u>
Of which vested and exercisable at 30 April 2007	Nil
Additional options vesting in year ended 30 April 2008	<u>13,280</u>

Option features

Grant date	Expiring on	Exercise price £	Fair value at grant £	Number of options outstanding 2007
14 09 2006	14 09 2009	Nil	1 82	39 840

The options have been valued using the Black Scholes option pricing methodology. As a result of the options being exercisable at nil cost and the underlying level of dividend yield the fair value of these options under this methodology corresponds to the market price at grant date. The options have been treated as equity settled share based payments.

The charge to the profit and loss account for share based payments in the year ended 30 April 2007 was £45,000.

Other share options

On 18 December 2001, JK Hale was granted an option to subscribe for 6,000 shares at £10 per share. The option commenced on 17 April 2001. Following a share split in April 2004 the options were amended to options to subscribe for 300,000 shares at 20p. The options are exercisable as follows:

Period after commencement date	No. of shares that may be exercised
Less than 12 months	Nil
More than 12 months but less than 24 months	100 000
More than 24 months but less than 36 months	200 000

No options were exercised during the period.

On 13 November 2003, MG Collins was granted an option to subscribe for 6,000 shares at £20 per share. The option commenced on 1 August 2002. Following a share split in April 2004 the options were amended to options to subscribe for 300,000 shares at 40p. The options were exercisable as follows:

Period after commencement date	No. of shares that may be exercised
Less than 12 months	Nil
More than 12 months but less than 24 months	100 000
More than 24 months but less than 36 months	200,000

On 6 June 2006, the company received notice from MG Collins of the exercise of 300,000 share options at the exercise price of 40p each.

The options issued to MG Collins and JK Hale fall outside the scope of the measurement and recognition requirements of FRS 20 as a result of their grant date and vesting period.

16 Reserves

	Group			Company	
	Share premium account £000	Capital reserve £000	Profit and loss account £000	Share premium account £000	Profit and loss account £000
At 1 May 2006	2,095	454	3,546	2,095	901
Dividends received	-	-	-	-	1,027
Dividends paid	-	-	(154)	-	(154)
Share based payment credit	-	-	45	-	45
Acquisition of own shares through an EBT	-	-	(78)	-	-
Share capital issued	179	-	-	179	-
Retained profit/(loss) for the financial year	-	-	3,186	-	(504)
At 30 April 2007	<u>2,274</u>	<u>454</u>	<u>6,545</u>	<u>2,274</u>	<u>1,315</u>

On 22 March 2004 Broker Network Holdings plc ("the company") acquired The Broker Network Limited in a share for share exchange. The restructuring was accounted for as a capital reorganisation and merger accounting principles applied as if the company had always been the holding company of the group.

Under merger accounting principles, the share capital and share premium of The Broker Network Limited have been eliminated on consolidation. The difference between the aggregate nominal value of the new ordinary shares issued by the company and the called up share capital and share premium of The Broker Network Limited of £454,322 was transferred to a capital reserve.

17 Reconciliation of movements in shareholders' funds

	Group £000	Company £000
Opening shareholders' funds	6,396	3,297
Share capital issued	7	7
Premium on share capital issued	179	179
Dividends received	-	1,027
Dividends paid	(154)	(154)
Share based payment credit	45	45
Acquisition of own shares through an EBT	(78)	-
Retained profit/(loss) for the financial year	3,186	(504)
Closing shareholders' funds	<u>9,581</u>	<u>3,897</u>

18 Pensions

The pension charge for the year represents contributions payable to the group personal pension plan. The pension charge for the year ending 30 April 2007 amounted to £308,962 (2006: £120,134). No amounts were owing by or to the group at the accounting period end, nor at the end of the previous year.

19 Obligations under operating leases

	Group		Group	
	2007 Land and buildings £000	2007 Other £000	2006 Land and buildings £000	2006 Other £000
Within one year	39	45	39	27
Within two to five years	528	188	165	158
After five years	51	-	130	-
	<u>618</u>	<u>233</u>	<u>334</u>	<u>185</u>

20 Cash flow from operating activities

	2007 £000	2006 £000
Reconciliation of operating profit to net cash inflow		
Operating profit	5,150	2,088
Amortisation	1,717	855
Depreciation charge	336	211
Share based payment charge	45	-
Increase in debtors	(4,079)	(567)
Increase in creditors	1,498	413
Net cash inflow from operating activities	<u>4,667</u>	<u>3,000</u>

21 Purchase of subsidiary undertakings and broker businesses

	Book values £000	Fair value Adjustments £000	Fair values £000
Net assets purchased			
Fixed assets	66	-	66
Current liabilities	(57)	(433)	(490)
	<u>9</u>	<u>(433)</u>	<u>(424)</u>
Goodwill			15 230
			<u>14,806</u>
Satisfied by			
Cash (net of £1 195 000 cash acquired)			12 482
Deferred consideration			<u>2 324</u>
			<u>14,806</u>

Fair value adjustments reflect provisions required in the acquisition balance sheets to meet additional liabilities identified on that date

The group acquired the following entities during the period

Adam & Gaskell Limited

TL Risk Solutions Limited

The acquisition of TL Risk Solutions Limited constituted a substantial acquisition under FRS 6 Acquisitions and Mergers. The results from the start of the financial year of TL Risk Solutions Limited to the date of acquisition and its result for the preceding financial year are detailed below

	Pre-acquisition results (6 months to June 2006) £000	Prior period Year ending 31 Dec 2005 £000
Turnover	3 331	
Operating profit	(650)	
Loss before tax	(799)	
Taxation	-	
Loss after tax	(799)	
Prior period profit after tax		301

22 Analysis of net funds

	1 May 2006 £000	Cashflow £000	30 April 2007 £000
Cash at bank and in hand	1,943	858	2 801
Bank loans	(1,054)	(12,276)	(13 330)
	<u>889</u>	<u>(11 418)</u>	<u>(10 529)</u>

23 Minority interests

	2007 £000	2006 £000
At beginning of year	-	16
Retained profit for year	-	13
Disposed due to acquisition	-	(29)
At end of year	<u>-</u>	<u>-</u>

24 Earnings per share

	Earnings per share pence	Earnings £000	Weighted average No of shares
2007			
Basic earnings per share	20.74	3 186	15 359 610
Diluted earnings per share	<u>20.33</u>	<u>3,186</u>	<u>15 672 628</u>
2006			
Basic earnings per share	10.56	1,592	15 064,906
Diluted earnings per share	<u>10.27</u>	<u>1 592</u>	<u>15 499 768</u>

25 Post balance sheet event

On 31 August 2007 the company completed the acquisition of Sullivan Garrett Limited, a member of Broker Network Limited. The acquisition was funded from the group's own cash resource.

26 Related party transactions

During the year the company supplied services to and purchased insurance from Ellis Bates & Company Limited a company indirectly controlled by Messrs Ellis and Bates. The total value of these services determined on an arms-lengths basis was £1,697 (2006: £61,249) and a balance of £nil remained unpaid at 30 April 2007 (2006: £49,847).

During the year the company purchased services from Ellis Bates Holdings Limited, a company controlled by Messrs Ellis and Bates. The total value of these services determined on an arms-length basis was £14,777 (2006: £nil) and a balance of £nil remained unpaid at 30 April 2007 (2006: £nil).

Mr Ellis' wife worked for the company during the year. Her emoluments received amounted to £13,798 (2006: £12,291).

Ellis Bates & Company Limited and Northern Counties Guarantee Corporation Limited, a company controlled by Mr Belgian, were trading members of The Broker Network Limited throughout the year. The company charged Ellis Bates & Company Limited £19,002 (2006: £16,936) and Northern Counties Guarantee Corporation £11,014 (2006: £8,691) during the year for support services.

Notice of the 2007 Annual General Meeting

Broker Network Holdings plc

(Company Number 05044510)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Broker Network Holdings plc (the "Company") will be held at Rudding Park Follifoot, Harrogate, HG3 1JH on 17 October 2007 at 11 00am for the purposes of transacting the ordinary business of the Annual General Meeting set out in resolutions 1 to 7 below which will be proposed as ordinary resolutions and the special business of the Annual General Meeting set out below in relation to which resolutions 8 and 9 will be proposed as ordinary resolutions and resolution 10 will be proposed as a special resolution

Ordinary Business

- 1 To receive and adopt the Company's annual accounts for the year ended 30 April 2007 together with the directors' report and the auditors' report for the year ended 30 April 2007
- 2 To approve the report to the shareholders on directors' remuneration and related matters contained in the report and accounts for the year ended 30 April 2007
- 3 To declare a final dividend of £0.012 per ordinary share for the year ended 30 April 2007
- 4 To re-elect as a director M. J. Pendle who retires as a director in accordance with the Company's articles of association
- 5 To re-elect as a director P. G. Ellis who retires as a director in accordance with the Company's articles of association
- 6 To re-elect as a director J. K. Hale who retires as a director in accordance with the Company's articles of association
- 7 To reappoint KPMG Audit PLC as auditor and authorise the directors to determine its remuneration

Special Business

8 THAT the Broker Network Holdings plc Savings Related Share Option Scheme (the "Scheme"), the principal features of which are summarised in the Appendix a copy of the rules of which is produced in draft to this meeting and signed by the Chairman for the purposes of identification, be approved and the directors be authorised to do all acts and things as they consider necessary or expedient for the purposes of implementing and operating the Scheme, including making such modifications as the directors consider appropriate to obtain approval of the Scheme by H M Revenue & Customs and to put the Scheme into effect

9 THAT the directors be and they are generally and unconditionally authorised for the purposes of and pursuant to section 80(1) of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £102 695, such authority expiring at the conclusion of the next annual general meeting of the Company or, if earlier, fifteen months following the passing of this resolution unless previously revoked or varied by the Company in general meeting, save that the directors 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 pursuant to any such offer or agreement as if the authority hereby conferred had not expired

10 THAT subject to and conditional on the passing of Resolution 9 set out above, the directors be and they are empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) wholly for cash pursuant to the authority conferred by Resolution 9 above (as varied from time to time by the Company in general meeting) as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to

10.1 the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of ordinary shares in the capital of the Company where the equity securities respectively attributable to the interests of all the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject in each case to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or otherwise, and

10.2 the allotment of equity securities (otherwise than pursuant to sub-paragraph 10.1 above) up to an aggregate nominal amount of £15 404

and shall expire on the expiry of the authority contained in Resolution 9 set out above except that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this Resolution had not expired

Appendix - Summary of the Broker Network Holdings plc Savings Related Share Option Scheme 2007 ("the Scheme")

The Board of Directors of the Company recommended the introduction of the Scheme on 21 March 2007 and approved the Rules of the Scheme on 11 September 2007

The establishment of the Scheme is subject to approval by the shareholders of the Company in general meeting (see Notice of AGM resolution 8)

The Scheme is intended to enable all qualifying employees of companies in the Broker Network Group to acquire ordinary shares in Broker Network Holdings plc through regular savings from their net pay The Board believes that the introduction of the Scheme will be of significant benefit to the Company by linking the interests of the employees with those of the shareholders

It is intended that the Scheme will be approved by HM Revenue & Customs ("HMRC") under Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 ("the Act")

The Scheme will run for ten years and the principal features of the Scheme are summarised below

Eligibility

Employees of companies in the Broker Network Group ("the Group") are eligible if their emoluments are chargeable to UK income tax under sections 15 or 21 of the Act. The directors may nominate other employees as eligible. The directors may set a minimum service requirement not exceeding five years.

Grant of options

Invitations to apply for options may be issued within 42 days after the announcement by the Company to the market of its results for any period, and at other times in circumstances considered to be special by the directors. No options may be granted more than ten years after the approval of the Scheme by the shareholders. Options granted under the Scheme are personal to the option holder and, except on the death of an option holder, may not be transferred. No consideration is payable for the grant of an option and options are not pensionable.

Savings contracts

An eligible employee who applies for an option under the Scheme must also enter into a related HMRC-approved savings contract for a period of three or five years (requiring payments of currently not less than £5 per month and not more than £250 per month). Ordinary shares may only be acquired under the Scheme using these savings.

Price

The price payable for each ordinary share under an option shall be determined by the directors provided that the price shall not be less than 80 per cent of the middle market price of an ordinary share averaged over the three business days immediately preceding that on which an invitation to apply for options is made or, in the case of an option to subscribe for ordinary shares, the nominal value of such ordinary shares, if greater.

Limits

No option shall be granted under the Scheme, which would cause the number of ordinary shares issued or issuable by the Company under the Scheme or any other share scheme adopted by the Company to exceed ten per cent of the Company's issued ordinary share capital in the preceding ten years.

If applications are received for options in excess of these limits, the director may scale the applications down.

Exercise

An option will normally be exercisable for a period of six months after the third or fifth anniversary bonus (as applicable) is paid under the savings contract provided that the option holder has remained in employment with a Group company throughout that period.

Options normally lapse on cessation of employment. However, exercise is permitted if

- a) the option holder ceases to be employed (irrespective of the period for which the option has been held) by reason of death, injury, disability, redundancy, or retirement on reaching 60 or contractual retirement age, or where the company or business by which the option holder is employed ceases to be under the control of the Company or the business in which the option holder is employed is transferred out of the Group, or
- b) the option holder ceases to be employed (where an option has been held for more than three years) by reason of (a) taking up employment (with the approval of the directors) with a related undertaking, or (b) not taking up her statutory contractual right to return to work where she has been absent from work because of pregnancy or confinement, or (c) the option holder ceases to be employed for any reason other than summary dismissal.

If an option holder remains employed after reaching 60, he may exercise his option within six months of that date or, if not so exercised, during the normal exercise period set out above.

A six month exercise period would also apply in the event of a change of control of the Company.

Rights attaching to shares

All Ordinary shares allotted or transferred under the Scheme will rank equally with all other Ordinary shares of the Company for the time being in issue. The Company will, at its expense, make application to the London Stock Exchange for admission to the Official List of shares allotted.

Adjustment of options

On any variation of the Ordinary share capital of the Company, the directors, so far as allowed by HMRC, may make such adjustments as they consider fair and reasonable to the number of Ordinary shares comprised in each option and the price payable on exercise of each option. No adjustment may be made which would result in the increase of the aggregate amount payable on the exercise of an option or any reduction in the exercise price for an Ordinary share below its nominal value.

Alterations to the Scheme

The directors may from time to time alter the Scheme provided that the prior approval of the Company in general meeting is obtained for alterations to the advantage of option holders. Such approval is not required if the alteration is necessary or desirable to maintain HMRC approval, or to take advantage of provisions of any existing or proposed legislation relating to option schemes, or to benefit the administration of the Scheme. No amendment to a key feature of the Scheme may take effect until approved by HMRC.

Note

This summary sets out the main terms of the Scheme. However, this summary does not form part of the Scheme and shall not be taken as affecting the interpretation of its detailed rules. The directors reserve the right up to the time of the Annual General Meeting to make such amendments or additions to the Scheme as they may consider necessary or appropriate provided that such amendments or additions do not conflict in any material respect with this summary of the Scheme.

Documents available for inspection

Copies of the rules of The Broker Network Holdings plc Savings Related Share Option Scheme will be available for inspection at the Registered Office of the Company, and at the Company's Offices at 3rd Floor, 107 Fenchurch Street, London, EC3M 5JF during normal business hours on any business day (excluding public holidays) from this date of this notice until the close of the Annual General Meeting and also at the Annual General Meeting venue for at least 15 minutes prior to and during the meeting.

By order of the Board

Julie Hale

Group Finance Director and Company Secretary

12 September 2007

Mowbray House

Mowbray Square

Harrogate

HG1 5AU

Notes

- 1 A member entitled to attend and vote at the Annual General Meeting ("Meeting") is entitled to appoint a proxy or proxies to attend and on a poll, to vote instead of him/her. A proxy need not be a member of the Company. Brief personal details of the Directors proposed for re-election are noted on page 14 of the annual report and accounts.
- 2 A form of proxy is provided with this notice and instructions for use are shown on the form. To be valid, completed forms must be received at the office of the Company's Registrars at Computershare Investor Services PLC, The Pavilion, Bridgewater Road, Bristol BS13 8FB not less than 48 hours before the time fixed for the Meeting. Completion and return of the form of proxy will not prevent a member from attending and voting in person at the Meeting.
- 3 The Company specifies pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995 that only those shareholders registered in the Register of Members of the Company as at 11.00am on 15 October 2007 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their respective names at that time. Changes to entries on the Register of Members after that time will be disregarded in determining the rights of any person to attend or vote at the Meeting.
- 4 The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted) until the date of the meeting and on 17 October 2007 at Ridding Park, Follifoot, Harrogate, North Yorkshire, HG3 1JH:
 - (a) Copies of the directors' service contracts and
 - (b) The register of the directors' interests in shares in the capital of the Company

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