EW GROUP LIMITED

ANNUAL REPORT
For the year ended 31 December 2013

CONTENTS

Corporate Information

Company Registered Number:	42316
Directors:	Paul Michael Everitt (executive director) Ian Roger Parry (executive director) Timothy John Revill (non-executive director) Roderick Gentry (non-executive director) Kishore Kumar Gopaul (non-executive director) Alan John Morton (non-executive director) – appointed 6 March 2013 all of: Roseneath, The Grange, St Peter Port, Guernsey, GY1 3SJ
Company Secretary And Registered Office:	Fund Corporation of the Channel Islands Limited Roseneath, The Grange, St Peter Port, Guernsey, GY1 3SJ
Independent Auditor:	Chantrey Vellacott DFK LLP Russell Square House 10-12 Russell Square London, WC1B 5LF
Nominated Advisor and Broker:	Daniel Stewart & Company Plc Becket House 36 Old Jewry London, EC2R 8DD
Registrars:	Capita Registrars (Guernsey) Limited Longue Hougue House St. Sampson Guernsey, GY1 3US
Administration Services Provider:	Fund Corporation of the Channel Islands Limited Roseneath, The Grange, St Peter Port, Guernsey, GY1 3SJ

DIRECTORS' REPORT

Introduction

We are pleased to present this Annual Report of EW Group Limited (formerly Kingswalk Investments Limited) ("EW Group" or the "Company") to shareholders for the year ended 31 December 2013.

Background

EW Group is an AIM-quoted Guernsey registered investment company. Incorporated in 2004 and admitted to trading on AIM in 2005, the Company's investment policy permits investments to be made in, amongst other things, private and publicly quoted companies across a wide range of sectors with no limit on the percentage ownership that EW Group can hold in any investee company.

The Company is pleased to report that it has more than doubled the value of its net asset base during the course of the 2013 financial year from approximately £3.3 million at the start of the year to approximately £8.0 million at 31 December 2013. Profit on ordinary activities for the year also increased to approximately £1.56 million (2012: £1.17 million) which, like 2012, was mainly due to the unrealised gain on investments of approximately £1.71 million on the Company's holding in European Wealth Management Group plc ("European Wealth") (2012: £1.39 million gain).

In addition, the Company is pleased to announce that it has agreed the conditional acquisition of all of the issued shares in European Wealth not already owned by EW Group (the "Acquistion"), valuing the whole of European Wealth at £13.45 million. The consideration is in the form of both Ordinary Shares in EW Group and new convertible loan stock to be issued by EW Group and admitted to trading on AIM. Following readmission to trading on AIM, the Company will no longer be an investment company but the holding company of a trading group. Further details on this proposal are set out in the admission document to be sent to the Company's shareholders today. A copy is also available on the Company's website www.ewgrouplimited.com.

Investments

European Wealth

European Wealth, the Company's largest investment by far, is a fast growing private wealth management business which was founded and commenced trading in 2010. Its core services are financial planning, corporate pension advisory and investment management in both equity and fixed interest instruments. Its client base currently ranges from individuals with up to £10 million of assets to invest to institutions managing up to £100 million.

European Wealth's management's conscious decision to develop financial planning and investment management platforms concurrently provides its clients with the widest possible range of expertise at the same time as removing reliance upon lumpy clients or significant stock market swings for its shareholders in the current year.

European Wealth doubled revenues to approximately £5.8 million in 2013 from approximately £2.5 million in 2012 with an adjusted EBITDA of £0.2 million (2012: £0.2 million loss). European Wealth's average employee numbers in 2013 increased to 35 from 31 in 2012, operating out of its offices in London, Brighton, Cheltenham, East Malling, Wokingham and Worcester.

The directors believe that there are significant opportunities available to European Wealth to continue to grow as the consolidation in the wider wealth management market continues and ever increasing regulatory changes force the smaller wealth management firms to seek complementary business with which to merge.

Acquisition

In April 2012, EW Group made its initial investment in European Wealth, acquiring 33.3% of that company's share capital at an approximate value of £0.92 million; and valuing the whole at £2.17 million. At the time, European Wealth had funds under management and influence of £150 million.

In March 2013, the Company acquired further shares in European Wealth through a direct acquisition of shares from other European Wealth shareholders for consideration comprising the issue to them of

Ordinary Shares in the Company and the conversion of loans of £822,000 owed by European Wealth to the Company into new shares in European Wealth, resulting in an increase in the shareholding in European Wealth to 48.8%. Based on the directors' assessment at the time, this valued the Company's investment in European Wealth at approximately £3.9 million.

As at 31 December 2013, European Wealth had grown its funds under management and influence to approximately £660m and the directors assessment of the value of the Company's investment in European Wealth had increased to £5.63 mllion, valuing the whole group at £11.5 million.

As at today, European Wealth's funds under management and influence have grown to approximately £0.7 billion. The Acquisition values European Wealth at approximately £13.45 million with the total consideration being approximately £7.1 million to be satisfied by the issue of Ordinary Shares in EW Group and the issue of new convertiable loan stock in EW Group, which will also be admitted to trading on AIM.

The Acquisition is conditional upon, inter alia, the approval of the Company's shareholders and an extraordinary general meeting has been convened for 6 May 2014. Notice of the extraordinary general meeting will be issued with the admission document sent to shareholders today. Following completion of the Acquisition, the Company will cease to be an investing company and will be the holding company of the European Wealth group.

Quoted Company Portfolio – EW Investments Limited
During the year under review, the Company created a new wholly owned subsidiary, EW Investments Limited to hold its portfolio of quoted investments as distinct from its investment in unquoted European Wealth. As at the beginning of the year, the Company held investments in 3 quoted companies valued at approximately £0.03 million. This quoted portfolio has not been expanded due to the Company's investment activity being heavily focused on supporting the growth of European Wealth. As at the balance sheet date, EW Investments held one investment valued at £0.01 million.

Disposal
In May 2013, the Company disposed of its investment in unquoted CMS Corporate Consultants Limited ("CMS") to that company's management for a consideration of £0.04m, being its carrying value at 31 December 2012.

Mezzanine loans
At the beginning of the year, the Company had outstanding loans due for repayment of £1.58 million, £1.56 million of which were due from European Wealth and £0.82 million of which were converted into new equity in European Wealth in March 2013. During 2013, the Company made further loans to European Wealth totalling £2.3 million, £0.3 million of which were subsequently repaid, bringing the balance to approximately £2.75 million at the year end. These loans attract interest at 10% per annum, are unsecured with £0.74 million of them being convertible, at the Company's option, into new shares in European Wealth.

Summary of activities

In January 2013, shareholders approved a change in the Company's name from Kingswalk Investments Limited to EW Group Limited. This change was to better reflect the Company's investments in financial and wealth services, and particularly its interest in European Wealth.

During the 2013 financial year, the Company successfully raised more than £2.08 million in new equity and debt funds and invested £1.9 million in debt and £822,000 in equity (through the settlement of outstanding debt) in supporting the growth of European Wealth.

The £625,000 of convertible debt issued by the Company that was outstanding at the beginning of the year, together with a further £375,000 issued in February 2013, was converted into new ordinary shares of 0.1 pence each in the Company ("Ordinary Shares") during the first half of 2013, strengthening the Company's balance sheet. Following the entry by the Company into two new loans of £300,000 and £200,000 in August 2013 and December 2013, respectively (the proceeds of which were lent on to European Wealth), the Company's debt position as at the balance sheet date was £0.5 million.

At the end of the year, the Company had equity investments in 2 companies valued at approximatley £5.64 million, 99.8% of which related to the Company's holding in European Wealth, and a loan book, comprised almost exclusively of interest bearing loans made to European Wealth, of approximately £2.76 million.

During the year under review, in line with the Board's strategy to focus its short term investment activities on supporting European Wealth's consolidation plans, £1.9 million was lent to European Wealth financed in part through the issue at 1 pence of approximately 121,115,000 million Ordinary Shares in two separate fundraisings in April and October, which raised a total of approximately £1.21 million of new money, and in part through the proceeds of loans to the Company from third party investors totalling £500,000. These loans are unsecured and bear interest at a rate of 10 per cent. per annum.

The Board was strengthened during the year with the appointment of Mr John Morton in March 2013. Mr Morton brings to the Company a wealth of experience in the financial services sector. He is the Executive Chairman and founder shareholder of European Wealth, and a significant shareholder in the Company.

Financial review

The Company achieved a gain on investments in the year of £1.71 million (2012: £1.43 million) which was almost entirely due to the £2.50 million unrealised gain on the directors' revaluation of the European Wealth investment. As at 31 December 2012, the directors' per share valuation of European Wealth was £13.26. As at 31 December 2013, the director's per share value had increased by almost two-thirds to £19.05. These gains, together with interest and fees receivable on mezzanine loans of £0.19 million (2012: £0.09 million) offset administration costs of £0.34 million (2012: £0.35 million).

The Company's profit for the year was £1.56 million (2012: £1.17 million) resulting in earnings per share of 0.48 pence (2012: 0.54 pence).

The value of the Company's net assets at the year end improved by more than 240% to £8 million (2012: £3.32 million) and the net asset value per share increased by 15% to 1.26 pence from 1.1 pence in 2012.

The carrying value of the Company's equity portfolio was £5.64 million at the year end (2012: £2.38 million), of which £5.63 million was the European Wealth investment.

The Company's other assets were primarily made up of loans made to European Wealth totalling approximately £2.75 million at the year end, all of which are due for repayment during 2014. The loans are unsecured and carry interest at 10 per cent. per annum. payable bi-annually.

In August 2013 and December 2013, third party investors granted loans of £300,000 and £200,000 respectivietly to the Company. The loans carry interest at 10 per cent. per annum, are unsecured and repayable in December 2015. The entire proceeds of the loans were lent to European Wealth. The full amounts of the loans remain outstanding at the date of this report.

Share issues and capital reorginisation

At the beginning of the year under review, the Company had 299,705,008 Ordinary Shares in issue.

In March 2013, the Company issued 56,847,461 new Ordinary Shares to shareholders of European Wealth in consideration for the purchase of an additional stake in European Wealth, taking the Company's shareholding in European Wealth from approximately 33% to approximately 48%.

In April 2013, the Company issued 62,675,000 new Ordinary Shares at a subscription price of 1 pence per share raising £625,000 and a further 3,250,000 new Ordinary Shares in satisfaction of professional fees incurred in connection with the subscription.

In June 2013, the Company issued 142,857,143 new Ordinary Shares on the conversion of a total of £1,000,000 convertible loan notes at 0.7 pence per share.

In October 2013, the Company issued a total of 68,377,688 new Ordinary Shares, of which 58,440,000 were issued at a subscription price of 1 pence per share raising £584,400, 7,398,644 were issued in consideration for the purchase of £73,986.44 of European Wealth debt, and 2,539,044 were issued in satisfaction of interest owing on the convertible loan notes converted in June 2013.

Accordingly, as at 31 December 2013, the Company had a total of 633,712,300 Ordinary Shares in issue.

Post year end and in connection with the Acquisition, shareholders will be asked to approve a share capital reorganisation of the Company such that every 60 Ordinary Shares shall be redenominated as 1 new ordinary share of 5 pence ("New 5p Ordinary Share") and 1 new deferred share of 1 pence ("New Deferred

Share"). The New Deferred Shares are effectively worthless and the Company expects to repurchase and cancel them in due course. Full details are set out in the admission document issued om connection with the aquistion.

Investment policy

The Company's investment policy is set out below and remains unchanged from that approved by its shareholders at the 2013 AGM. Shareholders should note that on completion of the Acquisition, the Company will cease to be an investing company and it will instead be the holding company of the European Wealth trading group and this investment policy will no longer apply. Should shareholders not approve the Acquisition at the extraordinary general meeting to be held on 6 May 2014, then the Company's investment policy will remain as set out below.

The investment policy allows the Company to invest in a broad range of listed and unlisted businesses. The Company's investment policy allows the Board to evaluate potential investments from a wide variety of industry sectors and the Company will seek investments in sectors where there is potential for growth. This is likely to include sectors such as financial services, support services, resources and property, amongst others, where the directors believe significant value resides. The Company will primarily focus on European businesses but will also consider investments in other geographical areas if appropriate.

The Company does not seek to limit the size of the investment or the size of the entities in which it invests and does not limit the percentage ownership that it may hold in any one company at any time. Accordingly, the Company's investment policy permits the Company to make investments of up to, and including, 100% of businesses.

The Company will not seek to have a fixed number of investments or seek to diversify the investments over particular sectors or particular indexes, however it is envisaged that the total number of investments at any given time will not exceed 50 investments. The Company will instead generally focus on diversifying the relative risks of investments. The Company does not intend at this stage to gear its investments but may consider doing so in the future if suitable funding arises.

The Company will generally be a passive investor in the entities in which it invests but if the Board or the Company's consultants are able to add value to the investee entity then the Company may take a more active stance. The Company's investment decisions will be based upon research prepared and presented by individual directors of the Board and by research consultants and advisers.

Board of directors and their interests

Paul Everitt
Executive Director
Mr Everitt qualified as a chartered accountant and has more than 20 years' experience in the finance industry, having previously acted as Head of Fund Services for Barclays Wealth's offshore operations, with responsibility for their fund administration teams. He is the co-founder and managing director of Fund Corporation, a Guernsey-based administration firm. He has a wide ranging practical experience in Guernsey and the UK, in particular with international fund structures. Paul is also a director of a number of other AIM-traded companies and investment funds.

Roger Parry
Executive Director
Mr Parry is a chartered accountant who worked at Phoenix Equity Partners and Barclays Wealth before setting up Fund Corporation with Mr Everitt. Mr Parry is a director of Fund Corporation and specialises in international fund structures. Roger is also a director of a number of other investment funds.

Timothy John Revill
Non-Executive Director
Mr Revill qualified as a chartered accountant in 1974 with PKF in London and then moved to its Isle of Man office. In 1978, he established his own professional practice in the Isle of Man and subsequently merged it with another firm. In 1982, he moved to Gibraltar to open the Gibraltar and Spanish offices of his partnership, which he managed until 1989, when he participated in a management buy-out of the Spanish office and established Fidecs Group S.A.. In 2007, Fidecs Group was reversed into STM Group Plc, based in the Isle of Man, and STM was simultaneously listed on the AIM market, raising £7.5m to pursue a "buy

and build" strategy.Tim held the position of Chief Executive Officer of STM Group Plc for 3 years until his retirement in March 2010. Tim is a former director of Newcastle United Plc and is currently a director of Stan James Plc and Non-Executive Chairman of Southern Rock Insurance Company Limited. Tim is a director of and advises a number of private limited companies.

Kishore Kumar Gopaul
Non-Executive Director
Mr Gopaul has over 33 years' experience in international finance and investment. He is the Vice Chairman and Managing Partner of Courvoisier et Associés SA, a shareholder in the Company and European Wealth, having previously held executive roles at Citibank. Kishore is also Vice Chairman of CNG Participations & Gestion, Vice Chairman of Courvoisier Capital, and Chairman of Merchant Bridge (Switzerland). Kishore is a non-executive director of European Wealth.

Roderick Gentry
Non-Executive Director
Mr Gentry, a founder shareholder of European Wealth, was formerly CEO of Ashcourt Holdings Limited, a subsidiary of Syndicate Asset Management plc (now Ashcourt Rowan Plc), with funds under management of over £1.5 billion. As CEO of European Wealth, he oversees the investment, commercial and operational activities of the company and is chairman of the company's investment management committee and operating subsidiaries.

Alan John Morton – appointed 6 March 2013
Non-Executive Director
Mr Morton is a founder shareholder and Executive Chairman of European Wealth. Previously, John was the Chief Executive of Syndicate Asset Management plc, having also been the Chief Executive of Ashcourt Holdings Plc. Prior to this, he was the Investment Director of Brachers LLP, and was previously at Hill Samuel Investment Management Limited, Schlesinger Investment Management Service Limited, Target Trust Managers Limited and Abtrust Fund Managers Limited. John has over 33 years' experience of managing institutional and private client accounts, and the management and acquisition of wealth management businesses.

The table below sets out the interests of directors in the Company.

Shareholder	Number of Ordinary Shares	% Shareholding
Courvoisier et Associés SA*	98,101,263	15.48%
Hearth Investments Limited **	77,720,613	12.26%
Alan John Morton (and associates)	51,847,197	8.18%
Roderick Gentry	40,912,000	6.46%

* Mr Kishore Gopaul is a director and shareholder of Courvoisier et Associés SA
** A trust of which Mr Timothy Revill is a potential beneficiary

Save for set out in the table above, none of the directors who held office at the end of the financial year or as at the date of this report had any interest in the share capital or share options of the Company, nor does any person connected with the directors have any such interests, whether beneficial or non-beneficial.

Substantial shareholdings

At 31 December 2013, the Company had 633,712,300 Ordinary Shares in issue. Since the year end, the Company has not issued and allotted any additional Ordinary Shares. Accordingly, as at the date of this report, the number of Ordinary Shares in issue is 633,712,300.

It is a requirement of the Company's Articles of Incorporation that shareholders must notify the Company if they own shares representing 3% or more of the issued share capital. As at the date of this report, as far as the directors are aware, the following shareholders hold 3% or more of the Company's share capital:

Shareholder	Number of Ordinary Shares	% Shareholding
Courvoisier et Associés SA*	98,101,263	15.48%
Hearth Investments Limited **	77,720,613	12.26%
Alan John Morton (and associates)	51,847,197	8.18%
Roderick Gentry	40,912,000	6.46%
George Robb	42,783,024	6.75%

Corporate governance

The Company was admitted to trading on AIM on 24 February 2005. As such it is not governed by the UK Corporate Governance Code. However, the Board is committed to complying with best practice where appropriate. This includes evaluating Directors' performance, the management of the Company and ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues.

There is no separate Audit Committee, Remuneration Committee or Nomination Committee as the Board considers that, given the Company's current size, all members of the Board should participate in those roles and responsibilities normally reserved for such committees. Therefore, the Company's external auditor will report to the full Board on relevant matters.

The Company continues to give careful consideration to the principles of corporate governance to ensure that it complies with current UK corporate governance requirements to the extent to which the directors consider these to be appropriate for a company of its size and taking into account its wish to conserve cash for investments.

The Board meets regularly and has ultimate responsibility for the management of the Company. It also meets to review the remuneration of directors and its consultants.

John Morton, Kishore Gopaul and Rod Gentry, directors of the Company, and also directors and shareholders of European Wealth, abstain from the Board's decisions and voting on matters concerning the Company's shareholding in European Wealth. Accordingly, Paul Everitt, Roger Parry and Tim Revill ("the Independent Directors") make all the investment and divestment decisions concerning the the Company's holding in European Wealth.

Relationship with shareholders

The directors seek to build a mutual understanding of objectives between the Company and its shareholders. The Company reports formally to shareholders in its interim and annual reports setting out details of its activities. In addition, the Company keeps shareholders informed of events and progress during the year through the issue of press releases. The directors meet with shareholders following interim and final results, as required. The Company also maintains company information on its website – www.ewgrouplimited.com. Shareholders have the opportunity to meet the Board at the Annual General Meeting ("AGM"). The Board is also happy to respond to any written queries made by shareholders during the course of the year.

Where possible the Annual Report is sent to shareholders at least 20 days before the AGM. Directors are required to attend AGMs of the Company unless unable to do so for personal reasons or due to pressing commercial commitments. Shareholders are given the opportunity to vote on each separate issue. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

Internal control

The directors of the Company have overall responsibility for the Company's system of internal control. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed. By their nature these controls can provide reasonable but not absolute assurance against material misstatement or loss.

The Board's appointment of Fund Corporation of the Channel Islands Limited ("Fund Corporation") for financial administration and as Company Secretary has delegated much of the administration of the Company. Fund Corporation has established systems of control, including internal financial controls, to enable the directors to ensure that proper accounting records are maintained, that financial information for use within the Company and reporting to shareholders is accurate and reliable and that the Company's assets are safeguarded. This delegation of administration by the Board, and the use of Fund Corporation, is monitored by the Board with regard to its appropriateness and with regard to the performance of Fund Corporation in carrying out its work on behalf of EW Group. The Company has also entered into an outsourced administration and consultancy agreement with CMS Corporate Consultants Limited. Until 21 May 2013, CMS was wholly owned by the Company.

Portfolio risk

The Company's assets comprise investments in smaller quoted and unquoted businesses which, by their nature, tend to be more fragile than larger, longer established businesses. In addition, smaller companies are usually exposed to greater risks than more stable businesses and may therefore change in nature quickly with such changes not being immediately reflected in the valuation of the investment. In addition, unquoted investments are difficult to realise and there is therefore a risk that the Company may not be able to exit from an investment at the appropriate valuation or at all. Furthermore, almost all of the Company's net asset value is attributable to European Wealth and accordingly, a failure of European Wealth would have a materially adverse impact on the financial condition and prospects of the Company.

Following completion of the Acquisition, the Company will cease to be an investment company.

Results and dividends

The results of the Company for the year are set out on pages 13 to 30. No dividends have been paid or are proposed to be paid.

Directors' responsibilities

Guernsey company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008. In addition the directors are responsible for ensuring that the Annual Report includes information required by the AIM Rules for Companies. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each director at the date of the approval of this report is aware, there is no relevant audit information of which the Company's auditor is unaware, having taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Financial statements are published on the Company's website. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditor

A resolution to reappoint Chantrey Vellacott DFK LLP as auditor will be proposed at the next Annual General Meeting.

Going concern

The directors consider the Company a going concern for the reasons disclosed in note 1(g) to the financial statements

On behalf of the Board,

Paul Michael Everitt	Ian Roger Parry
Director	Director
16 April 2014	

Directors' Remuneration Report

Policy on Directors' fees

The Board's policy is that the level of remuneration should be sufficient to attract and retain the directors needed to properly oversee the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the directors and the value and amount of time committed to the Company's affairs. It is intended that this policy will continue for the year ending 31 December 2014 and subsequent years.

Directors' fees

The Board considers at least annually the level of directors' fees. The Company Secretary provides information on the levels of directors' fees to the Board in advance of each review.

The Board concluded following the review of the level of directors' fees for the forthcoming year that the amounts should remain unchanged at present.

Directors' service contracts during the year

The Company has an open-ended services agreement with Fund Corporation which includes the provision of the services of P M Everitt and I R Parry as executive directors on a fixed fee basis, with a 3 month notice period. Service agreements, each with a 3 month notice period, exist between the Company and T J Revill, R Gentry, K K Gopaul and A J Morton.

Directors' remuneration

The emoluments of the individual directors who served during the year were as follows:

Director	**Salary or Fees**	
	2013	**2012**
P M Everitt	£10,000	£10,000
I R Parry	£10,000	£10,000
T J Revill	£12,000	£12,000
R Gentry	£6,000	£3,750
K K Gopaul	£6,000	£3,750
AJ Morton	£5,000	-
A F M Berting	-	£5,500
D A v d Noort	-	£9,000

No pension scheme contributions or other retirement benefit contributions were paid. The above fees do not include reimbursed expenditure.

During the period under review, no director has had any interest in any contract to which the Company is a party except for:

(a) their service agreement in the case of Messrs Morton, Gentry, Revill and Gopaul as disclosed elsewhere;
(b) the contract between the Company and Fund Corporation in respect of Messrs Everitt and Parry as disclosed elsewhere;
(c) Messrs Morton and Gentry and Courvoisier & Associés S.A. (a company of which Mr Gopaul is director and shareholder) sold shares in European Wealth to the Company in March 2013 as part of the Company increasing its stake in European Wealth at that time. Mr Morton received 4,743,034 Ordinary Shares as consideration, Mr Gentry received 4,585,708 Ordinary Shares and Courvoisier & Associés S.A. received 26,063,856 Ordinary Shares;
(d) Mr Gentry subscribed for 400,000 Ordinary Shares, Mr Morton and persons associated with him subscribed for 2,950,000 Ordinary Shares, Courvoisier & Associés S.A. (a company of which Mr Gopaul is director and shareholder) subscribed for 6,375,000 Ordinary Shares and Hearth Investments Limited, a trust of which Mr Revill is a potential beneficiary subscribed for 2,000,000 Ordinary Shares in the £626,750 fundraising conducted by the Company in April 2013. The subscription price was 1 pence per Ordinary Share;

(e) Hearth Investments Limited, a trust of which Mr Revill is a potential beneficiary, converted £300,000 of convertible loan notes of the Company into 42,857,143 Ordinary Shares in April 2013;
(f) Courvoisier & Associés S.A. (a company of which Mr Gopaul is director and shareholder) converted £70,000 of convertible loan notes of the Company into 10,000,000 Ordinary Shares in April 2013;
(g) Mr Gentry subscribed for 2,000,000 Ordinary Shares and Mr Morton and persons associated with him subscribed for 1,800,000 Ordinary Shares in the £584,400 fundraising conducted by the Company in October 2013. The subscription price was 1 pence per Ordinary Share;
(h) Mr Morton accepted 22,387 Ordinary Shares at a price of 1 pence per share in settlement of outstanding interest due to him under convertible loan notes issued by the Company;
(i) the loans made by the Company to European Wealth (a company in which Messrs Gentry, Gopaul and Morton are interested) in February 2013, April 2013, October 2013, and December 2013 totalling approximately £2.3 million over the course of the year under review;

This Directors' Remuneration Report was approved by the Board and signed on its behalf by

Paul Michael Everitt Director 16 April 2014	Ian Roger Parry Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EW GROUP LIMITED

We have audited the financial statements of EW Group Limited for the year ended 31 December 2013 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with section 262 of The Companies (Guernsey) Law, 2008. 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistences with the audited financial statements and to identify any information that is appartently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistences, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
LONDON
16 April 2014

EW GROUP LIMITED

INCOME STATEMENT
For the year ended 31 December 2013

		2013			2012		
	Note	Revenue	Capital	Total	Revenue	Capital	Total
		£	£	£	£	£	£
GAINS ON INVESTMENTS							
Net gains on investments at fair value through profit and loss	3	-	1,714,519	1,714,519	-	1,432,559	1,432,559
		-	1,714,519	1,714,519	-	1,432,559	1,432,559
INCOME	1(b)						
Loan interest		186,142	-	186,142	87,021	-	87,021
		186,142	-	186,142	87,021	-	87,021
EXPENDITURE	1(e)						
Directors' fees		52,587	-	52,587	51.309	-	51,309
Administration fees		78,987	-	78,987	60,042	-	60,042
Professional fees		88,253	50,638	138,891	76,223	125,000	201,223
Consultancy fees		-	-	-	-	4,333	4,333
Audit fee		21,000	-	21,000	10,050	-	10,050
Interest expense	4	33,520	-	33,520	11,863	-	11,863
Regulatory and registration fees		12,199	-	12,199	10,067	-	10,067
		286,546	50,638	337,184	219,554	129,333	348,887
(LOSS)/PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR		(100,404)	1,663,881	1,563,477	(132,533)	1,303,226	1,170,693
Earnings/(loss) per share: - basic and diluted (pence)	5	(0.02)	0.33	0.32	(0.06)	0.60	0.54

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

The Company had no recognised gains or losses other than those shown in the income statement.

The notes on pages 17 to 30 form an integral part of these financial statements.

BALANCE SHEET
As at 31 December 2013

	Note	2013	2012
Assets		£	£
Non-current assets			
Loans receivable	6	5,000	1,576,000
Deferred consideration due		40,000	-
Investments at fair value through profit and loss	3	5,639,468	2,379,696
		5,684,468	3,955,696
Current assets			
Loans receivable	6	2,757,394	6,000
Other debtors		107,338	36,021
Cash and cash equivalents		35,936	19,051
		2,900,668	61,072
Total assets		8,585,136	4,016,768
Liabilities			
Current liabilities			
Other creditors and accruals	8	(77,164)	(71,952)
Non-current liabilities			
Long term loans	9	(500,000)	(625,000)
Total liabilities		(577,164)	(696,952)
Total assets less current liabilities		8,007,972	3,319,816
Share capital and reserves			
Called up share capital	11	633,712	299,705
Share premium account	12	2,898,672	108,000
Reserves	13	4,475,588	2,912,111
Total equity		8,007,972	3,319,816
Net asset value per share (pence per share)	7	1.3	1.1

The accounts on pages 13 to 30 were approved by the Board on 16 April 2014 and authorised for issue on its behalf by:

Paul Michael Everitt   Ian Roger Parry

The notes on pages 17 to 30 form an integral part of these financial statements.

CASH FLOW STATEMENT
For the year ended 31 December 2013

	Notes	2013 £	2012 £
Net cash outflow from operating activities	10(a)	(252,554)	(261,280)
Capital expenditure and financial investment	10(b)	(1,581,601)	(2,331,608)
Cash outflow before financing		(1,834,155)	(2,592,888)
Financing	10(c)	1,793,150	2,535,000
Decrease in cash for the year	10(d)	(41,005)	(57,888)

The notes on pages 17 to 30 form an integral part of these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
For the year ended 31 December 2013

	Called up share capital	Share premium account	Revenue	Reserves Capital	Total
	£	£	£	£	£
Balance at 1 January 2012	931,717	4,748,205	(1,164,190)	(4,136,609)	(5,300,799)
Net (loss)/profit for the year	-	-	(132,533)	1,303,226	1,170,693
Issue of shares in the year	1,034,533	735,467	-	-	-
Distribution from share premium account to reserves	-	(5,375,672)	5,375,672	-	5,375,672
Cancellation of deferred shares	(1,666,545)	-	1,666,545	-	1,666,545
Balance at 1 January 2013	299,705	108,000	5,745,494	(2,833,383)	2,912,111
Net profit/(loss) for the year	-	-	(100,404)	1,663,881	1,563,477
Issue of shares in the year	334,007	2,790,672	-	-	-
Balance at 31 December 2013	633,712	2,898,672	5,645,090	(1,169,502)	4,475,588

The notes on pages 17 to 30 form an integral part of these financial statements.

Notes to the Financial Statements
31 December 2013

1 ACCOUNTING POLICIES

(a) CONVENTION

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with applicable United Kingdom accounting standards. The directors have chosen to adopt the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by The Association of Investment Trust Companies in January 2009. The principal accounting policies which the directors have adopted are set out below.

(b) INCOME

Dividends receivable from equity investments are recognised on the ex-dividend date. Dividends receivable from equity investments where no ex-dividend date is quoted are recognised when the Company's right to receive payment is established. Interest receivable on cash deposits and loans is accounted for using the effective interest rate method.

(c) FOREIGN CURRENCY

The directors have considered and will continue to consider the primary economic environment of the Company and have considered and will continue to consider the currency in which the original finance was raised and ultimately what currency would be returned to investors on a break up basis. The directors have also considered the currency to which the underlying investments are exposed. On balance, the directors believe sterling best represents the functional currency of the Company. Sterling is also the presentational currency.

Assets and liabilities denominated in currencies other than sterling (where relevant) have been translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions were made during the period under review in Euros as well as Sterling and those transactions in Euros have been translated at the rates of exchange ruling at the date of each transaction.

(d) FINANCIAL INSTRUMENTS

The Company's financial instruments fall into the categories discussed below with the allocation depending to an extent on the purpose for which the instrument was acquired. Unless otherwise indicated, the carrying amounts of the Company's financial instruments are a reasonable approximation of their fair values.

(i) Investments held at fair value through profit and loss

Classification

All investments are classified as "fair value through profit and loss". These financial assets are designated by the directors at fair value through profit or loss at inception.

Financial assets designated at fair value through profit and loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Recognition

Purchases and sales of investments are recognised on the trade date or the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Notes to the Financial Statements
31 December 2013

1 ACCOUNTING POLICIES (continued)

Measurement

Financial assets at fair value through profit and loss are initially recognised at fair value. Transaction costs are expensed in the income statement. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement in the period in which they arise.

Fair value estimation

Quoted investments are valued at bid price.

Unquoted investments are valued by the Board according to the valuation principles of the European Private Equity and Venture Capital Association as set out in the International Private Equity and Venture Capital Valuation Guidelines (Published June 2005, amended July 2009) ("IPEV Valuation Guidelines"). The following considerations are used when calculating the fair value using these guidelines:

- Where the investment being valued was itself made recently, its cost will generally be a good indication of fair value.
- Where there has been any recent investment by third parties, the price of that investment will provide a basis of the valuation.
- If there is no readily ascertainable value from following the "price of recent investment" methodology, the Company considers alternative methodologies as set out in the IPEV Valuation Guidelines being principally multiples, net assets, discounted cash flows and industry valuation benchmarks.

As at 31 December 2013, the Company's unquoted investment, being its investment in European Wealth, was valued at £5,625,968 (2012: £2,310,724). During the year, the Company increased its holding in European Wealth from 33.3% to 48.8% through the acquisition of a further 120,939 shares in European Wealth. As at 31 December 2013, the directors' estimate of the realisable value of each share in European Wealth was £19.05, an increase from their estimate of £13.26 per share as at 31 December 2012. The carrying value of the Company's 48.8% holding in European Wealth is the directors' estimate of its realisable value.

Because of the inherent uncertainty associated with the valuation of such investments and the absence of a liquid market, these fair values may differ from the realisable values, and differences could be material.

Gains or losses on the disposal and revaluation of investments are taken to the capital reserve.

(ii) Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They consist of loans receivable and other debtors, but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these financial instruments is not considered to be material.

Included in receivables as at 31 December 2013 are amounts due from investee companies where loans have been made by the Company to those investee companies. See note 6

Notes to the Financial Statements
31 December 2013

1 ACCOUNTING POLICIES (continued)

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

(iii) Financial liabilities measured at amortised cost

These include;

- other creditors and accruals which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method; and
- loans payable which are initially recognised at fair value net of attributable transaction costs incurred. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method. No adjustments to amortised costs on the Company's own convertible loan note have been made at the year due to all the amounts outstanding were converted into new ordinary shares of 0.1 pence in the Company in June 2013.

Other creditors and accruals primarily comprise amounts outstanding for ongoing costs. The Company has a financial risk management procedure in place to ensure all payables are paid within the credit timeframe.

(iv) Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(vi) Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

(e) EXPENDITURE

All expenses are accounted for on an accruals basis. Expenses that are directly attributable to the management of investments are allocated directly to capital in the income statement. With the directors' long term target for returns on investments being entirely capital gain there is no requirement to apportion these expenses between revenue and capital.

Notes to the Financial Statements
31 December 2013

(f) SHARE BASED PAYMENTS

The Company makes equity-settled share-based payments to certain consultants. Share-based payments are measured at fair value as at the date of grant. The fair value determined at grant date is expensed on a straight line basis over the period during which the service was received.

(g) GOING CONCERN

The Directors have reviewed the current budgets and cash flow projections for a period of more than 12 months from the date of this report and, taking into account the Company's current cash balances and available facilities, the directors have prepared the financial statements on the going concern basis.

(h) FINANCE COSTS

Finance costs incurred by the Company are allocated as either a revenue or capital expense. In the year under review, all interest costs were incurred in relation to the ongoing costs of the Company and not in relation to the investments held by the Company.

2 TAXATION

The Company has been granted exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989, and is therefore subject to the payment of an annual fee which is currently £600.

3 INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Listed	Unlisted	Total
	£	£	£
1 January 2013	28,972	2,350,724	2,379,696
Additions	-	1,607,612	1,607,612
Disposals	(22,359)	(40,000)	(62,359)
	6,613	3,918,336	3,924,949
Changes in fair value			
- Realised	5,387	-	5,387
- Unrealised	1,500	1,707,632	1,709,132
	6,887	1,707,632	1,714,519
31 December 2013	13,500	5,625,968	5,639,468

As as 1 January 2013, the Company held a 33.3% investment in the issued share capital of European Wealth with a carrying value of £2,310,724 (£13.26/share). In March 2014, the Company increased its holding in European Wealth through the acquisition of a further 120,939 shares in European Wealth, taking its stake to approximately 48.8% of European Wealth. As at 31 December 2013, European Wealth had net liabilities of £0.08 million (2012 £1.28 million) and for the year ended 31 December 2013 recorded turnover of £5.8 million (2012: £2.5 million) and a net loss of £0.9 million (2012: £0.3 million). As at 31 December 2013, the directors' assessment of the carrying value of its 48.8% investment in European Wealth was approximately £5.63 million, representing a per share carrying value of £19.05 (2012: £13.26).

Notes to the Financial Statements
31 December 2013

4 INTEREST EXPENSE	31 December 2013	31 December 2012
	£	£
Loan interest	33,520	11,863
Total	33,520	11,863

5 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the net profit on ordinary activities for the year and on 490,928,051 shares (2012: 218,419,396) being the weighted average number of shares in issue during the year.

When calculating the diluted earnings per share for the year, the 800,000 share options over Ordinary Shares in issue are considered to be anti-dilutive as the options are at a significant premium to the current share price.

6 LOANS RECEIVABLE

	31 December 2013	31 December 2012
Due after more than one year	£	£
Loans made to investee companies	5,000	1,576,000
Due within one year		
Loans made to investee companies	2,757,394	6,000

Of the loans receivable within one year, £2,745,394 relates to loans made to European Wealth, the investee company in which EW Group held a 48.8% shareholding at the year end. Of this, £736,000 were unsecured convertible loans attracting interest at 10% per annum and repayable in full in October 2014 (“EWMG Convertible Loan”). The balance of the loans due within one year made to European Wealth of £2,009,394 were unsecured loans attracting interest at 10% per annum and repayable in full at various dates during the remainder of 2014.

7 NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of £8,007,972 (2012: £3,319,816) and on the ordinary shares in issue of 633,712,300 (2012: 299,705,008) at the balance sheet date.

8 OTHER CREDITORS AND ACCRUALS

	31 December 2013	31 December 2012
	£	£
Audit fees	16,000	10,000
Professional fees	16,800	19,254
Administration fees	17,645	11,460
Directors’ fees	14,500	18,825
Loan interest	12,219	11,863
Sundry creditors	-	550
	77,164	71,952

Notes to the Financial Statements
31 December 2013

9 LOANS PAYABLE	31 December 2013	31 December 2012
	£	£
Total loans outstanding at start of year	625,000	-
Loans taken out during year	875,000	625,000
Loans repaid during year	(1,000,000)	-
Total loans outstanding at end of year	500,000	625,000

The £625,000 outstanding at 31 December 2012 represented part of the Company's own convertible loan note created in October 2012 which carried interest at 10 per cent. per annum payable bi-annually and was capable of conversion into Ordinary Shares at fixed intervals during its two year life ("EW Group Loan Note"). A further £375,000 of the EW Group Loan Notes was issued in February 2013 taking its total to £1.0 million. In April and May 2013, all of the holders of the £1.0 million EW Group Loan Note elected to convert their loan notes into Ordinary Shares at 0.7 pence, resulting in the Company issuing an aggregate 142,857,143 Ordinary Shares in early June 2013. In August and December 2013, a further £300,000 and £200,000, respectively of two-year non-convertible unsecured loans were taken out, both attracting interest at 10% p.a. Both loans remain outstanding as at the date of these financial statements.

10 NOTES ON THE CASH FLOW STATEMENT

(a) Reconciliation of revenue loss to net cash outflow from operating activities

	31 December 2013	31 December 2012
	£	£
Net revenue loss on ordinary activities for the year	(100,404)	(132,533)
Expenses charged to capital	(50,638)	(129,333)
(Increase) in debtors	(106,724)	(16,583)
Increase in creditors	5,212	17,169
Net cash outflow from operating activities	(252,554)	(261,280)

(b) Capital expenditure and financial investment	31 December 2013	31 December 2012
	£	£
Receipts from sale of investments	22,359	187,327
Acquisition of investments	(3,960)	(936,935)
Loans advanced	(1,600,000)	(1,582,000)
Net cash flow for capital expenditure and financial investment	(1,581,601)	(2,331,608)

(c) Financing	31 December 2013	31 December 2012
	£	£
Loans receivable repaid	7,000	140,000
New loans received	575,000	625,000
Issue of equity share capital	1,211,150	1,770,000
Net cash inflow from financing	1,793,150	2,535,000

Notes to the Financial Statements
31 December 2013

10 NOTES ON THE CASH FLOW STATEMENT (continued)
(d) Reconciliation of net cash flow to movement in net funds

	31 December 2013	31 December 2012
	£	£
Decrease in cash for the year	(41,005)	(57,888)
Cash flow from decrease / (increase) in debt finance	125,000	(625,000)
Change in net debt resulting from cash flows	83,995	(682,888)
Issue of equity to settle creditors	57,890	-
Net (debt) / funds at 1 January	(605,949)	76,939
Net (debt) at 31 December	(464,064)	(605,949)

(e) Analysis of net debt	At 1 January 2013	Cash flow	At 31 December 2013
	£	£	£
Cash and cash equivalents	19,051	16,885	35,936
Loans payable	(625,000)	125,000	(500,000)
	(605,949)	141,885	(464,064)

11 SHARE CAPITAL

	31 December 2013	31 December 2012
	£	£
Authorised		
500,000,000 Ordinary Shares of £0.001 each	500,000	500,000
Allotted and fully paid		
633,712,300 Ordinary Shares of £0.001 each (2012: 299,705,008)	633,712	299,705

In March 2013, the Company issued 56,847,461 new Ordinary Shares of 0.1p each ("Ordinary Shares") valued at 0.01375p each in consideration for the acquisition of 58,948 shares in European Wealth.

In April 2013, the Company completed a subscription to raise £626,750 through the issue of 62,675,000 Ordinary Shares at a subscription price of 1p per Ordinary Share ("Subscription"). On the same day, the Company also issued 3,250,000 Ordinary Shares in satisfaction of professional fees incurred in connection with the Subscription.

In June 2013, 142,857,143 Ordinary Shares were issued in connection with the conversion of £1.0 million of unsecured convertible loan notes issued by the Company variously between October 2012 and February 2013 ("Loan Notes").

Notes to the Financial Statements
31 December 2013

11 SHARE CAPITAL (continued)

In October 2013, the Company completed a subscription to raise £584,400 through the issue of 58,440,000 Ordinary Shares at a subscription price of 1p per Ordinary Share. On the same day, the Company issued 7,398,644 Ordinary Shares to acquire £73,986.44 of short term debt from European Wealth and also issued a further 2,539,044 Ordinary Shares in satisfaction of interest due on the Loan Notes. As at the date of this report, the Company has an aggregate of 633,712,300 Ordinary Shares in issue.

12 SHARE PREMIUM ACCOUNT

	2013	2012
	£	£
As at 1 January	108,000	4,748,205
Issue of equity share capital in year	2,790,672	735,467
Distribution to revenue reserves	-	(5,375,672)
As at 31 December	2,898,672	108,000

At a Board meeting of the Company held on 14 May 2012, in accordance with the Company's Articles of Incorporation, the directors agreed to make a distribution from the Company's share premium account, subject to satisfaction of the Solvency Test outlined in section 527 of The Companies (Guernsey) Law 2008, to off-set losses in the Company's revenue reserves.

13 RESERVES

	2013	2012
	£	£
As at 1 January	2,912,111	(5,300,799)
Profit for the year	1,563,477	1,170,693
Distribution from share premium account	-	5,375,672
Cancellation of deferred shares of 0.9p each	-	1,666,545
As at 31 December	4,475,588	2,912,111

In accordance with the Company's Articles of Incorporation, the Company bought back and cancelled all of the deferred shares created in May 2012 as a result of the share capital reorganisation in December 2012 for an effective nominal nil consideration resulting in a credit to the Company's revenue reserves of approximately £1.67 million.

14 RELATED PARTY TRANSACTIONS

On 30 July 2009, the Company entered into an administration agreement with Fund Corporation of the Channel Islands Limited ("Fund Corp"). The provision of two directors to the Company is not part of that Administration Agreement. Fees paid to Fund Corp in the year ended 31 December 2013 were £38,000 (2012: £33,033) and the amount unpaid at the year end was £14,045 (2012: £7,860). Paul Everitt and Roger Parry, who served as directors of the Company during 2013, are directors of Fund Corp. The fees paid to all the directors are shown in the directors' remuneration report on page 12. There were £14,500 of directors' fees unpaid at 31 December 2013 (2012: £18,825). Other contracts entered into by the company in which any director had an interest are set out on pages 10 and 11.

Notes to the Financial Statements
31 December 2013

15 SHARE OPTIONS

At 31 December 2013, the number of Ordinary Shares subject to options granted under the Company's Share Option Plan were:

Exercise Period	Exercise Price per Share	01-Jan 2013 No.	Grants during year No.	Options exercised No.	31-Dec 2013 No.	31-Dec 2012 No. Exercisable
30 November 2007 - 30 May 2017	26.0 pence	50,000	-	-	50,000	50,000
1 December 2007 - 1 June 2017	26.0 pence	750,000	-	-	750,000	750,000
		800,000	-	-	800,000	800,000

Share options were granted for services provided in previous periods and are exercisable at the holders' discretion.

There were no share options granted in 2013 or 2012 and there were no share-based payment charges during the years ended 31 December 2013 and 2012.

16 FINANCIAL INSTRUMENTS

In common with other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Strategy in using financial instruments

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company has invested, and may continue to, invest in companies which are unquoted or trading on AIM at the time of the investment and where the Directors believe that the investment is likely to be realised within eighteen months of an investment by the Company. Investee companies will be principally located in Europe and the US.

Notes to the Financial Statements
31 December 2013

16 FINANCIAL INSTRUMENTS (continued)

Investments

All of the Company's intended investments present the risk of a loss of capital. Such investments are subject to investment-specific price fluctuations as well as to macro-economic, market and industry-specific conditions including, but not limited to, international economic conditions, international financial policies and performance, governmental events and changes in laws. Moreover, the Company may only have a limited ability to vary its investments in response to changing economic, financial and investment conditions.

The success of the Company will be dependent upon, *inter alia*, the identification, making, management and realisation of suitable investments. There can be no guarantee that such investments can or will be made or that such investments will be successful. Poor performance by an investment could severely affect the Net Asset Value per share. In particular, investors should note that:-

- Shareholders will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the directors and, accordingly, will be dependent on the judgement and ability of the directors in investing and managing the assets of the Company. No assurance can be given that the directors will be successful in making suitable investments or that, if such investments are made, the investment objectives will be achieved;
- the Company may have minority interests in the companies, partnerships and ventures in which it invests ("Investments") and may be unable to exercise control over the operations of such Investments or control over any exit, or timing of any exit, by other investors in such Investments;
- the management of the investee companies targeted by the directors may not always welcome proactive shareholder involvement and may be resistant to change;
- the Company may be unable to effect an investment in an identified opportunity and, in particular, resources of the Company may be expended investigating potential projects which are subsequently rejected as being unsuitable;
- the Company may dispose of investments in certain circumstances and may be required to give representations and warranties about those investments and to pay damages to the extent that such representations and warranties turn out to be inaccurate or other terms of sale are breached;
- an investee company's competitors may develop or market technologies that are more effective or less expensive than those developed or marketed by the investee company, or that would render the invests company's technology or business model obsolete or uncompetitive;
- the Company cannot guarantee that the value of investments as reported from time to time will in fact be realised; and
- although the directors will use all due care and diligence when implementing the investment strategy, the situation may arise whereby an unquoted investee company does not proceed with a successful IPO or trade sale. In such instance, the Company may find it difficult to achieve an exit, or may do so at a loss to the initial investment, or may lose the entirety of its investment.

Investments in small unquoted and quoted companies

It is intended that the Company's investment portfolio will comprise interests predominantly in growth companies and companies with an AIM quotation which may be difficult to value and/or realise. Investment in the securities of smaller companies may involve greater risks than is customarily associated with investments in larger, more established companies. In particular, such companies may have limited product offerings, markets or resources and may be dependent on a small number of key individuals. As at 31 December 2013, the Company's holding of unquoted investments was valued at approximately £5.63 million (2012: £2.4 million).

Notes to the Financial Statements
31 December 2013

16 FINANCIAL INSTRUMENTS (continued)

Concentration risk

It is possible that certain investments will represent a significant proportion of the Company's total assets, such as the investment in European Wealth. As a result, the impact on the Company's performance and the potential returns to investors will be adversely affected to a greater degree if anyone of those investments were to perform badly than would be the case if the Company's portfolio of investments was more diversified. At 31 December 2013 the overall investment allocation was a portfolio of one investment in a quoted company (2012: 3 investments) and one investment in an unquoted company (2012: 2 investments), with an aggregate year end valuation of approximately £5.63 million (2012: £2.4 million).

(b) Market risk

The Company operates in a competitive market for investment opportunities. While the directors consider the smaller companies' market to be an attractive area for investment, it is nonetheless likely that the directors will encounter competition for target investments from investors many of which will have significantly greater resources than the Company. There can be no assurance that these competitive pressures will not have a material adverse effect on the Company's business, financial condition and results of operations. As a result of this competition, the directors may not be able to take advantage of attractive investment opportunities from time to time. Furthermore the directors can offer no assurance that they will be able to identify and make investments that are consistent with the Company's investment strategy.

(bi) Interest rate risk

The majority of the Group's financial assets and liabilities are fixed-interest bearing. As a result, the Group is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any cash and cash equivalents are invested at short-term market interest rates. The table below summarises the Group's exposure to interest rate risks.

As at 31 December 2013	Non-Interest Bearing	Variable Interest	Fixed Interest	Total
Assets	£	£	£	£
Investments at fair value	5,639,468	-	-	5,639,468
Deferred consideration due	40,000	-	-	40,000
Other debtors and prepayments	107,338	-	-	107,338
Loans receivable	17,000	-	2,745,394	2,762,394
Cash and cash equivalents	35,936	-	-	35,936
Total financial assets	5,839,742	-	2,745,394	8,585,136
Liabilities				
Sundry creditors and accruals	77,164	-	-	77,164
Loans payable	-	-	500,000	500,000
Total financial liabilities	77,164	-	500,000	577,164

Notes to the Financial Statements
31 December 2013

16 FINANCIAL INSTRUMENTS (continued)

As at 31 December 2012	Non-Interest Bearing	Variable Interest	Fixed Interest	Total
Assets	£	£	£	£
Investments at fair value	2,379,696	-	-	2,379,696
Other debtors and prepayments	36,021	-	-	36,021
Loans receivable	24,000	-	1,558,000	1,582,000
Cash and cash equivalents	19,051	-	-	19,051
Total financial assets	2,458,768	-	1,558,000	4,016,768
Liabilities				
Sundry creditors and accruals	71,952	-	-	71,952
Loans payable	-	-	625,000	625,000
Total financial liabilities	71,952	-	625,000	696,952

(bii) Hedging and currency risk

The majority of the Company's investments are expected to be denominated in pounds sterling. The Directors may invest in opportunities other than sterling and may, through forward foreign exchange contracts, hedge its exposure back to sterling. While hedging may attempt to reduce currency risk, it is not possible to hedge fully or perfectly against currency fluctuations. Accordingly investors may, at certain times, be exposed to exchange rate risks between sterling and other currencies, such that if the value of other currencies falls relative to sterling, the Company's assets will, in sterling terms be worth less. There were no hedging arrangements in place at the year end (2012: nil).

(biii) Other price risk

Other price risk is the risk that value of an instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Group's financial instruments are carried at fair value with changes in value recognised in the Income Statement, all changes in market conditions will directly affect net investment income.

The table below details the breakdown of the investment assets held by the Company

	31 December 2013		31 December 2012	
	Value £	% of Net Assets	Value £	% of Net Assets
Investment assets				
Equity investments:				
º Listed equities	13,500	0.2%	28,972	0.9%
º Unlisted equities	5,625,968	70.3%	2,350,724	70.8%
Debt investments	2,762,394	34.3%	1,582,000	47.7%
	8,401,862	104.9%	3,961,696	119.3%

Notes to the Financial Statements
31 December 2013

16 FINANCIAL INSTRUMENTS (continued)

Investment liabilities

A 5% increase in the fair value of all equity investments at 31 December 2013 would have increased the net assets attributable to shareholders by £419,243 (2012: £118,985): an equal change in the opposite direction would have decreased the net assets attributable to shareholders by an equal amount.

(c) Liquidity risk

The Company's financial instruments include equity investments in AIM traded companies (unlisted) and investments in companies whose shares are not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements.

The Company has a procedure to manage liquidity risk whereby the Board meets regularly to review investment holdings and current and anticipated levels of financial liabilities. Where liquidity of the investments within the portfolio is believed to be at a level which may adversely affect the Company's ability to service its financial obligations, the Board will consider taking action to improve cash flow, which may include utilising bank overdrafts or other credit arrangements.

The table below details the contractual, undiscounted cash flows of the Group's financial liabilities:

	Less than 1 month	1-3 months	3 months to 1 year	No stated maturity
31 December 2013	£	£	£	£
Financial liabilities				
Sundry creditors and accruals	77,164	-	-	-
Total	77,164	-	-	-
31 December 2012				
Financial liabilities				
Sundry creditors and accruals	71,952	-	-	-
Total	71,952	-	-	-

All sundry creditors outstanding at 31 December 2013 have been paid post year end.

The gross nominal outflow disclosed above is the contractual, undiscounted cash flow on the financial liability or commitment.

Amounts in the above table are based on the carrying value of all accounts.

The Company has a procedure to manage liquidity risk whereby the Board meets regularly to review credit positions.

d) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

Notes to the Financial Statements
31 December 2013

16 FINANCIAL INSTRUMENTS (continued)

	31 December 2013	31 December 2012
	£	£
Other debtors	107,338	36,021
Cash and cash equivalents	35,936	19,051
Total	143,274	55,072

e) Capital risk management

The Company's objectives for managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to manage the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of return capital to shareholders and issue new shares or buy back existing shares. At 31 December 2013 the Company had no short term debt. There were no changes in the Company's approach to capital management during the year.

17 POST BALANCE SHEET EVENTS

The Company today agreed the conditional acquisition of all of the issued shares in European Wealth not already owned by EW Group (the "Acquistion"), valuing the whole of European Wealth at £13.45 million. The consideration is in the form of both Ordinary Shares in EW Group and new convertible loan stock to be issued by EW Group and admitted to trading on AIM. Following readmission to trading on AIM, the Company will no longer be an investment company but the holding company of a trading group. Further details on this proposal are set out in the admission document to be sent to the Company's shareholders today. A copy is also available on the Company's website www.ewgrouplimited.com.