

EUROPEAN
WEALTH GROUP
LIMITED

Unaudited interim results
for six month period to 30 June 2017



Protect and grow your wealth

2017
INTERIM RESULTS



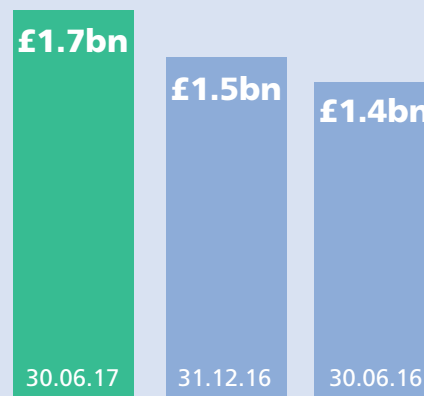
EUROPEAN
WEALTH

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OPERATIONAL HIGHLIGHTS

- Strong growth in funds under management and administration (FUMA) which reached £1.7bn (£1.5bn at 31 December 2016, £1.4bn at 30 June 2016)
- Organic growth main driver of increased funds
- First acquisition in Asia, increasing global reach of Group



GROUP FINANCIAL HIGHLIGHTS

Group revenue

+19.0%

to £5.2m (H1 2016: £4.4m)

Core adjusted profit

£0.1m

(H1 2016: £0.02m)

Revenue

£3.1m

(H1 2016: £2.7m)

- Group revenue for period up 19.0% to £5.2m (H1 2016: £4.4m)
- Core adjusted profit¹ £0.1m (H1 2016: £0.02m)
- Investment management generated revenue of £3.1m (H1 2016: £2.7m)
- Repayment of convertible loan stock, via a short term bridging loan, until £9.3m capital raise in July 2017

¹ Core adjusted profit excludes finance costs, amortisation, costs in relation to acquisitions, refinancing and aborted capital raises



"The first six months of 2017 were a period for consolidation and stabilisation for the Group, with the Board's attention focussed on the refinancing which was announced on the 26 June 2017. This resulted in the injection of £9.3m of fresh capital and two new and very supportive shareholders, Kingswood and Astoria, joining the shareholder register at a time when corporate activity in the sector is rapidly accelerating."

Buzz West, Chairman

CHAIRMAN'S STATEMENT



Kenneth ('Buzz') West
Chairman

Overview

The first six months of 2017 were a period for consolidation and stabilisation for the Group, with the Board's focus of attention being on the refinancing which was announced on the 23 June 2017. This resulted in the injection of £9.3m of fresh capital and two new and very supportive shareholders, Kingswood and Astoria, joining the shareholder register at a time when corporate activity in the sector is rapidly accelerating.

With a much stronger balance sheet and new shareholders the Group will be in a position to continue to expand, with a particular focus initially on the institutional capability within the investment management business, European Investment Management (EIM), where we have already built a formidable reputation over the last four years in the management of institutional fixed interest mandates. It is the Board's intention to expand its offering through the introduction of an equity service to the institutional marketplace together with exploring the possibility of launching additional institutional style funds using our UCITS structure in Dublin. The first step down this road has been now been completed with the relaunch of the existing equity fund as a Global Managed Strategy Fund.

In recent months we have continued to develop the business by focusing more on organic growth than acquired growth. However, as we explained in the Annual Report, we have also recruited revenue generating staff which is a trend we would expect to continue during the second half of 2017.

Group funds under management and advice reached £1.74bn as at 30 June 2017, an increase of 18% since we last reported at 31 December 2016 (FUMA: £1.46bn) and 24% since 30 June 2016 (FUMA: £1.39bn).

CHAIRMAN'S STATEMENT CONTINUED

Financial Review

For the six months to the 30 June 2017, the Group reported total revenues of £5.2m, representing an 18.0% increase on the £4.4m recorded for the six months to 30 June 2016.

The loss before tax was £0.8m for the reporting period compared to a loss of £0.5m for the equivalent period in 2016. This increased loss is entirely the result of higher financing costs, which increased from £283,000 to £462,000, together with one-off extraordinary losses of £309,000. Following the refinancing in July and the subsequent repayment of debt, interest charges will fall substantially in the second half of the current year.

Core adjusted profit for the six months to the 30 June 2017 was £138,000, an increase from the £22,000 recorded for the six months to 30 June 2016. Core adjusted profit excludes finance costs, amortisation, costs in relation to acquisitions and refinancing. Given the Group's high proportion of fixed costs on account of our in-house administration function, we would expect margins to improve significantly as we build our FUMA and resulting revenue.

Review of Divisions

European Wealth Group has established two key divisions which allow the Group to offer a wide range of services in the wealth management industry both within the UK and overseas.

Investment Management

The funds under management in EIM reached £1.17bn, an increase of 30% on the £889m at 30 June 2016 and 25% on the £933m at 31 December 2016. Of this, £639m (55%) was managed by the Fixed Interest team, who achieved a 35% growth in their FUM since the year end. It is especially pleasing that the large majority of the growth (74%, £207m) was organic.

In October 2016, the Board announced the acquisition of a book of business from Towry, now known as Tilney,

which was primarily comprised of clients in South Africa who had funds they wished to invest outside of the country. Since the end of June 2017, further significant progress has been made in transferring assets over to our management and we expect total funds to transfer of ~£80m. Together with our existing business in Switzerland and a recently acquired business in the Far East, this will result in our overseas funds under management approaching £200m by the end of the current financial year. The Board sees significant opportunities outside of the UK to grow funds under management at an accelerated pace. By having our own in-house, modern IT platform, we are able to facilitate expansion overseas whilst continuing to use our core systems within the UK, thus continuing to benefit from the inevitable economies of scale which will be achieved as the business continues to grow.

Revenue generated by the investment management division reached £3.10m for the six months ended 30 June 2017 (30 June 2016: £2.67m), an increase of 16%. Of this revenue, £1.55m, or 50% (30 June 2016: £1.39m, 56%), relates to investment management fees or other types of recurring income. The non-recurring income will continue to be predominantly brokerage fees generated by European Wealth Trading Limited (EWT), which is the in-house broking business and a member of the London Stock Exchange. Whilst the Board is committed to increasing the amount of recurring revenue as a proportion of the total, this will always be impacted in the short term by the more volatile revenue generated by EWT.

Over the remainder of the calendar year, a review will be undertaken of the fee arrangements for clients of EIM, as it has become apparent that a large proportion of our clients prefer the clarity of an 'all in' investment management fee rather than paying the traditional fee rate, which combines a mixture of management fees and dealing commission. Our intention is to provide a more structured fee proposal for the future. This is not expected to have any impact on the revenue generated by the

CHAIRMAN'S STATEMENT CONTINUED

investment management business but should result in an increase in proportion of recurring income as we progress through 2018.

Financial Planning

European Financial Planning Limited (EFP) has continued to have a challenging time. Revenue for the six months to 30 June 2017 was £1.69m, in line with the £1.70m generated in six months to 30 June 2016.

A significant amount of work has been done to restructure and streamline the administration function within EFP. As we come to the end of this project, we expect to see the productivity of advisers increase over the coming 12 months as more of their time can be spent providing added value advice to the clients and less dealing with the inevitable administrative burden that goes with an industry that is still heavily paper-based.

The Board is pleased to note that the amount of recurring revenue within EFP has remained at a high level, reaching £1.30m or 77%. The stability of the recurring revenue has been a reflection of the Board's decision to consolidate the various businesses that have been acquired over the last three years and focus on increasing the service levels to ensure that the clients joining European Wealth Group have confidence in our service offering. We believe financial planning is an important part of both wealth preservation and creation.

Future Outlook

The next stage in the development of the Group is to turn our focus to building the business which we intend to do by attracting additional revenue-generating advisers as well as investing both time and money into building a strong sales and marketing function for the Group. The first steps were taken during the period under review but our focus over the third and fourth quarter of 2017 will be to accelerate growth including by acquisition.

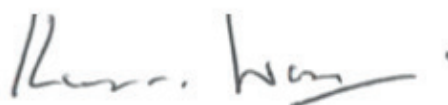
Conclusion

The last six months have been a period of consolidation within the operating businesses but a very significant period in the development of the Group. The repayment of the convertible loan notes in June this year together with the arrival of new shareholders onto the register will mark the start of a period of considerable development in the capital structure of the Group.

The wealth management industry both in the UK and overseas continues to go through a period of rapid change. The Board believes that with modern, in-house systems, a strong Management team and a diverse offering to the marketplace, European Wealth are in a very strong position to take advantage of opportunities as they arise.

The second half of the financial year will present challenges ranging from the likely speed of interest rate increases in America, continued currency volatility and the ongoing uncertainty around Brexit. Currently, the consumer in the UK appears to be reducing discretionary expenditure and this, together with a slow-down in business investment, may well result in a modest recession in the UK over the third and fourth quarters of the current year. In global economic terms, this is more than likely to be outweighed by the continuing growth in emerging markets which are expected to continue to show above trend growth.

Any period of uncertainty will provide opportunity and the Board will not hesitate in taking advantage of any opportunity that presents itself that will have the effect of expanding the Group whilst ensuring it has a positive impact on profitability.



Buzz West, Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

unaudited - for the six month period to 30 June 2017

	Note	Six months to 30 Jun 2017 (unaudited) £'000	Six months to 30 Jun 2016 (unaudited) £'000	Year ended 31 Dec 2016 (audited) £'000
Revenue		5,203	4,371	9,412
Cost of sales		(673)	(417)	(1,165)
Gross profit		4,530	3,954	8,247
Administrative expenses		(4,392)	(3,931)	(8,150)
Core adjusted profit	6	138	23	97
Amortisation		(283)	(263)	(484)
Other gains / (losses)		(224)	-	194
Operating loss		(369)	(240)	(193)
Finance costs		(462)	(283)	(568)
Loss before tax		(831)	(523)	(761)
Tax		-	-	-
Loss for the period		(831)	(523)	(757)
Other comprehensive income				
Items that may be reclassified subsequently to profit & loss:				
Exchange difference on translation of foreign operations		(12)	-	(30)
Total comprehensive loss for the period		(843)	(523)	(787)
Loss per share				
Basic	5	(0.03)p	(0.02)p	(0.03)p
Diluted	5	(0.03)p	(0.02)p	(0.03)p

The entire Group's revenue and operating loss was derived from continuing operations.

The operating loss and total comprehensive loss for the year are attributable to the equity holders.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

unaudited - as at 30 June 2017

	Note	30 Jun 2017 (unaudited) £000s	30 Jun 2016 (unaudited) £000s	31 Dec 2016 (audited) £'000
Non-current assets				
Fixtures and equipment	8	151	169	159
Intangible assets and goodwill	9	25,975	24,772	25,944
Investments		13	13	13
Deferred tax asset		428	428	428
		26,567	25,382	26,544
Current assets				
Trade and other receivables		1,510	849	926
Cash and cash equivalents		224	188	375
		1,734	1,037	1,301
Total assets		28,301	26,419	27,845
Current liabilities				
Trade and other payables	6	3,833	3,850	4,119
Short term borrowing	7	6,948	765	5,263
		10,781	4,615	9,382
Non-current liabilities				
Convertible loan note	8	-	3,963	-
Other non-current term liabilities	8	115	1,087	618
		115	5,050	618
Net assets		17,405	16,754	17,845
Equity				
Share capital		1,334	1,171	1,270
Share premium account		14,188	12,654	13,596
Capital reserve		350	351	603
Retained earnings		1,533	2,578	2,376
Total equity		17,405	16,754	17,845

The unaudited financial statements of European Wealth Group Limited (registered number 42316) were approved by the Board of Directors and authorised for issue on 18 September 2017, signed on its behalf by:

Buzz West, Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

unaudited - as at 30 June 2017

	Share Capital £'000	Share Premium £'000	Other Reserves £'000	Retained Earnings £'000	Total £000s
Balance at 1 January 2016 (audited)	1,171	12,654	351	3,102	17,278
Loss for the year	-	-	-	(524)	(524)
Balance at 30 June 2016 (unaudited)	1,171	12,654	351	2,578	16,754
Loss for the year	-	-	-	(232)	(232)
Issue of share capital	53	488	250	-	791
Share based settlement of deferred consideration	46	454	-	-	500
Share based payments	-	-	2	-	2
Retranslation of overseas operations	-	-	-	30	30
Balance at 31 December 2016 (audited)	1,270	13,596	603	2,376	17,845
Loss for the year	-	-	-	(831)	(831)
Issue of share capital	64	592	-	-	656
Reversal of convertible loan note	-	-	(203)	-	(203)
Capitalisation of costs	-	-	(50)	-	(50)
Retranslation of overseas operations	-	-	-	(12)	(12)
Balance at 30 June 2017 (unaudited)	1,334	14,188	350	1,533	17,405

CONSOLIDATED STATEMENT OF CASHFLOWS

unaudited - for the six month period to 30 June 2017

	Six months to 30 Jun 2017 (unaudited) £'000	Six months to 30 Jun 2016 (unaudited) £'000	Year ended 31 Dec 2016 (audited) £'000
Net cash used in operating activities	(271)	31	93
Investing activities			
Fixtures and equipment purchased	(15)	(18)	(18)
Acquisition of investments	(15)	-	-
Deferred consideration	(700)	(58)	(216)
Loans advanced	-	-	(200)
Cash acquired on acquisitions	8	-	40
Net cash used in investing activities	(722)	(76)	(394)
Financing activities			
Net proceeds on issue of shares	-	-	541
Interest paid	(525)	(200)	(344)
Loans repaid	(4,772)	(96)	(256)
New loans received	6,150	350	539
Net cash from financing activities	853	54	480
Net increase /(decrease) in cash and cash equivalents	(140)	9	179
Cash and cash equivalents at beginning of period	375	179	179
Effects of movement in exchange rates on cash held by foreign operations	(11)	-	17
Cash and cash equivalents at end of period	224	188	375

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

unaudited - for the six month period to 30 June 2017

1. GENERAL INFORMATION

European Wealth Group Limited is a company incorporated in Guernsey under The Companies (Guernsey) Law, 2008. The shares of the Group are traded on AIM. The nature of the Group's operations and its principal activities are set out in the Annual Report, which is available at www.europeanwealth.com. Certain subsidiaries in the Group are subject to the FCA's regulatory capital requirements and therefore required to monitor their compliance with credit, market and operational risk requirements, in addition to performing their own assessment of capital requirements as part of the Individual Capital Adequacy Assessment Process (ICAAP).

2. ACCOUNTING POLICIES

a. Basis of preparation

The Group's condensed consolidated interim financial statements are prepared and presented in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The accounting policies adopted by the Group in the preparation of its 2017 interim report are those which the Group currently expects to adopt in its annual financial statements for the period ending 31 December 2017 and are consistent with those disclosed in the annual financial statements for the year ended 31 December 2016.

The information relating to the six months ended 30 June 2017 and the six months ended 30 June 2016 are unaudited and do not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's financial statements for the year ended 31 December 2016.

b. Going concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for a period of not less than 12 months. Accordingly, the Group continues to prepare the condensed consolidated interim financial statements on a going concern basis.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS CONTINUED

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purposes, the Group has organised its activities into two operating divisions; Investment Management and Financial Planning. The Group's other activity of providing execution only broking services are included within Investment Management. All head office costs have been included in a separate column, Group, alongside the information presented for internal reporting to the Board of Directors. Therefore the Group's reportable segments under IFRS 8 are Investment Management and Financial Planning.

	Investment Management £'000	Financial Planning £'000	Group £'000	Total £'000
Six months to 30 Jun 17 (unaudited)				
Revenue	3,489	1,714	-	5,203
Operating profit / (loss)	728	251	(841)	138
Other gains / (losses)	-	-	(224)	(224)
Amortisation	-	(13)	(270)	(283)
Finance costs	(4)	(3)	(455)	(462)
Profit for Period	724	235	(1,790)	(831)
Six months to 30 Jun 16 (unaudited)				
Revenue	2,669	1,702	-	4,371
Operating profit / (loss)	361	252	(591)	22
Other gains / (losses)	-	-	-	-
Amortisation	-	(1)	(261)	(262)
Finance costs	(15)	(19)	(249)	(283)
Profit for Period	346	232	(1,101)	(523)
Year to 31 Dec 16 (audited)				
Revenue	6,084	3,328	-	9,412
Operating profit / (loss)	1,474	625	(1,945)	184
Other gains / (losses)	-	-	195	195
Amortisation	(2)	(29)	(507)	(538)
Finance costs	(13)	(37)	(518)	(568)
Profit for Period	1,455	559	(2,775)	(757)

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS CONTINUED

5. EARNINGS PER SHARE

	Six months to 30 Jun 2017 (unaudited) £'000	Six months to 30 Jun 2016 (unaudited) £'000	Year ended 31 Dec 2016 (audited) £'000
Core adjusted profit	138	23	152
Finance costs	(462)	(283)	(568)
Amortisation	(283)	(263)	(538)
Other gains / (losses)	(224)	-	193
Tax	-	-	4
Earnings attributable to ordinary shareholders	(831)	(523)	(757)
Number of shares	000's	000's	000's
Weighted number of shares in issue during period	26,404,837	23,446,845	23,963,676
Effect of dilutive share options	670,482	670,482	670,482
Convertible loan notes in issue	-	4,166,250	4,166,250
Diluted weighted number of shares in issue during period	27,075,319	28,283,577	28,800,408
Based on reported earnings			
Basic loss per share	(0.03)p	(0.02)p	(0.03)p
Diluted loss per share	(0.03)p	(0.02)p	(0.03)p
Based on core adjusted profit			
Basic earnings share	0.01p	0.00p	0.01p
Diluted earnings per share	0.01p	0.00p	0.01p

6. RECONCILIATION OF CORE ADJUSTED PROFIT TO LOSS BEFORE TAX

	Six months to 30 Jun 2017 (unaudited) £'000	Six months to 30 Jun 2016 (unaudited) £'000	Year ended 31 Dec 2016 (audited) £'000
Core adjusted profit	138	23	97
Amortisation	(283)	(283)	(464)
Finance costs	(462)	(263)	(568)
Refinancing costs	(126)	-	-
Project and acquisition costs	(168)	-	-
Other gains / (losses)	70	-	194
Loss before tax	(831)	(523)	(761)

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS CONTINUED

7. BUSINESS COMBINATIONS

During the period under review, the Group completed one acquisition, Montpelier (BVI) Ltd, a financial advisory firm based out of Thailand.

8. INTANGIBLE ASSETS AND GOODWILL

	Goodwill £'000	Intangibles £'000	Total £'000
Cost			
As at 1 January 2016	16,122	9,186	25,308
Additions	-	268	1,695
As at 30 June 2016	16,122	9,454	25,576
Additions	335	1,092	1,427
As at 31 December 2016	16,457	10,546	27,003
Additions	-	314	314
As at 30 June 2017	16,457	10,860	27,317
Accumulated amortisation			
As at 1 January 2016	-	564	564
Charge for year	-	240	240
As at 30 June 2016	-	804	804
Charge for year	-	255	255
As at 31 December 2016	-	1,059	1,059
Charge for year	-	283	283
As at 30 June 2017	-	1,342	1,342
Net book value			
As at 1 January 2016	16,457	8,622	25,079
As at 30 June 2016	16,457	8,650	25,107
As at 31 December 2016	16,457	9,487	25,944
As at 30 June 2017	16,457	9,518	25,975

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS CONTINUED

9. SHARE CAPITAL

	Share capital £000s
Authorised, allotted, issued and fully paid:	
As at 1 January and 30 June 2016:	
23.4 million ordinary shares of £0.05 each	1,171
Issue of shares	99
As at 31 December 2016	
25.4 million ordinary shares of £0.05 each	1,270
Issue of shares	64
As at 30 June 2017	
26.7 million ordinary shares of £0.05 each	1,334

10. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Six months to 30 Jun 2017 (unaudited) £'000	Six months to 30 Jun 2016 (unaudited) £'000	Year ended 31 Dec 2016 (audited) £'000
Operating profit	(831)	(523)	(757)
Finance costs	462	283	567
Forex	4	31	32
Tax charge	-	4	(4)
Depreciation and amortisation	306	276	538
Share based payment	-	6	2
Movements in deferred consideration	15	268	(536)
Decrease/(Increase) in receivables	(2,031)	(52)	(128)
(Decrease)/Increase in payables	1,889	(262)	597
Other gains and Losses	(85)	-	(218)
Net cash inflow from operating activities	(271)	31	93

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS CONTINUED

12. ULTIMATE CONTROLLING PARTY

The directors do not consider there to be an ultimate controlling party for the Company.

13. POST BALANCE SHEET EVENTS

On 22 July 2017, the Company raised £9.3m through a share placing. Refer to the Chairman's Statement for further details.

ADVISERS AND COMPANY INFORMATION

Auditor

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INFORMATION & FURTHER DETAILS

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A copy of the unaudited interim accounts is available for download from the Company's website, www.europeanwealth.com



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