EUROPEAN WEALTH
Protect and grow your wealth

25 August 2016

European Wealth Group Limited
("European Wealth", or "the Group")

Unaudited interim results for six month period to 30 June 2016

The directors of European Wealth (AIM: EWG, EWGL), the growing wealth management group, are pleased to announce its unaudited interim results for the 6 month period to 30 June 2016.

Operational Highlights

- Group funds under management ("FUM") increased by 29.6% over the last 12 months to £1.4 billion (30 June 2015: £1.08 billion)
- Three acquisitions made in second half of 2015 fully integrated
- Board restructured in August 2016
- Recurring revenue increased to 62% of turnover (30 June 2015: 57%)
- Review of charging structures in trading companies completed and new fee schedules introduced
- Board's focus remains on growing the Group through acquisition, organic growth and attracting revenue-generating staff

Group Financial Highlights

- Group revenue for period up 12.8% to £4.4 million (H1 2015: £3.9 million)
- Positive EBITDA achieved of £0.02 million (H1 2015: £0.03 million)
- Group loss before tax for period: £0.5 million (H1 2015: £0.4 million loss)

John Morton, Group Chief Executive of European Wealth, commented:
" The first half of the current year has seen an improvement in the trading performance of the Group due to the integration of the three acquisitions completed in the second half of last year together with the benefit of a reduction in the ongoing cost base of the Group. We expect the Group to continue to improve the underlying trading performance into the second half of the year. Any growth in the funds under management will have an impact on the financial performance of the Group."

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

For further details, please contact:

European Wealth Group Limited John Morton (Group Chief Executive)	Tel: +44 (0)20 7293 0733 www.europeanwealth.com
Panmure Gordon (UK) Limited (Nomad and Broker) Fred Walsh Alina Vaskina	Tel: +44 (0)20 7886 2500
Newgate Communications Alistair Kellie Adam Lloyd Ed Treadwell	Tel: +44 (0)20 7680 6550

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Overview

The first six months of 2016 has been a period of consolidation and stabilisation for the Group after the three acquisitions made in the second half of 2015. During this period we are pleased to announce a significant improvement in the trading performance of the Group. This is as a result of a further increase in the Group's funds under management, cost savings and the full integration of the acquisitions completed over the last 12 months. These factors combined have resulted in the Group announcing an EBITDA positive figure for the 6 months to 30 June 2016 of £0.02 million compared to a £0.79 million EBITDA loss recorded for the year to 31 December 2015.

In addition, over the last six months both trading divisions have undertaken a thorough review of the various charging structures which has also contributed to an increase in profitability across the Group.

Group funds under management/ influence have increased over the last six months from £1.2 billion as at the 31 December 2015 to £1.4 billion as at 30 June 2016, representing an increase of 16.7% over the last six months and an increase of 29.6% since 30 June 2015.

The net current liability position of the Group remains a matter of consideration for the Board. As noted in the 2015 annual report and accounts, a material percentage of this position relates to non operating costs. The Group still has several options in terms of re-financing that if required will assist in covering these costs.

A significant amount of work has also been undertaken in examining the Group cost base following the acquisitions during 2015. As with any growing company, it is important to ensure our capital and cash flow is invested into areas of the business that are showing the strongest levels of growth. Over the last six months the Management team have identified and made annualised cost savings of over £750,000. These savings will fully benefit the Group over the next 12 months and are not expected to impact on the Group's ability to continue to pursue the defined growth strategy of the Group.

Financial Review

For the six months to 30 June 2016, the Group reported total revenue of £4.4 million which represents a 12.8% increase on the £3.9 million recorded in the period to 30 June 2015.

The reported loss before tax is £0.5 million for the six months to 30 June 2016 compared to a loss of £0.40 million for the six months to 30 June 2015. This increased loss is primarily as a result of higher amortisation and finance costs.

Since the reverse acquisition, we have been focusing on a number of key performance indicators that the Board believe are good benchmarks by which to measure the performance of the Group. One of these key measures was the EBITDA performance and I am pleased to report that the Group has once again reached its target of having a positive EBITDA figure at this six month stage.

Review of Divisions:

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

Investment Management

We have continued to see good growth in the funds under management, which in our investment management business, European Investment Management Limited ("EIM") have reached £889 million (30 June 2015: £751 million), an increase of 18.4%. Unlike the second half of 2015, the funds under management within EIM have not been boosted by acquisition and have been achieved through organic growth.

Whilst EIM has continued to see a gradual increase in the funds under management as a result of the investment made in the previous 18 months into increasing the number of client facing staff, the most pleasing aspect is the success within our institutional fixed interest team. During the first six months of the current year, they have significantly increased their funds under management. Whilst the margins achievable managing fixed interest investments are more modest than those on discretionary equity portfolios, the fixed interest team continue to provide a good alternative stream of income to the Group. Your Board remains optimistic as to the flow of new funds under management that can be expected within the investment management division over the remainder of the current year.

The revenue generated by the investment management division reached £2.67 million (30 June 2015: £2.29 million) an increase of 17%. Of this revenue, £1.39 million or 52% (H1 2015: £1.28 million or 56%) relates to investment management fees or other types of recurring income. The non-recurring revenue is predominantly brokerage fees generated by European Wealth Trading Limited ("EWT"), which is our broking business that is a member of the London Stock Exchange. As commented in my report last year, your Board's aim is to increase the amount of recurring revenue as a proportion of the total revenue both for the investment management business and also the financial planning business.

In my report last year, I commented on the investment we had made in our back office and administration functions which, inevitably, had an impact on the short term profitability of the Group. It is pleasing to report that the investment management back office function have been able to cope with the increased volumes over the last six months without a significant increase in the cost base.

At the heart of any wealth management business has to be the determination to provide superior investment returns to our clients. I am pleased to report that EIM has continued to win industry awards for investment performance including Best Boutique Wealth Manager in the 2016 Acquisition International Finance Awards.

Our success within the institutional fixed interest space has encouraged your Board to develop an institutional equity offering which is planned to be launched towards the end of the current year. This will build on the investment management expertise in both the UK and Switzerland.

Financial Planning

The financial planning business, European Financial Planning Limited ("EFP"), has experienced a challenging first six months. Revenue has reached £1.70 million (H1 2015: £1.52 million), an increase of 11.8%, however, this division has benefited from acquisitions during 2015 which has added £0.46 million to turnover in the six months under review.

Whilst the like for like turnover within the financial planning business is disappointing, your Board is confident that the second half of the year should see a recovery in the revenue figures. The performance in the first 6 months was impacted by a short term reduction in the amount of new business generated by the financial planners whilst new procedures were being introduced and the ISM and Bells acquisitions were being fully integrated within the existing financial planning business.

Your Board is pleased to note that the amount of revenue that is recurring within EFP has increased to £1.34 million or 79% (H1 2015: £0.98 million or 65%). It is the Board's opinion that for any financial planning business to be successful in the future, it is imperative that the amount of recurring revenue is as high as possible thus providing the cash flow to build an appropriate and robust offering to clients providing an added value service for which the client base is willing to pay ongoing fees.

The acquisition of both ISM and Bells over the last 12 months has played a significant part in increasing the amount of recurring income and demonstrates the underlying quality of the financial planning business that has been established over the last six years.

Both these acquisitions have now been integrated within our existing structure with the ISM team moving into our Head Office in Austin Friars and the financial adviser from Bells being based in our office in Wokingham.

Summary

The last six months have been a period of considerable development within the Group and the improved trading performance is expected to continue into the second half of the year.

It is your Board's ambition to continue to build on the amount of revenue that is generated on a recurring basis. The Board believe that the high level of recurring revenue illustrates the quality of the business and the segment of the wealth management industry the Group serves.

There is a noticeable preference amongst new investment management clients to pay an all inclusive fee which may or may not include the provision of financial planning services but emphasises a trend away from the traditional investment management charging structure of a management fee and an additional charge for dealing on the underlying portfolios. This trend is helping your Board in the ambition of increasing the amount of recurring revenue generated by the Group as a whole without losing current revenue.

Our financial planning business has recently announced a revised charging structure which will better align the charges to the clients with the level of service that is appropriate for the client. Once fully implemented, over the next six months, we expect our margins within the financial planning business to improve.

Since the end of the period under review, the Board have announced a reorganisation. Kenneth ('Buzz') West has agreed to become Non-Executive Chairman and I have taken on the role of Group Chief Executive with Simon Ray, the Group Chief Operating Officer, being appointed to the Board. This

revised Board structure is more conventional for an organisation of the Group's current size and is more in line with the Quoted Companies Alliance Corporate Governance code.

The second half of the financial year will present a number of challenges including the Presidential elections in America, continued concerns about global economic growth particularly in the UK following the Brexit vote. Any period of uncertainty will provide opportunities both for our clients and the Group as a whole. The Board continue to examine a number of ways of expanding the Group at a time of continued change within the industry whist ensuring the profitability of the Group increases as the turnover grows. The Group is well placed and has an experienced management team to take advantage of any opportunities.

A J Morton
Group Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

UNAUDITED HALF YEAR END FIGURES TO 30 JUNE 2016

	Unaudited 6 months ended 30 June 2016	Unaudited 6 months ended 30 June 2015	Audited Year ended 31 December 2015
	£'000	**£'000**	**£'000**
Revenue	**4,371**	**3,869**	**7,653**
Cost of sales	(417)	(609)	(1,188)
Gross profit	**3,954**	**3,260**	**6,465**
Administrative expenses	(3,932)	(3,229)	(7,253)
Depreciation and amortisation	(263)	(195)	(424)
Operating loss	**(241)**	**(164)**	**(1,212)**
Finance costs	(283)	(235)	(509)
Profit before tax and exceptional items	**(524)**	**(399)**	**(1,721)**
Exceptional items	-	-	719
(Loss)/profit before tax	**(524)**	**(399)**	**(1,002)**
Tax	-	-	11
Total comprehensive (loss)/profit for the year	**(524)**	**(399)**	**(991)**
(Loss)/earnings per share			
Basic	**(0.02)p**	**(0.02)p**	**(0.05)p**
Diluted	**(0.02)p**	**(0.02)p**	**(0.04)p**

CONSOLIDATED BALANCE SHEET

UNAUDITED HALF YEAR END FIGURES TO 30 JUNE 2016

			Group	
		30 June 2016 unaudited	30 June 2015 unaudited	31 December 2015 audited
	Note	**£'000**	£'000	£'000
Non-current assets				
Fixtures and equipment		**169**	186	170
Intangible assets and goodwill	**5**	**24,772**	22,270	24,744
Investments		**13**	9	13
Loans and deferred consideration		**-**	-	-
Deferred tax asset		**428**	428	428
		25,382	22,893	25,355
Current assets				
Trade and other receivables		**849**	915	797
Cash and bank balances		**188**	1,999	179
		1,037	2,914	976
Total assets		**26,419**	25,807	26,331
Current liabilities				
Trade and other payables	**6**	**3,850**	1,891	3,620
Short term borrowing	**7**	**765**	200	662
		4,615	2,091	4,282
Long term liabilities				
Convertible loan note	**8**	**3,963**	3,963	3,963
Other long term liabilities	**8**	**1,087**	1,428	808
		5,050	5,391	4,771
Total liabilities		**9,665**	7,482	9,053
Net current assets/(liabilities)		**(3,578)**	823	(3,306)
Net assets		**16,754**	18,325	17,278
Equity				
Share capital		**1,171**	1,123	1,171
Share premium account		**12,654**	11,878	12,654
Capital reserve		**351**	1,630	351
Retained earnings		**2,578**	3,694	3,102
Total equity		**16,754**	18,325	17,278

CONSOLIDATED CASHFLOW STATEMENT

UNAUDITED HALF YEAR END FIGURES TO 30 JUNE 2016

	6 months ended 30 June 2016 £'000	6 months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Net cash used in operating activities	31	(167)	(1,072)
Investing activities			
Property, plant and equipment purchased	(18)	(7)	(8)
Acquisition of investments	(58)	-	(30)
Cash acquired on acquisitions	-	-	(824)
Net cash used in investing activities	(76)	(7)	(862)
Financing activities			
Net proceeds on issue of shares	-	1,918	1,918
Interest paid	(200)	(409)	(491)
Loans repaid	(96)	(100)	-
Loans receivable repaid	-	-	(201)
New loans received	350	500	650
Interest income	-	27	-
Net cash from financing activities	54	1,936	1,876
Net (decrease)/increase in cash and cash equivalents	9	1,762	(58)
Cash and cash equivalents at beginning of period	179	237	237
Cash and cash equivalents at end of period	**188**	**1,999**	**179**

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Share Capital	Share Premium Account	Capital Reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2014 Audited	**983**	**9,851**	**1,719**	**4,093**	**16,646**
Loss for the period	-	-	-	(399)	(399)
Issue of share capital	140	2,027	-	-	2,167
Costs of equity issue	-	-	(89)	-	(89)
Balance at 30 June 2015 Unaudited	**1,123**	**11,878**	**1,630**	**3,694**	**18,325**
Loss for the period	-	-	-	(592)	(592)
Cost of equity issue	-	(90)	89	-	(1)
Issue of share capital	48	866	-	-	914
Deferred consideration	-	-	(1,374)	-	(1,374)
Share based payments	-	-	6	-	6
Balance at 31 December 2015 Audited	**1,171**	**12,654**	**351**	**3,102**	**17,278**
Loss for the period	-	-	-	(524)	(524)
Balance at 30 June 2016 Unaudited	**1,171**	**12,654**	**351**	**2,578**	**16,754**

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. GENERAL INFORMATION

European Wealth Group Limited is a public company incorporated in Guernsey under The Companies (Guernsey) Law, 2008. The shares of the Group are traded on AIM. Certain subsidiaries in the Group are subject to the FCA's regulatory capital requirements and therefore required to monitor its 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

2.1 Basis of preparation

These unaudited interim results have been prepared using the accounting policies, presentation and methods of computation that were adopted in the audited financial statements for the year ended 31 December 2015, which were prepared in accordance with applicable International Financial Reporting Standards adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB (together "IFRS") as adopted by the European Union.

The information relating to the 6 months ended 30 June 2016 and the 6 months ended 30 June 2015 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 2015.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

2.2 Basis of consolidation

The interim condensed consolidated financial statements consolidate the financial statements of the Group and its subsidiary undertakings as at 30 June 2015 and 30 June 2016. Prior reporting periods represent the results of European Wealth Group Limited as a standalone entity.

The consolidated financial statements incorporate the financial statements of the Group made up to 31 December each year. From 1 January 2013 to 6 May 2014, the Group consisted solely of European Wealth Group Limited, which at the time was an Investment Company.

The Group now consists of the following subsidiaries, European Wealth Management Group Limited, European Investment Management Limited, European Financial Planning Limited, European Wealth Trading Limited, European Wealth (Switzerland) SA, GTI Fund Investment Ltd P&C Global, EIM Nominees Limited, Matthews Smith (Financial Consultants) Limited, Greensnow Limited (trades under the name ISM Solutions), ISM Financial Solutions Limited, ISM Wealth Management Limited and XCAP Nominees Limited.

Greensnow Limited, ISM Financial Solutions Limited and ISM Wealth Management Limited have been consolidated as of 1 July 2015.
EIM Nominees Limited has net assets of £21 and therefore that Company's information is not shown separately. Under The Companies (Guernsey) Law, 2008, EIM Nominees Limited is exempt from the requirement to present its own income statement.

XCAP Nominees Limited and Matthews Smith (Financial Consultants) Limited are non trading entities.

All acquisitions are consolidated on the date of acquisition.

For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company and the presentational currency for the consolidated financial statements.

2.3 Key sources of judgements and estimation uncertainty

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgement at the date of preparation of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Management fees

Investment management fees are based on funds under management and are recognised over the period in which the service relates to is completed.

Commission income

Commissions are recognised when the service is completed.

Fee income

Fees for consultancy services are recognised as the service is performed.

Other income

Other income is recognised as the services are provided.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Intangible assets

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.
After initial recognition intangible assets are carried at cost less accumulated amortisation and impairment losses. The carrying amounts are reviewed at each reporting date when events or circumstances indicate that the assets may be impaired. If any such indication exists or as in the case of goodwill, when annual impairment testing is required, the asset's recoverable amount is estimated.

The recoverable amount is the higher of the asset's fair value less costs to sell (or net selling price) and its value-in-use. Value-in-use is the discounted present value of estimated future cash inflows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

Impairment is identified at the individual asset level where possible. Where the recoverable amount of an individual asset cannot be identified, it is calculated for the smallest cash-generating unit (CGU) to which the asset belongs.

A CGU is the smallest identifiable group of assets that generates cash inflows independently. When the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is considered to be impaired and is written down to its recoverable amount. An impairment loss is immediately recognised as an expense.

3. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net return on ordinary activities after tax for the period and on the weighted average number of the Company's ordinary shares of 5 pence ("Ordinary Shares") in issue during the period. Accordingly, the weighted average number of Ordinary Shares in issue for the six months ended 30 June 2016 was 23,446,845 (2015: 20,018,087).

4. BUSINESS COMBINATIONS

During the 6 month period to June 2016 the Group completed one acquisition, that of Phoenix Investments Limited:

Acquisition of Phoenix Invest Limited ("Phoenix")

On 12 January 2016, European Financial Planning Limited acquired the client list of Phoenix, a financial planning business based in Kent. In the year prior to acquisition the clients of Phoenix generated £93,000 of recurring revenue.

5. INTANGIBLE ASSETS AND GOODWILL

Goodwill

European Wealth Group Limited has recognised goodwill from its various acquisitions as per the table below. The factors that make up the goodwill recognised include but are not limited to, the greater P/E ratio valuations placed on firms with assets under management compared to assisting in delivering the benefits of recurring and non-trading dependent revenue.

	Group
	£'000
Cost	
At 1 January 2015	15,644
Additions	-
At 30 June 2015	**15,644**
Additions	478
At 1 January 2016	16,122
Additions	-
As at 30 June 2016	**16,122**
Impairment	
At 30 June 2015 and 30 June 2016	**-**
Net book values	
At 30 June 2016	**16,122**
At 30 June 2015	15,644

For statutory accounting impairment review purposes, the Group has identified two cash generating units ("CGUs"): investment management and financial planning.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of asset. The smallest identifiable group of assets in European Wealth are the two divisions that the business is analysed across, being investment management and financial planning. All key management information is divided across these two divisions and when acquisitions are made they are analysed in either of those divisions. The different groups of assets that are within those two divisions do not generate independent cashflows that would enable them to be classed as separate CGUs. The financial year ended 31 December 2015 was the first year in which the CGUs have been analysed in this format due to the Group only being formed during the year ended 31 December 2014.

The Company acquired European Wealth Management Group Limited ("EWMG") in 2014. EWMG has been split between the two CGUs depending on which CGU the relevant assets are allocated to by the internal management information. Compass, ISM, Bells and Phoenix were acquired post the EWMG acquisition and have been allocated to the financial planning CGU. EW Switzerland and XCAP Nominees were allocated to the investment management CGU.

The Group tests, for each CGU, at least annually for goodwill impairment. The recoverable amount of a CGU is determined as the higher of fair value less costs to sell of the value in use. For both CGUs the fair value less costs to sell is greater than the carrying value and therefore no further assessment of value in use has been performed.

Valuations are based on an asset's under management multiple (the Investment Management CGU) and recurring revenue multiple (financial planning CGU) and look at industry standard valuation metrics in order to analyse out the individual CGUs. Neither CGU valuation reflects an impairment of goodwill would be necessary as at 31 December 2015.

The amounts recognised in respect of the identifiable assets required and liabilities assumed are as set out in the table below:

Intangible assets

	Group
	£'000
Cost	
At 31 December 2014	6,972
Additions	-
At 30 June 2015	**6,972**
Additions	2,214
At 31 December 2015	9,186
Additions	268
As at 30 June 2016	**9,454**
Amortisation	
At 31 December 2014	179
Charge	167
At 30 June 2015	**346**
Charge	218
At 31 December 2015	564
Charge	240
At 30 June 2016	**804**
Net book values	
At 30 June 2016	**8,650**
At 30 June 2015	6,626

The above addition to intangible assets represents the value of the funds under management acquired and client base acquired as part of the Phoenix acquisition.

The intangible assets are valued using a value applied to the assets under management (i.e. the client lists).

The assets are assessed for their useful life on an asset by asset basis in order to determine amortisation rates. There are currently £8.3 million of intangible assets being amortised over 20 years, £0.6 million over 15 years, £0.3 million over 10 years and £0.3 million have been assessed to have an infinite useful life. The assets assessed to have an indefinite useful life represent institutional clients with an indefinite lifespan.

6. TRADE AND OTHER PAYABLES

	30 June 2016	30 June 2015	31 December 2015
	£'000	£'000	£'000
Trade payables	**894**	1,145	822
Accruals and other creditors	**662**	239	557
Deferred consideration	**1,990**	-	1,922
Other taxation and social security	**304**	507	319
	3,850	1,891	3,620

The Directors consider that the carrying amount of trade payables approximates to their fair value.

The deferred consideration payable is due to be paid by a mixture of cash and Ordinary shares in the Company.

7. SHORT TERM BORROWINGS

	30 June 2016	30 June 2015	31 December 2015
	£'000	£'000	£'000
Short term borrowings	**765**	200	662

On 30 June 2015 European Financial Planning Ltd entered into a sterling variable rate loan facility agreement with Clydesdale Bank PLC for an amount of £500,000. This loan is repayable on a fully amortising basis over 3 years. The interest rate charged is 3.75% over the London interbank offered rate ("LIBOR").

On 20 September 2015 European Financial Planning Ltd entered into a sterling variable rate loan facility agreement with Clydesdale Bank PLC for an amount of £150,000. This loan is repayable on a fully amortising basis over 3 years. The interest rate charged is 3.75% over LIBOR.

Of the two combined amounts, as at 30 June 2016 £454,723 was outstanding of which £210,424 is repayable within 12 months. The balance of £244,299 is recognised in non-current liabilities.

On 24 October 2014 John Morton and Rod Gentry loaned EWMG £100,000 each. The loans were made at an interest rate of 0%. The loan from Mr Gentry is repayable within the next 12 months and has been included in short term borrowings. The loan from Mr Morton is repayable at the Company's discretion and has been included in long term liabilities. As at 30 June 2016 £40,000 and £33,000 remains outstanding to John Morton and Rod Gentry respectively.

In December 2015 European Wealth (Switzerland) SA received a loan of EURO 204,308. The loan is repayable after 12 months and attracts an interest rate of 10% per annum.

In March 2016 a 6 month loan for £250,000 was taken out, attracting an interest rate of 10% p.a. As at 30 June 2016 the loan was still outstanding and classed as short term.

In April 2016 a 6 month loan for £100,000 was taken out, attracting an interest rate of 10% p.a. As at 30 June 2016 the loan was still outstanding and classed as short term. Post 30 June 2016 the loan has been extended for a further 6 month period.

8. LONG TERM LIABILITIES

	30 June 2016	30 June 2015	31 December 2015
	£'000	£'000	£'000
Convertible loan note	**3,963**	3,963	3,963
Long term borrowings	**784**	900	638
Other long term payables	**303**	528	170
	5,050	5,391	4,771

Convertible loan note

On 7 May 2014 as part of the acquisition of EWMG, £5,750,390 worth of convertible loan notes ("CLS") were issued. The CLS is available in individual units worth £10 and CLS attracts a coupon rate of 10% per annum payable half yearly. The CLS has stepped conversion terms, which along with all other terms, are detailed in the Admission Document which is available on the Company's website.

On the first conversion date in November 2014, 222,789 CLS units (representing £2,227,890 in nominal amount) converted into Ordinary shares in the Company at a price of 72 pence per share.

In December 2014 a further 70,625 CLS units (representing £706,250 in nominal amount) were issued in respect of deferred consideration due to Mr Peter Mullins pursuant to the agreement for the acquisition of Bradley Stuart, dated 18 October 2012.

On the second conversion date in May 2015, 6,250 CLS units (representing £62,500 in nominal amount) converted into Ordinary shares in the Company at a price of 85 pence per share.

There have been no further conversions since that date.

As a result there are currently 416,625 CLS units in issue (representing £4,166,250 in nominal amount). Of this total amount £203,135 has been taken to the capital reserves in accordance with IAS 32. This is based on an assumed effective interest rate of 12% per annum.

Long term borrowings

Included in long term borrowings are the following:

The balance of the Clydesdale loans of £244,299 (see note 7 for details).

In August and December 2013, loans of £300,000 and £200,000, respectively of 2 year non-convertible unsecured loans were taken out, both attracting interest at 10% p.a. The £300,000 loan has been extended by 2 years and is therefore repayable in August 2017 and is classed as non current. The £200,000 loan has been extended by 2 years and is therefore repayable in December 2017 and is classed as non-current. Both loans remain outstanding as at the date of these financial statements.

The loan from John Morton as detailed in note 7 has been included with a value of £40,000.

9. POST BALANCE SHEET EVENTS

On 1 August 2016 European Wealth Group Limited announced the following Board changes:

John Morton is now Group Chief Executive from his previous role as Executive Chairman.

Kenneth 'Buzz' West, a Non-Executive Director, is appointed to Non-Executive Chairman

Simon Ray, the Group Chief Operating Officer, is appointed to the Board as an Executive Director.