KINGSWALK INVESTMENTS LIMITED

ANNUAL REPORT
For the year ended 31 December 2011

CONTENTS

Corporate Information

Company Registered Number:	42316
Directors:	Paul Michael Everitt (executive director) Ian Roger Parry (executive director) August Johannes Francisca Maria Berting (non-executive director) Daniel Asse van den Noort (non-executive director) Timothy John Revill (non-executive director) Roderick Gentry (non-executive director) Kishore Kumar Gopaul (non-executive director) 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
UK Solicitors to the Company:	Memery Crystal LLP 44 Southampton Buildings London, WC2A 1AP
Independent Auditor:	Chantrey Vellacott DFK LLP Russell Square House 10-12 Russell Square London, WC1B 5LF
Nominated Advisor and Broker:	Daniel Stewart and Co 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 Kingswalk Investments Limited ("Kingswalk" or the "Company") to shareholders for the year ended 31 December 2011.

Background

Kingswalk is an AIM quoted Guernsey registered investment company. Incorporated in 2004 and admitted to trading on AIM in 2005, the Company was initially focussed on investing in pre-IPO stage companies with a view to realising the investment once the investee company went public. In 2009, the Company's shareholders approved a broader investment policy for Kingswalk which included investing in, amongst other things, public quoted companies across a wide range of sectors with no limit on the percentage ownership that Kingswalk could hold in any investee company.

Until relatively recently, Kingswalk has continued to make relatively small uncorrelated investments in a wide range of sectors (e.g. resources, technology, financial services). However, since the Company made its significant 33.3% investment in the fast growing UK wealth manager, European Wealth Management Group plc ("European Wealth") in April 2012, the board of Kingswalk ("the Board") has decided to focus on investing in financial services businesses. The Board's aim is to bring together high quality, complementary financial services businesses in order to build an integrated financial services group.

The Board believes that financial services remains a sector with strong growth potential and is ripe for consolidation within which there is room for high quality businesses to grow and operate profitably. The perpetual increase in regulation coupled with the fact that individuals are today taking more interest and control over their own financial affairs means that building an integrated financial services business could attract significant premiums if well executed.

Summary of activities

During the financial year under review, the Company successfully raised £0.8 million in new equity funds in January 2011; invested in and divested from at least 25 small cap public companies; made a number of mezzanine loans to growing companies; completed a small investment in a London based unquoted corporate finance business; and made a full provision against its investment in a private Dutch based security company. At the end of the year, the Company had an aggregate of £337,529 invested in, or lent to, at least 20 different companies.

By far Kingswalk's largest investment to date completed post year end when, in April 2012, the Company acquired a 33.3% stake in European Wealth, consideration for which was the issue of 92.0 million new ordinary shares of 1 pence each to the vendors ("the European Wealth Investment"). At the same time as the European Wealth Investment, the Company raised a further £0.7 million in new funds through the issue of new ordinary shares, the majority of which was lent on to European Wealth to strengthen its balance sheet.

The board of Kingswalk has been strengthened with the appointments of Mr Tim Revill in January 2012 and Mr Roderick Gentry and Mr Kishore Gopaul in April 2012. Mr Gentry is chief executive officer and Mr Gopaul is a non-executive director of European Wealth.

Investments

European Wealth

The Company's 33.3% investment in European Wealth is a transformational one for Kingswalk. European Wealth is a fast growing private wealth management business founded in 2010 with headquarters in London and offices in Brighton, Cheltenham, and Maidstone. Through its operating subsidiaries, which are authorised and regulated by the Financial Services Authority, European Wealth provides investment management and financial planning services. Since Kingswalk's investment in April 2012, European Wealth's assets under management ("AUM") have grown from approximately £155 million to approximately £170 million today with a further £100 million of AUM expected to be transferred over the next six months. European Wealth seeks to provide a highly personal service to its clients while building a scalable and recognisable brand and capitalising on back office synergies and cost savings.

Since inception, European Wealth has completed two acquisitions. The first acquisition was of Mathews Smith (Financial Consultants) Limited ('Mathews Smith'), a Maidstone-based independent financial adviser in March 2011 and the second was of Aventus Capital Management ("Aventus"), a Cheltenham-based investment management business previously owned by law firm Rickerbys LLP, in January 2012.

European Wealth has identified a number of further acquisition targets and is currently in detailed discussions with a number of these targets. One such target is a financial planning business based in the South East and another is a business with turnover of approximately £1.0 million specialising in managing group pension schemes. Kingswalk anticipates updating the market in respect of further growth in European Wealth in due course.

CMS Corporate Consultants ("CMS")
The Company acquired a 100% interest in CMS in January 2011. CMS is a London headquartered management and corporate consultant providing solutions and services to both private and quoted companes. CMS traded in line with expectations during 2011 and has started 2012 well with a number of new mandates secured.

Vermeesch Installaties BV ("Vermeesch")
Vermeesh was a Rotterdam based security installation and maintenance business in which Kingswalk acquired a minority stake in 2010. Towards the end of the financial year under review, the Board learnt of trading difficulties within Vermeesch and have therefore decided to provide in full for the carrying value of the investment of £165,000, together with loans made to Vermeesch of £71,460.

Quoted Company Portfolio
Approximately £0.2 million of the net proceeds from the Company's fundraising in January 2011 was invested across a number of mainly AIM quoted companies and one investment in a Danish quoted business. As at the year end, the Company had investments in 21 companies and the investment value was approximately £0.16 million. As at 26 June 2012, the value of the quoted investment portfolio was approximately £0.18 million.

Mezzanine loans
During the financial year ended 31 December 2011, the Company made a number of loans to investee and third party companies. Interest income and fees of £36,500 were generated in the period and amounts due for repayment at the year end stood at £140,000. £80,000 of this amount was settled in accordance with its terms post year end and the balance of £60,000 is expected to be settled shortly. In May 2012, the Company made an interest bearing loan of £640,000 to European Wealth such that, as at the date of this report, the Company has outstanding interest bearing loans to investee and third party companies of approximately £0.7 million.

Financial review

The Company's reported loss for the year was £555,108 (2010: £141,887 loss), £236,460 of which is attributable to the provision against the carrying value of the investment in Vermeesch. The Company recorded interest income of £36,500 and administration costs for 2011 were £250,496 (2010: £149,965). Administration costs included fees of approximately £72,000 associated with the £0.8 million fundraise in January 2011. The net losses on the carrying value of investments was £341,112 (2010: £3,382), of which £269,652 related to the reduction in carrying value of the equity investments, principally due to the provision against the carrying value of Vermeesch, and £71,460 in respect of the provision against the recoverability of the loan to Vermeesch, as described above..

The value of net assets at the year end improved to £379,123 (2010: £134,231), primarily due to the benefit of the net proceeds of January 2011 fundraise. At the year end, the Company had cash balances of £76,939 (2010: £681) and zero debt (2010: £25,000).

Share issues and capital reorganisation

In January 2011, the Company issued 40,000,000 new ordinary shares of 1 pence each ("Ordinary Shares") for cash at 2 pence each to end the year with 93,171,673 Ordinary Shares in issue (2010: 53,171,673).

After the financial year end, in April 2012, in consideration for the 33.3% European Wealth Investment, Kingswalk issued and allotted 92,000,000 new Ordinary Shares to the vendors under authorities given at the 2011 AGM.

At the same time as announcing the European Wealth Investment, Kingswalk undertook a shareholder approved share capital reorganisation whereby each Ordinary Share was split into one new ordinary share of 0.1 pence each ("New Ordinary Share") and one deferred share of 0.9 pence each ("Deferred Share"). The New Ordinary Shares carry the same rights as previously attached to the Ordinary Shares (save for the reduction in nominal value).

The Deferred Shares do not entitle the holder to receive notice of or attend and vote at any general meeting of the Company or to receive a dividend or other distribution or to participate in any return of capital on a winding up other than the nominal amount paid on such shares. The Company has the right to redeem and cancel the Deferred Shares from any Shareholder for a consideration of one penny in aggregate for all that Shareholder's Deferred Shares. As such, the Deferred Shares effectively have no value.

Following the share reorganisation being approved by Kingswalk's shareholders at the extraordinary general meeting held on 14 May 2012, the Company carried out a subscription to raise a further £0.7 million in new money through the issue and allotment of 93,333,333 New Ordinary Shares at a price of 0.75 pence each. Furthermore, the Company issued and allotted 3,200,000 New Ordinary Shares in settlement of £24,000 of loans made to the Company. Accordingly, as at the date of this report, Kingswalk has a total of 281,705,006 New Ordinary Shares, together with 185,171,673 Deferred Shares, in issue.

Investment policy

The Company's investment policy, as set out below, is the policy that was approved by its shareholders at the 2011 AGM. This policy will be put to shareholders at the Company's 2012 annual general meeting ("the 2012 AGM") to be held on 30 July 2012 at 12:00 noon.

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 to the Board by its appointed advisory panel of research consultants and advisers.

Director changes

The Company today announces that Mr Guus Berting and Mr Daan van den Noort are both to step down from the Company's board of directors at the 2012 AGM. The Board would like to extend its thanks to both Mr Berting and Mr van den Noort for their concerted efforts over the last few years.

Annual General Meeting

The Company's Annual General Meeting is be held at its registered office, being Roseneath, The Grange, St Peter Port, Guernsey, GY1 3SJ on 30 July 2012 at 12:00 noon. The notice of 2012 AGM, together with a form of proxy for use at the AGM has today been sent to shareholders.

Outlook

The Board is delighted with its investment in European Wealth and considers its aim to build an integrated financial services group around European Wealth will deliver strong shareholder returns. Kingswalk intends to continue to make small investments in, and mezzanine loans to, high growth, principally AIM quoted companies which assist in covering the Company's day to day cashflow.

The Directors would like to thank shareholders for their continued support.

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.

Guus Berting
Non-Executive Director
Mr Berting graduated with a degree in Art History from the University of Leiden and subsequently joined Sotheby's Amsterdam. In 2001 he founded Art Consolidated B.V., an art dealing business based in The Hague. Guus is a non-executive director of a number of AIM-traded and privately held companies.

Daan van den Noort
Non-Executive Director
Mr van den Noort is an experienced investment director having previously been a general practitioner until 1999, when he joined the pharmaceutical industry as a marketing manager of Pharmacia. In 1996 he became executive director of Asta Medica and also in 1999 he joined Ferring Geneesmiddelen as General Manager. In 2001 he joined a venture capital fund, Biotech Turnaround Fund ("BTF") as Chief Investment Officer, responsible for research and identification of investment opportunities. In 2003 he joined Genentech as a national manager. Daan is currently director of CXPro the European agency for ecmarket software solutions. He is advisor for KPMG Meijburg & Co and is director of Genizon Biosciences Inc, Syntarga BV, Metabolex Inc and Zenith Funds Guernsey CI.

Timothy John Revill – appointed 6 January 2012
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 from 27 March 2007 until his retirement on 9 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.

Kishor Kumar Gopaul – appointed 30 April 2012
Non-Executive Director
Kishore Gopaul has over 32 years' experience in international finance and investment. He is the Vice Chairman and Managing Partner of Courvoisier et Associés SA, a 31% shareholder in 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 – appointed 30 April 2012
Non-Executive Director
Roderick Gentry, who is the CEO 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. Roderick is a 13.5% shareholder in European Wealth.

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

Shareholder	Number of New Ordinary Shares	Percentage Shareholding
Courvoisier et Associés SA*	60,500,095	21.48%
Hearth Investments Limited **	29,833,333	10.59%
Roderick Gentry	29,311,858	10.41%

* 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. Mr van den Noort and Mr Revill, both of whom were awarded 500,000 warrants over Ordinary Shares each exercisable at 2 pence per Ordinary Share, have each surrendered their warrants.

Substantial shareholdings

At 31 December 2011, the Company's number of ordinary shares of 1 pence each in issue was 93,171,673. Since the year end, the Company has undertaken a share reorganisation as described in more detail above and has issued and allotted an additional 188,533,333 ordinary shares, such that as at the date of this report, the number of ordinary shares in issue was 281,705,006 ordinary shares of 0.1 pence each. It is a requirement of the Company's Articles of Association 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 Shares	Percentage Shareholding
Courvoisier et Associés SA	60,500,095	21.48%
Hearth Investments Limited	29,833,333	10.59%
Roderick Gentry	29,311,858	10.41%
John Morton	16,636,490	5.91%

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 of Directors 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.

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.kingswalkinvestments.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 Kingswalk.

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.

Results and dividends

The results of the Company for the year are set out on pages 13 to 29. 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 group 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 the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, having taken all the steps the Directors 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

Creditors' payment policy and practice

It is the Company's payment policy and actual practice to ensure settlement of suppliers' invoices in accordance with the stated terms of the invoices. The Company's average creditor days is approximately 30 days.

On behalf of the Board,

Paul Michael Everitt	Ian Roger Parry
Director	Director
28 June 2012	

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 oversee properly 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 2012 and subsequent years.

Directors' fees

The Board considers at least annually the level of the Directors' fees, in accordance with the UK Corporate Governance Code. 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 entered into 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 1-month notice period, exist between the Company and Daan van den Noort and Guus Berting.

The Company has also entered into an outsourced administration and consultancy agreement with CMS. As from 29 January 2011, CMS became a wholly owned subsidiary of the Company.

Directors' remuneration

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

Director	Salary or Fees	
	2011	2010
P M Everitt	£10,000	£7,083
I R Parry	£10,000	£7,083
A F M Berting	£6,000	£120
D A v d Noort	£12,000	£5,500

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 the contract between the Company and Fund Corporation as disclosed elsewhere.

The Directors' Remuneration Report on page 11 was approved by the Board of Directors and signed on its behalf by

Paul Michael Everitt
Director
28 June 2012

Ian Roger Parry
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSWALK INVESTMENTS LIMITED

We have audited the financial statements of Kingswalk Investments Limited for the year ended 31 December 2011 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. 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 2011 and of its loss 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
28 June 2012

KINGSWALK INVESTMENT LIMITED

INCOME STATEMENT
For the year ended 31 December 2011

		For the year ended 31 December 2011			For the year ended 31 December 2010		
	Note	Revenue	Capital	Total	Revenue	Capital	Total
		£	£	£	£	£	£
LOSSES ON INVESTMENTS							
Net losses on investments at fair value through profit and loss	3	-	(269,652)	(269,652)	-	(3,382)	(3,382)
Loan provision	3	-	(71,460)	(71,460)	-	-	-
		-	(341,112)	(341,112)	-	(3,382)	(3,382)
INCOME	1(b)						
Management charge		-	-	-	6,460	-	6,460
Loan interest		36,500	-	36,500	-	-	-
Loan waiver	7	-	-	-	5,000	-	5,000
		36,500	-	36,500	11,460	-	11,460
EXPENDITURE	1(e)						
Directors' fees		38,000	-	38,000	19,787	-	19,787
Administration fees		99,798	-	99,798	45,191	-	45,191
Professional fees		41,361	-	41,361	46,661	-	46,661
Consultancy fees		-	52,467	52,467	-	20,547	20,547
Audit fee		10,000	-	10,000	8,000	-	8,000
Interest expense	4	263	-	263	1,229	-	1,229
Regulatory and registration fees		8,607	-	8,607	8,550	-	8,550
		198,029	52,467	250,496	129,418	20,547	149,965
LOSS ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR		(161,529)	(393,579)	(555,108)	(117,958)	(23,929)	(141,887)
Loss per share: - basic (pence per share)	5	(0.17)	(0.43)	(0.6)	(0.26)	(0.05)	(0.31)

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 29 form an integral part of these financial statements.

BALANCE SHEET
As at 31 December 2011

	Note	Company 2011 £	Company 2010 £
Assets			
Non-current assets			
Investments at fair value through profit and loss	3	197,529	226,181
		197,529	226,181
Current assets			
Loans receivable		140,000	-
Other debtors and prepayments		19,438	7,735
Cash and cash equivalents		76,939	681
		236,377	8,416
Total assets		**433,906**	**234,597**
Liabilities			
Current liabilities			
Loans payable	7	-	(25,000)
Other creditors and accruals	8	(54,783)	(75,366)
Total liabilities		**(54,783)**	**(100,366)**
Total assets less current liabilities		**379,123**	**134,231**
Share capital and reserves			
Called up share capital	10	931,717	531,717
Share premium account	11	4,748,205	4,348,205
Reserves		(5,300,799)	(4,745,691)
Total equity		**379,123**	**134,231**
Net asset value per share (pence per share)	6	0.41	0.25

The accounts on page 13 to 29 were approved by the Board of Directors on 28 June 2012 and authorised for issue on its behalf by:

Paul Michael Everitt Ian Roger Parry
28 June 2012

The notes on pages 17 to 29 form an integral part of these financial statements.

CASH FLOW STATEMENT
For the year ended 31 December 2011

	Notes	For the year ended 31 December 2011 £	31 December 2010 £
Net cash outflow from operating activities	9(a)	(317,742)	(113,534)
Capital expenditure and financial investment	9(b)	(381,000)	(2,601)
Cash outflow before financing		(698,742)	(116,135)
Financing	9(c)	775,000	90,000
Increase / (decrease) in cash for the year	9(d)	76,258	(26,135)

The notes on pages 17 to 29 form an integral part of these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
For the year ended 31 December 2011

	Called up Share Capital £	Share Premium Account £	Reserves Revenue £	Reserves Capital £	Reserves Total £
Balance at 1 January 2010	425,050	4,254,872	(884,703)	(3,719,101)	(4,603,804)
Net loss for the year	-	-	(117,958)	(23,929)	(141,887)
Issue of shares in the year	106,667	93,333	-	-	-
Balance at 1 January 2011	531,717	4,348,205	(1,002,661)	(3,743,030)	(4,745,691)
Net loss for the year	-	-	(161,529)	(393,579)	(555,108)
Issue of shares in the year	400,000	400,000	-	-	-
Balance at 31 December 2011	931,717	4,748,205	(1,164,190)	(4,136,609)	(5,300,799)

The notes on pages 17 to 29 form an integral part of these financial statements.

Notes to the Financial Statements
31 December 2011

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 Board of 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 Board of 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 2011

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 October 2006). As at 31 December 2011, the Company's unquoted investments were valued at £40,000 (2010: £165,000). This is at cost for the one investment acquired during the year and zero value for the other unquoted investment acquired in the prior financial year, which was fully provided for during the year. The Directors consider this to be their respective Fair Values at 31 December 2011.

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.

Realised gains or losses on the disposal of investments are taken to the capital reserve - realised. Unrealised gains or losses on revaluation of investments are taken to the capital reserve - unrealised.

(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, other debtors and cash and cash equivalents, 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.

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.

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.

Notes to the Financial Statements
31 December 2011

1 ACCOUNTING POLICIES (continued)

(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.

(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 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.

Notes to the Financial Statements
31 December 2011

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 2011	61,181	165,000	226,181
Additions	201,000	40,000	241,000
	262,181	205,000	467,181
Changes in fair value			
- Realised	-	-	-
- Unrealised	(104,652)	(165,000)	(269,652)
	(104,652)	(165,000)	(269,652)
31 December 2011	157,529	40,000	197,529

On 9 December 2011, Vermeesch Installaties B.V. ("Vermeesch") a company in which Kingswalk had acquired a 49% investment in 2010 for a consideration of £165,000, went into administration. Accordingly, full provision has been made against the value of Kingswalk's investmet in Vermeesch. During the year ended 31 December 2011, Kingswalk made a loan to Vermeesch which, together with interest due, totalled £71,460 at the year end. The directors of Kingswalk have made full provision against the recovery of this loan.

On 19 January 2011, the Company acquired a 100% investment in the issued share capital of CMS Corporate Consulting Ltd ("CMS") for £40,000. CMS has been accounted for as an investment as the Company does not have any board control of CMS. As at 31 December 2011, CMS had unaudited net assets of £47,292 and for the year ended 31 December 2011 recorded unaudited turnover of £449,651 and a net loss of £30,167.

4 INTEREST EXPENSE

	31 December 2011	31 December 2010
	£	£
Loan interest	263	1,229
Total	263	1,229

5 LOSS PER SHARE

The calculation of basic loss per share is based on the net loss on ordinary activities after tax for the year and on 91,089,481 shares (2010: 45,018,249) being the weighted average number of shares in issue during the year.

FRS 22: "Earnings Per Share" defines dilution as a reduction in earnings per share or as an increase in loss per share. When calculating the diluted loss per share for the year the loss decreased. Accordingly the diluted loss per share is not disclosed as per FRS 22. The Company has 800,000 share options and 500,000 warrants over ordinary shares in issue which could potentially dilute basic earnings per share in the future – see note 13.

Notes to the Financial Statements
31 December 2011

6 NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of £379,123 (2010: £134,231) and on the ordinary shares in issue of 93,171,673 (2010: 53,171,673) at the balance sheet date.

7 LOANS PAYABLE

	31 December 2011	31 December 2010
	£	£
Total loans outstanding at start of year	25,000	-
Loans taken out during year	-	30,000
Loans repaid during year	(25,000)	-
Loans waived in year	-	(5,000)
Total loans outstanding at end of year	-	25,000

8 OTHER CREDITORS AND ACCRUALS

	31 December 2011	31 December 2010
	£	£
Audit fees	10,000	10,000
Consultancy fees	6,918	13,333
Professional fees	1,462	11,250
Administration fees	28,403	27,266
Directors' fees	8,000	11,667
Sundry creditors	-	1,850
	54,783	75,366

9 NOTES ON THE CASH FLOW STATEMENT

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

	31 December 2011	31 December 2010
	£	£
Net revenue loss on ordinary activities for the year	(161,529)	(117,958)
Loan waiver	-	(5,000)
Loan provision	(71,460)	-
Expenses charged to capital	(52,467)	(20,547)
(Increase) / decrease in debtors	(11,703)	(6,010)
(Decrease) / Increase in creditors	(20,583)	35,981
Net cash outflow from operating activities	(317,742)	(113,534)

Notes to the Financial Statements
31 December 2011

9 NOTES ON THE CASH FLOW STATEMENT (continued)

(b) Capital expenditure and financial investment

	31 December 2011	31 December 2010
	£	£
Receipts from sale of investments	-	22,399
Acquisition of investments	(241,000)	(25,000)
Loan advanced	(140,000)	-
Net cash flow for capital expenditure and financial investment	(381,000)	2,601

(c) Financing

	31 December 2011	31 December 2010
	£	£
Loans payable repaid	(25,000)	-
New loan received	-	30,000
Issue of equity share capital	800,000	60,000
Net cash inflow from financing	775,000	90,000

(d) Reconciliation of net cash flow to movement in net funds

	31 December 2011	31 December 2010
	£	£
Increase / (decrease) in cash for the year	76,258	(26,135)
Cash flow from decrease / (increase) in debt finance	25,000	(25,000)
Change in net debt resulting from cash flows	101,258	(51,135)
net (debt) / funds at 1 January	(24,319)	26,816
Net funds / (debt) at 31 December	76,939	(24,319)

(e) Analysis of net debt	**At 1 January 2011**	**Cashflow**	**At 31 December 2011**
	£	£	£
Cash and cash equivalents	681	76,258	76,939
Loan payable	(25,000)	25,000	-
	(24,319)	101,258	76,939

Notes to the Financial Statements
31 December 2011

10 SHARE CAPITAL

	31 December 2011	31 December 2010
	£	£
Authorised		
200,000,000 Ordinary Shares of £0.01 each	2,000,000	2,000,000
Allotted and fully paid		
93,171,673 Ordinary Shares of £0.01 each (2010: 53,171,673)	931,717	531,717

On 24 January 2011, the Company issued and allotted 40,000,000 Ordinary Shares of 1p each fully paid at 2p per Ordinary Share to raise new funds for the Company totalling £800,000.

On 30 April 2012, the Company announced the issue and allotment of 92,000,000 Ordinary Shares of 1p each in consideration for the acquisition of 33.3% of the issued share capital of European Wealth Management Group plc. On the same day, the Company announced, subject to the approval of its shareholders which was sought at the extraordinary general meeting held on 14 May 2012, its intention to undertake a share capital reorganisation and issue and allot 93,333,333 New Ordinary Shares of 0.1p each fully paid at 0.75p per New Ordinary Share in order to raise new funds for the Company totalling £700,000.

On 14 May 2012, the Company issued and allotted 3,200,000 new ordinary shares of 0.1p each is settlement of an outstanding loan by the Company valued at £24,000.

As at the date of this report, the Company has an aggregate of 281,705,006 ordinary shares of 0.1p in issue.

11 SHARE PREMIUM ACCOUNT

	2011	2010
	£	£
As at 1 January	4,348,205	4,254,872
Issue of equity share capital in year	400,000	93,333
As at 31 December	4,748,205	4,348,205

The Company issued 40,000,000 Ordinary Shares during the year at a price of 2 pence each. Accordingly, a premium of 1 pence per share on 40,000,000 arose during the year, amounting to £400,000.

At a board meeting of the Company held on 14 May 2012, 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 profit and loss reserve account.

12 RELATED PARTY TRANSACTIONS

On 30 July 2009, the Company entered into an administration agreement with Fund Corporation of the Channel Islands Limited ("Fund Corp") and 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 2011 were £32,503 (2010: £25,674) and the amount unpaid at the year end was £7,718 (2010: £16,231). Paul Everitt and Roger Parry, who served as directors of the Company during 2011, are directors of Fund Corp. The fees paid to all the Directors are shown in the Directors'

Notes to the Financial Statements
31 December 2011

12 RELATED PARTY TRANSACTIONS - continued

remuneration report on page 11. There were £8,000 of Directors' fees unpaid at 31 December 2011 (2010: £11,667).

During the year ended 31 December 2011, CMS Corporate Consultants Ltd ("CMS"), a company in which Kingswalk has an investment, invoiced the Company for services provided totalling £65,433 and as at 31 December 2011 owed £80,000 for loan advances. As at the date of this report, the loan balance had been settled in full.

13 SHARE OPTIONS

At 31 December 2011 the number of Ordinary Shares of 1 pence each subject to options granted under the Company's Share Option Plan were:

Exercise Period	Exercise Price per Share	01-Jan 2010 No.	Grants during year No.	Options exercised No.	31-Dec 2010 No.	31-Dec 2009 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-based payment charges during the years ending 2011 and 2010.

In January 2011, the Company created a new warrant instrument which allows the Directors to grant up to 25,000,000 warrants over new Ordinary Shares of 1p in the Company with an exercise price of 2 pence per Ordinary Share and a 5 year exercise period ("2011 Warrant"). The 2011 Warrant has been created as an incentive and retention solution for senior staff and consultants. On 24 January 2011, the Company issued 1,500,000 new warrants under the 2011 Warrant to newly appointed consultants and investment advisers to the Company. These advisers include Daan van Den Noort, a director of the Company, who received 500,000 warrants on that day. Tim Revill, who was appointed as a director of the Company on 6 January 2012 received 500,000 of the warrants issued on 6 January 2011. Both Mr van den Noort and Mr Revill have since surrendered their warrants to the Company.

14 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.

Notes to the Financial Statements
31 December 2011

14 FINANCIAL INSTRUMENTS (continued)

(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.

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.

Notes to the Financial Statements
31 December 2011

14 FINANCIAL INSTRUMENTS (continued)

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 2011, the Company's holding of unquoted investments was valued at £40,000 (2010: £165,000).

Concentration risk

It is possible that certain investments will represent a significant proportion of the Company's total assets. 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 2011 the overall investment allocation was a portfolio of approximately 20 investments in quoted companies and one investment in an unquoted company, with an aggregate year end valuation of approximately £0.2 million (2010: £0.2 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 non-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 Group's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the Group's exposure to interest rate risks.

	Non-Interest Bearing	Variable Interest	Fixed Interest	Total
As at 31 December 2011	£	£	£	£
Assets				
Investments at fair value	197,529	-	-	197,529
Other debtors and prepayments	19,438	-	-	19,438
Loans receivable	80,000	-	60,000	140,000
Cash and cash equivalents	-	76,939	-	76,939
Total financial assets	296,967	76,939	60,000	433,906
Liabilities				
Sundry creditors and accruals	54,783	-	-	54,783
Total financial liabilities	54,783	-	-	54,783

Notes to the Financial Statements
31 December 2011

14 FINANCIAL INSTRUMENTS (continued)

As at 31 December 2010	Non-Interest Bearing £	Variable Interest £	Fixed Interest £	Total £
Assets				
Investments at fair value through profit or loss	226,181	-	-	226,181
Cash and cash equivalents	-	681	-	681
Total financial assets	226,181	681	-	226,862
Liabilities				
Sundry creditors and accruals	75,366	-	-	75,366
Loan payable	-	-	25,000	25,000
Total financial liabilities	75,366	-	25,000	100,336

(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.

(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 Group

	31 December 2011		31 December 2010	
	Value £	% of Net Assets	Value £	% of Net Assets
Investment assets				
Equity investments:				
o Listed equities	157,529	41.6%	61,181	45.6%
o Unlisted equities	40,000	10.6%	165,000	122.9%
Debt investments	140,000	36.9%	-	-
	337,529	89.0%	226,181	168.5%

Notes to the Financial Statements
31 December 2011

14 FINANCIAL INSTRUMENTS (continued)

Investment liabilities

A 5% increase in the fair value of all investments at 31 December 2011 would have increased the net assets attributable to shareholders by £16,876 (2010: £11,309): an equal change in the opposite direction would have decreased the net assets attributable to shareholders by an equal but opposite 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 meet 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 2011	£	£	£	£
Financial liabilities				
Sundry creditors and accruals	54,783	-	-	-
Total	54,783	-	-	-
31 December 2010				
Financial liabilities				
Sundry creditors and accruals	75,366	-	-	-
Loan payable	-	-	-	25,000
Total	75,366	-	-	25,000

All sundry creditors and accruals outstanding at 31 December 2011 were 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.

Notes to the Financial Statements
31 December 2011

14 FINANCIAL INSTRUMENTS (continued)

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:

	31 December 2011	31 December 2010
	£	£
Other debtors	19,438	7,735
Cash and cash equivalents	76,939	681
Total	96,377	8,416

15 POST BALANCE SHEET EVENTS

The Directors consider that there are no events not disclosed in the Directors' report or elsewhere in this report that require disclosure as post balance sheet events.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (the "**Meeting**") of Kingswalk Investments Limited (the "**Company"**) will be held at Roseneath, The Grange, St Peter Port, Guernsey GY1 3SJ on 30 July 2012 2012 at 12 noon.

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 6 will be proposed as ordinary resolutions and Resolutions 7 and 8 will be proposed as special resolutions.

Ordinary business

ORDINARY RESOLUTIONS

1. THAT the Accounts and Balance Sheet and the reports of the Directors and Auditors for the year ended 31 December 2011 be received and adopted.

2. THAT Ian Roger Parry, a Director retiring by rotation, be re-appointed as a Director.

3. THAT Paul Michael Everitt, a Director retiring by rotation, be re-appointed as a Director.

4. THAT the Auditors, Chantrey Vellacott DFK LLP, be re-appointed and the Directors be authorised to determine their remuneration.

Special business

ORDINARY RESOLUTIONS

5. THAT the investment strategy as set out in the 2011 annual report to shareholders be adopted.

6. THAT in substitution for all existing authorities for the allotment of shares by the Directors, which are hereby revoked, the Directors be and they are hereby generally and unconditionally authorised, pursuant to Article 2.2 of the Company's Articles of Incorporation, to allot and issue wholly for cash up to, in aggregate, 500,000,000 ordinary shares, all of which may be issued on a non-pre-emptive basis and this authority shall expire fifteen months from the date of this resolution or on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, whichever is earlier, save that the Company may, before such expiry make an offer or agreement which would or might require ordinary shares to be allotted and issued after such expiry and the Directors may allot ordinary shares in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

SPECIAL RESOLUTIONS

7. That the Company generally be, and is hereby, authorised for the purposes of Section 315 of The Companies (Guernsey) Law, 2008 (the "**Law**") to make market purchases (as defined in the Law) of shares in the issued share capital of the Company provided that:

   (i) without prejudice to Article 2.6 of the articles of incorporation of the Company the maximum number of shares hereby authorised to be acquired shall be 15% of the Company's issued share capital at 29 June 2012;

   (ii) the minimum price (exclusive of expenses) which may be paid for a share is 0.1p per share;

   (iii) the maximum price (exclusive of expenses) which may be paid for a share shall be 5% above the average of the middle market quotations taken from the AIM appendix to the London Stock Exchange daily Official List on each of the five business days before the purchase is made;

(iv) the authority hereby conferred shall (unless previously varied, revoked or renewed by an ordinary resolution of the shareholders) expire at the earlier of the end of the Company's next annual general meeting or in eighteen (18) months;

(v) the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed or wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract; and

(vi) the purchase price may be paid by the Company to the fullest extent permitted by the Law.

8. That the articles of association of the Company be amended by the inclusion of the following as article 34.8:

"The accidental failure to provide notice of a meeting, or to send any other document, to a person entitled to receive such notice or document shall not invalidate the proceedings at that meeting or call into question the validity of any actions, resolutions or decisions taken."

By order of the Board
Fund Corporation of the Channel Islands Limited
Company Secretary
Kingswalk Investments Limited
29 June 2012

Notes

1. A member entitled to receive notice of, attend and vote at the above Meeting is also entitled to appoint one or more proxies to exercise all or any of his or its rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
3. To be valid the enclosed form of proxy for the Meeting together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited by 12 noon on 28 July 2012 for the attention of Paul Everitt, of Roseneath, The Grange, St Peter Port, Guernsey GY1 3SL.
4. Completion and return of the form of proxy will not prevent you from attending and voting in person at the Meeting.
5. The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 12 noon on 28 July 2012 or, in the event that the Meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the register of members after 12 noon on 28 July 2012 or, in the event that the Meeting is adjourned, in the register of members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the Meeting.