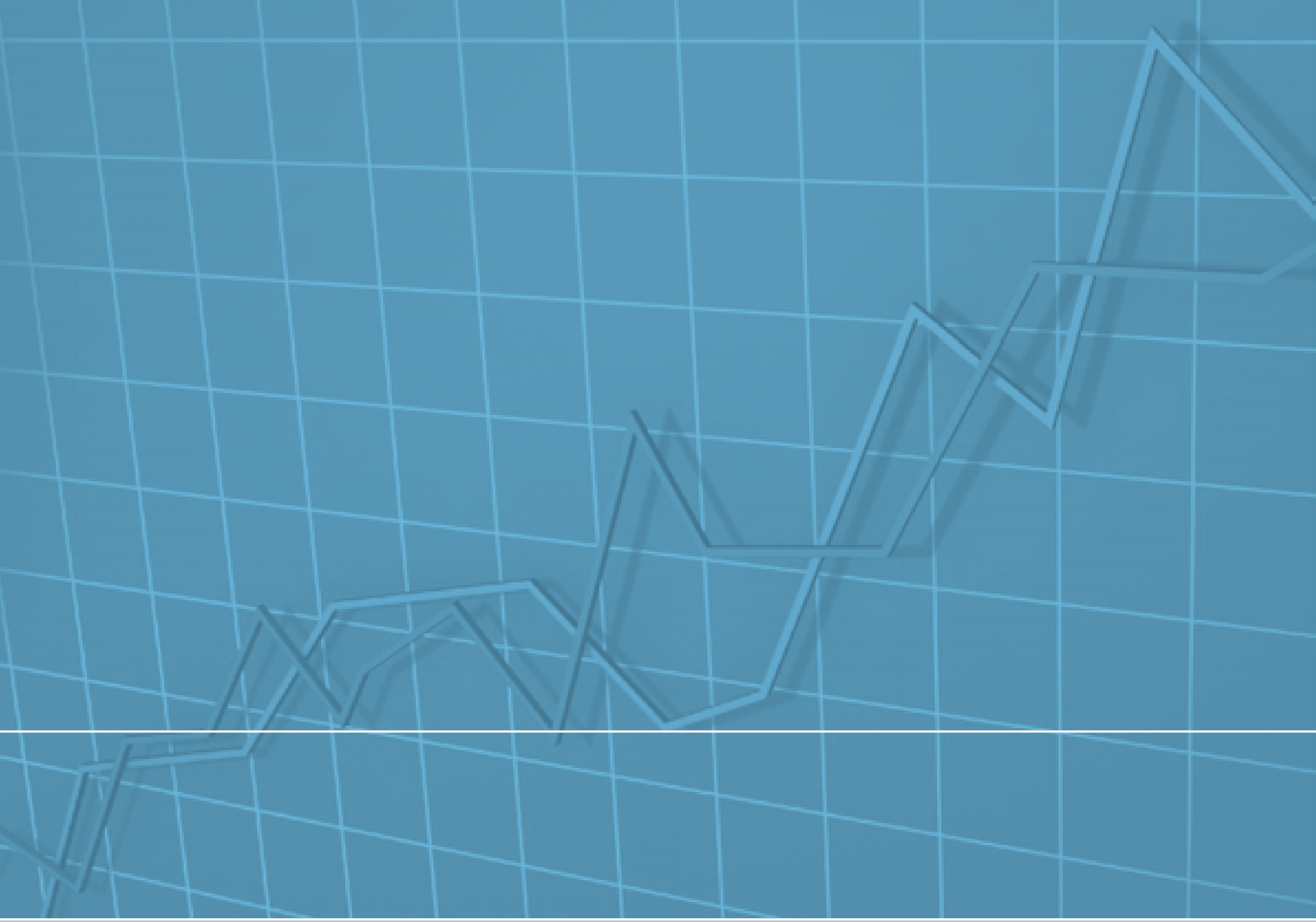
LivermoreInvestments

Annual Report 2006

Welcome

Livermore is an investment company, incorporated in the British Virgin Islands (BVI), which is listed on the London Stock Exchange's Alternative Investment Market.



Highlights

- Change of purpose to Investment Company approved by shareholders on 18 January 2007.
- Sale of remaining operating activities to PartyGaming plc for $48m.
- Final dividend of US3.4cents per Ordinary Share.
- Profit after tax $62.7m (2005 : $41.2m).
- Earnings before Interest, Tax, Depreciation, Amortisation and non recurring items from discontinued operations $27.1m (2005 : $45.7m).

Chairman's and Chief Executive's Review

The year to 31 December 2006 has been another period of great change for Livermore Investments Group Limited*. Following the settlement with PartyGaming Plc in February 2006 and the exit from its remaining operating business in January 2007, shareholders unanimously approved the creation of an investment company at the Extraordinary General Meeting (EGM) held on 17 January 2007.

Livermore's investment policies were set out in the circular sent to shareholders on 29 December 2006. In summary, Livermore will invest in public and private equities, real estate and credit products through separate divisions, which will engage specialist teams that will focus on each investment category. Livermore's investment strategy will have a global remit with a focus on value added opportunities in emerging markets. Through this structure Livermore will aim to achieve superior returns for its shareholders.

Sale of operating business to PartyGaming Plc

On 17 January 2007, shareholders approved the sale by the Company of its remaining operating business to PartyGaming Plc. The gross consideration was $48.0m, which included $10m payable to an employee trust. Following the introduction of the Unlawful Internet Gambling Enforcement Act by the US government in October 2006 and the Company's immediate withdrawal from the US market, the operating activity of the Company had become sub-critical and a sale to a larger operator who could realise synergy benefits from the remaining operation represented the best value to shareholders.

This transaction was completed on 19 January 2007. See note 11.

Financial Review

As a consequence of the sale to PartyGaming Plc, the Company's operating activities have been included within discontinued items within the Consolidated Income Statement. Profit before interest, taxation, amortisation and non-recurring items for continuing operations for year ended 31 December 2006 was $26.1m (2005: $45.0m). The principal reasons for this reduction were; the disposal of the Empire Poker assets following the settlement agreement reached with Partygaming Plc in February 2006 and the withdrawal from the US market in October 2006.

Profit from disposal of discontinued operations is detailed in note 11. In summary, an exceptional gain of $235.9m was made on the sale of Empire Poker to PartyGaming Plc and an exceptional loss of $199.2m was incurred on

the disposal of the remaining operating activities to PartyGaming Plc. This loss was after deducting a write-down of intangible goodwill and other assets to their realisable value. Other non-recurring and amortisation charges were $11.1m (2005: $4.6m). These charges relate to intellectual property and share option amortisation and non-recurring payments made in respect of liabilities not transferred to PartyGaming Plc.
See note 5.

The Company received investment income of $12.2m (2005: $1.2m) on its financial assets and cash resources held during the year. This excludes unrealised capital gains of $0.9m (2005: nil), which are not recognised through the Consolidated Income Statement until realised.

Earnings per share, including discontinued operations, for 2006 were $0.21 (2005: $0.16).

Profit before tax for the year to 31 December 2006 was $62.7m (2005: $41.2m)

At 31 December 2006 the Company held financial assets and cash of $257.2m. This excludes the consideration due on the sale of the operating assets to PartyGaming plc.

Dividend

The Board is pleased to recommend a final dividend with respect to 2006 of $10m or US 3.4 cents (1.8 pence) per share. This dividend will be paid on 29 June 2007 to shareholders on the register at 8 June 2007. Together with the interim dividend of $5m or US1.7cents (0.9pence) per share, this takes the total dividend for 2006 to US5.1cents per share (2.7 pence per share).

Richard Rosenberg
Chairman
30 March 2007

Noam Lanir
Chief Executive

** Livermore Investments Group Limited was formerly known as Empire Online Limited. Shareholders approved a special resolution to change the Company's name at the EGM held on 28 February 2007.*

Directors

Richard Barry Rosenberg (51),
Non-Executive Chairman

Richard joined the Group in December 2004. Richard became Non-Executive Chairman on 31 October 2006, following the resignation of Lord Leonard Steinberg. He qualified as a chartered accountant in 1980 and in 1988 co-founded the accountancy practice Sedley Richard Laurence Voulters. Richard has considerable experience in giving professional advice to clients in the leisure and entertainment industries.

Richard is a director of a large number of companies operating in a variety of businesses.

Noam Lanir (40),
Founder and Chief Executive Officer

Noam founded the Group in July 1998, to develop a specialist online marketing operation. Noam has the led the growth and development of the group's operations over the last nine years which culminated in its IPO in June 2005 on the AIM market operated by the London Stock Exchange plc. Noam is also a major benefactor to many charitable organisations. Prior to 1998, Noam was involved in a variety of businesses mainly within the leisure and entertainment sector.

Andrew Rae Burns (44),
Chief Financial Officer

Andrew joined the Group in May 2005 as a Non-Executive director. On the 1st of September 2005 he was appointed as the Group's Chief Financial Officer and Chief Operating Officer. Prior to that he was Finance Director of Luminar plc. He qualified as a chartered accountant with Price Waterhouse (London) in 1989 and then he moved to the Rank Group in 1990 where he later became Finance and Commercial Director for Rank Video Services Europe. Andrew was also a Non-Executive Director of Inflexion Plc, a private equity fund formerly listed on AIM. Andrew is also the Company Secretary.

Directors' Report

The Directors submit their annual report and audited financial statements of the Group for the year ended on 31 December 2006.

Principal activities

Following the agreement for the disposal of the company's operations on 29 December 2006, the Company became an investment company.

The principal activity of the Company for the year ended 31 December 2006 was the provision of marketing services to the online gaming industry, and the operation of online gaming.

Results and dividends

The results of the Group for the year ended 31 December 2006 are set out on page 14 and show a profit after tax for the year of $62.7m (2005: $41.2m). The Directors recommend a final dividend of US 3.4 cents per share.

Review of the business and future development

The Company is now an investment Company, a more detailed review of the business is given in the Chairman's and Chief Executive's Review.

Directors and their interests

The Directors holding office during the year:

Richard Barry Rosenberg	Non-Executive Chairman
Noam Lanir	Executive Director
Andrew Rae Burns	Executive Director
Lord Leonard Steinberg	Non-Executive Director (resigned 31 October 2006)

Andrew Rae Burns will retire by rotation at this General Meeting, and being eligible, will seek re-election. The interests of the Directors and their related companies in the shares of the Company and options for such shares are as shown on page 8. Details of the Directors' remuneration and service contracts appear on page 8.

Share Capital

There was no change in the authorised share capital during the year to 31 December 2006.

The authorised share capital is 1,000,000,000 ordinary shares with no par value.

Related party transactions

The details of any transactions of the Group with related parties during the year to 31 December 2006 are as disclosed in Note 23 to the Financial Statements.

Corporate Governance

The Board's statement on Corporate Governance is on pages 10 and 11 together with the details of the Groups' board committees.

Substantial Shareholdings

As at 1 March 2007 the following interests in 3 per cent. or more of the Company's existing ordinary share capital had been reported:

	Number of Ordinary Shares	% of issued ordinary share capital
Groverton Ltd	103,116,837	35.22
Sidmore Holdings Ltd.	14,737,796	14.9
Awen International Corp	24,601,204	8.4

- Save as disclosed in this report and in the remuneration report, the Company is not aware of any person who is interested directly or indirectly in 3 per cent. or more of the issued share capital of the Company or could, directly or indirectly, jointly or severally, exercise control over the Company.
- No Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Group and which were effected by any member of the Group in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.

Change of Name

The Company changed its name to Livermore Investments Group Limited following the EGM held on 28 February 2007.

Discontinued operations

On 14 February 2006 the Group sold certain business assets to PartyGaming Plc pursuant to a settlement agreement for a total consideration of $250m. Details of this can be found in Note 11.

In addition to the above, the Group disposal of the remainder of its operating activities to PartyGaming Plc for a net consideration of $38m was completed on 19 January 2007. Details and full disclosure of this can be found in Note 11.

Post balance sheet events

Following the agreement for the disposal of the Company's remaining operations on 28 December 2006, the Board proposed that the Company :

- change its principal activities and become an investment company subject to the approval of shareholders at the EGM held on 17 January 2007.
- change its name to Livermore Investments Group Limited subject to the approval of shareholders at the EGM held on 28 February 2007.
- grant the Directors the authority to make market purchases of the existing ordinary shares in the capital of the Company of up to 10% of the issued share capital of the Company.

Litigation

On 10 January 2007 the company settled a trademark dispute with La Societe Des Bains de Mer et du Circle des Etrangers A Monaco.

Close to the end of the year 2005 the Group initiated legal action against PartyGaming Plc, due to the breach of a contract that had a material negative impact on the Group's revenue. The litigation proceedings came to an end in February 2006 following settlement, details of which are set out in Note 27.

After the year end the Company was made aware of possible litigation in relation to a former consultant.

Annual General Meeting

The Group's Annual General Meeting will be held on 15 May 2007. The Notice for the meeting is on pages 39 and 40 of this report.

Directors' responsibilities in relation to the accounts

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union.

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

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the BVI International Business Companies Act 1984 (as amended). They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors' are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the British Virgin Islands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

In so far as the Directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

30 March 2007

Remuneration Report

The Directors' emoluments, benefits and shareholdings during the year ended 31 December 2006 were as follows:

1. **Directors' Emoluments**

1.1 Each of the Directors has a service contract with the Company.

Director	Notes	Date of agreement	Salary/Fees $000	Benefits $000	Total Emoluments 2006 $000	Total Emoluments 2005 $000
Noam Lanir	a	10/06/05	1,000	—	1,000	364
Richard Barry Rosenberg		10/06/05	94	—	94	39
Andrew Rae Burns	a	01/09/05	337	—	337	319
Lord Leonard Steinberg	b	10/06/05	306	—	306	197

The dates are presented in day/month/year format.

Notes:

a) Service contract terminable on either party to the agreement giving to the other 12 months' notice;

b) Lord Leonard Steinberg resigned on 31 of October 2006.

1. **Directors' Interests**

2.1 Interests of Directors in ordinary shares

		As at 31.12.2006		As at 31.12.2005	
	Notes	Number of Ordinary Shares	Percentage of ordinary issued share capital	Number of Ordinary Shares	Percentage of ordinary issued share capital
Noam Lanir	a	95,616,837	32.6%	62,971,837	21.5%
Andrew Rae Burns		20,000	0.007%	—	—
Richard Barry Rosenberg		15,000	0.005%	—	—

Notes:

a) Noam Lanir is interested in his ordinary shares by virtue of the fact that he owns directly or indirectly all of the issued share capital of Groverton Management Limited.

2.2 Interests of Directors in share options

	No of options at 31 December 2006	Date of grant	Exercise price £	Exercise price $	Period of option
Noam Lanir	10,000,000	19/07/06	0.7775	1.41786	19/07/06-19/07/09
Richard Barry Rosenberg	150,000	19/07/06	0.7775	1.41786	19/07/06-19/07/09
	75,000	7/12/05	0.71	1.22	7/12/05-7/12/15
Andrew Rae Burns	800,000	19/07/06	0.7775	1.41786	19/07/06-19/07/09
	600,000	7/12/05	0.71	1.22	7/12/05-7/12/15

No options were exercised during the year 2006.

Share Option Scheme

- The Company's remuneration committee (the "Committee") is responsible for administering the Share Option Scheme. Options to acquire Shares in the Company may be granted under the Share Option Scheme to any employee or director of the Company or member of the Group.
- The option exercise price per Ordinary Share is determined by the Committee but will be no less than market value of the Ordinary Shares on the dealing day immediately preceding the date of grant. The options are not subject to any performance criteria.
- An option is normally exercisable in three equal tranches, on the first, second and third anniversary of the grant.
- The Share Option Scheme will terminate ten years after it is adopted by the Company, or earlier in certain circumstances.

Remuneration Policy

The Group's policy has been designed to ensure that the Group has the ability to attract, retain and motivate executive directors and key management personnel to ensure the success of the organisation.

The following key principles guide its policy:

- the policy for the remuneration of executive directors will be determined and regularly reviewed independently of executive management and will set the tone for the remuneration of other senior executives
- the remuneration structure will support and reflect the Company's stated purpose to maximize long-term shareholder value
- the remuneration structure will reflect a just system of rewards for the participants
- the overall quantum of all potential remuneration components will be determined by the exercise of informed judgement of the independent remuneration committee, taking into account the success of the Company and the competitive global market
- a significant personal shareholding will be developed in order to align executive and shareholder interests
- the assessment of performance will be quantitative and qualitative and will include exercise of informed judgement by the remuneration committee within a framework that takes account of sector characteristics and is approved by shareholders
- the committee will be proactive in obtaining an understanding of shareholder preferences
- remuneration policy and practices will be as transparent as possible, both for participants and the shareholders
- the wider scene, including pay and employment conditions elsewhere in the Group, will be taken into account, especially when determining annual salary increases.

30 March 2007

Corporate Governance

Introduction

The Company recognises the importance of the principles of good corporate governance and the Board is pleased to report its commitment to such high standards throughout the year. As an AIM listed company Livermore Investments Group Limited is not required to follow the provisions of the 2003 FRC Combined Code (the "Code") as set out in the Financial Services Authority Listing Rules.

The Board Constitution and Procedures

The Company is controlled through the Board of Directors, which currently comprises 2 Executive Directors and 1 Non-Executive Director. As the Chairman is primarily responsible for the running of the Board, he ensures that all Directors receive sufficient relevant information on financial, business and corporate issues prior to meetings. The Chief Executive's responsibilities focus on coordinating the Company's business and implementing Group strategy.

A formal schedule of matters is reserved for consideration by the Board, which meets approximately six times each year. The Board is responsible for implementation of the investment strategy described in the circular to shareholders dated 29 December 2006 and adopted pursuant to shareholder approval at the Company's EGM on 17 January 2007. It reviews the strategic direction of the Group, its codes of conduct, its annual budgets, its progress towards achievement of these budgets and any capital expenditure programmes. In addition, the Directors have access to the advice and services of the Company Secretary and all Directors are able to take independent professional advice in the furtherance of their duties if necessary. The Directors receive training and advice on their responsibilities as necessary. All Directors, in accordance with the Code, submit themselves for re-election at least once every three years.

Board Committees

The Board delegates clearly defined powers to its Audit, Remuneration and Nomination Committees. The minutes of each Committee are circulated to and reviewed by the Board. Following the resignation of Lord Steinberg on 31 October 2006 and the change in strategy of the Group following the EGM on 17 January 2007, the Board is currently looking to recruit a further Non-Executive director with relevant experience and to establish an advisory panel to assist in the development and implementation of investment strategy and policy.

Audit Committee

Until 31 October 2006 the Audit Committee comprised of two Non-Executive Directors and was chaired by the then senior independent Non Executive Director. Following the resignation of Lord Steinberg on 31 October 2006 and Richard Rosenberg's appointment as Chairman of the Board, the Group is seeking to appoint a senior Non-Executive Director who will chair the audit committee.

The Audit Committee met twice during 2006 to consider the publication of the preliminary statement and annual report for 2005 and the interim statement for 2006. At least once a year the Committee meets with representatives of the external auditors of the Company without any Executive Directors being present, except by invitation of the Committee. The Company's Chairman, the Chief Executive Officer and the Chief Financial Officer have the right to attend and speak at meetings, with the exception of any meeting with the external auditors as referred to above.

The duties of the Committee include monitoring the auditor's performance and reviewing accounting policies and financial reporting procedures. The Committee prepares a summary of its work, which is included each year in the Company's Annual Report.

Remuneration Committee

Until 31 October 2006 the Remuneration Committee comprised two Non-Executive Directors and was chaired by Richard Rosenberg. The Committee met once in 2006. The Committee will meet whenever necessary during the year, and at least once a year. A further Non-Executive Director is being sought to join this committee.

The Remuneration Committee considers the terms of employment and overall remuneration of the Executive Directors and key members of executive management regarding share options, salaries, incentive payments and performance related pay. The remuneration of Non-Executive Directors is determined by the Board.

Communication with Investors

The Directors are available to meet with shareholders throughout the year. In particular the Executive Directors prepare a general presentation for analysts and institutional shareholders following the interim and preliminary announcements. Both the Chairman and the then Senior Independent Non-Executive Director, Richard Rosenberg, were available for meetings with shareholders throughout the year. The Board endeavours to answer all queries raised by shareholders promptly.

Shareholders are encouraged to participate in the Annual General Meeting at which the Chairman will present the key highlights of the Company's performance. The Board will be available at the Annual General Meeting to answer questions from shareholders.

Internal Control

The Board is responsible for ensuring that the Company has in place a system of internal control and for reviewing its effectiveness. In this context, control is defined as the policies and processes established to ensure that business objectives are achieved cost effectively, assets and shareholder value safeguarded and that laws and regulations are complied with. Controls can provide reasonable but not absolute assurance that risks are identified and adequately managed to achieve business objectives and to minimise material errors, frauds and losses or breaches of laws and regulations.

The Company operates a sound system of internal control, which is designed to ensure that the risk of misstatement or loss is kept to a minimum.

Given the Company's size and the nature of its business, the Board does not consider that it is necessary to have an internal audit function. An internal audit function will be established as and when the Group is of an appropriate size.

The Board will undertake a review of its internal controls following the recent change of strategy to an investment Company.

Independence of Auditor

The Board undertakes a formal assessment of the auditor's independence each year, which includes:

- a review of non-audit related services provided to the Company and related fees;
- discussion with the auditor of a written report detailing all relationships with the Company and any other parties which could affect independence or the perception of independence;
- a review of the auditor's own procedures for ensuring independence of the audit firm and partners and staff involved in the audit, including the rotation of the audit partner;
- obtaining written confirmation from the auditor that they are independent;
- a review of fees paid to the auditor in respect of audit and non-audit services.

30 March 2007

Report of the Independent Auditor to the Members of Livermore Investments Group Limited

We have audited the consolidated financial statements of Livermore Investments Group Limited for the year ended 31 December 2006 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes 1 to 29. The consolidated financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with the BVI International Business Companies Act 1984 (as amended). 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

The directors' responsibilities for preparing the Annual Report and the consolidated financial statements in accordance with BVI law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the consolidated financial statements give a true and fair view and whether they are properly prepared in accordance with the BVI International Business Companies Act 1984 (as amended) and Article 4 of the IAS Regulation. In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited consolidated financial statements. This other information comprises only the Chairman's and Chief Executive's Review, Board of Directors, the Remuneration Report and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the consolidated financial statements. Our responsibilities do not extend to any other information.

We also report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements.

Opinion

In our opinion:

- the consolidated financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2006 and of its profit for the year then ended; and
- the consolidated financial statements have been properly prepared in accordance with the BVI International Business Companies Act 1984 (as amended) and Article 4 of the IAS regulation; and
- the information given in the Directors' Report is consistent with the consolidated financial statements for the year ended 31 December 2006.

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
London Thames Valley Office
Slough

30 March 2007

Consolidated Income Statement

for the year ended 31 December 2006

	Note	Discontinued Operations 2006 $000	2006 $000	Discontinued Operations 2005 $000	2005 $000
Net gaming revenue	3	59,850	**—**	97,389	—
Investment revenue	4	—	**2,301**		
Cost of sales		(30,256)	**—**	(49,644)	—
Gross profit	3	29,594	**2,301**	47,745	—
Amortisation and non recurring items	5	(11,054)	**—**	(4,581)	—
Administrative expenses		(3,483)	**(995)**	(2,705)	(466)
Operating profit/(loss)	6	15,057	**1,306**	40,459	(466)
Finance expenditure	7	—	**(170)**	—	(55)
Finance income	8	—	**9,892**	1,246	—
Profit before taxation		15,057	**11,028**	41,705	(521)
Taxation	9	(7)	**—**	(10)	—
Profit for the year after taxation from continuing operations					
Profit after taxation from discontinued operations		15,050	**—**	41,695	—
Profit from disposal of discontinued operations	11	36,642	**—**	—	—
Profit for discontinued operation		51,692	**51,692**	41,695	41,695
Profit for period			**62,720**		41,174
Earnings per share					
Basic earnings per share ($)	12	$0.18	**$0.21**	$0.16	$0.16
Diluted earnings per share ($)	12	$0.17	**$0.21**	$0.16	$0.16
Dividends					
Proposed final dividend per share ($)			**$0.034**		$0.068
Proposed final dividend ($000)			**10,000**		20,000
Dividends paid during the year per share ($)			**$0.034**		$0.034
Dividends paid during the year ($000)	13		**24,887**		49,043

The notes on pages 18 to 37 form part of these financial statements.

Consolidated Balance Sheet

as at 31 December 2006

	Note	2006 $000	2005 $000
Assets			
Non-current assets			
Property, plant and equipment	14	**49**	119
Intangible assets	15	**73**	224,628
Finaancial assets	16	**124,491**	—
		124,613	224,747
Current assets			
Trade and other receivables	17	**50,795**	11,431
Cash and cash equivalents	18	**137,715**	16,297
		188,510	27,728
Total assets		**313,123**	252,475
Equity			
Share capital	19	**—**	—
Reserves		**212,483**	210,084
Retained earnings		**61,763**	22,297
Total equity		**274,246**	232,381
Liabilities			
Current liabilities			
Bank overdrafts	20	**4,960**	—
Trade and other payables	21	**33,910**	20,088
Current tax payable	22	**7**	6
Total liabilities		**38,877**	20,094
Total equity and liabilities		**313,123**	252,475

These Financial Statements were approved by the Board of Directors on 30 March 2007.

Director

The notes on pages 18 to 37 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2006

	Note	2006 $000	2006 $000	Share option reserve $000	Investments revaluation reserve $000	Retained earnings $000	Total $000
Balance at 1 January 2005		1	604	—	—	30,166	**30,771**
Net profit for the year		—	—	—	—	41,174	**41,174**
Issue of new share capital		(1)	222,601	—	—	—	**222,600**
IPO expenses		—	(13,398)	—	—	—	**(13,398)**
Share option reserve		—	—	277	—	—	**277**
Dividends paid	13	—	—	—	—	(49,043)	**(49,043)**
Balance at 31 December 2005		—	209,807	277	—	22,297	**232,381**
Net profit for the year		—	—	—	—	62,720	**62,720**
Share option reserve		—	—	3,150	—	—	**3,150**
Share options forfeited		—	—	(1,633)	—	1,633	**—**
Revaluation reserve		—	—	—	882	—	**882**
Dividends paid	13	—	—	—	—	(24,887)	**(24,887)**
Balance at 31 December 2006		—	209,807	1,794	882	61,763	**274,246**

The notes on pages 18 to 37 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2006

	Note	2006 $000	2005 $000
Cash flows from operating activities			
Profit after tax		**62,720**	41,174
Adjustments for			
Depreciation and amortisation	14/15	**3,298**	2,898
Goodwill fair value adjustment	15	**797**	—
Investment revenue	4	**(2,301)**	—
Finance income	8	**(9,660)**	(1,159)
Interest expense	7	**170**	55
Equity settled share options	5	**3,150**	277
Profit on disposal	11	**(36,642)**	—
		21,532	43,245
Changes in working capital			
Decrease in trade and other receivables		**8,612**	6,900
(Decrease)/increase in trade and other payables		**(11,830)**	16,910
		(3,218)	23,810
Net cash generated from operating activities		**18,314**	67,055
Cash flows from investing activities			
Purchase of property, plant and equipment	14	**(113)**	(131)
Purchase of intangible assets	15	**(916)**	(5,528)
Acquisition of business	15	**—**	(221,192)
Acquisition of investments		**(123,609)**	—
Disposal of business assets	11	**235,878**	—
Interest revenue received	4	**2,301**	—
Finance income received	8	**9,660**	1,159
Net cash used in investing activities		**123,201**	(225,692)
Cash flows from financing activities			
Dividends paid	13	**(24,887)**	(49,043)
Proceeds from issue of shares	19	**—**	209,202
Interest paid	7	**(170)**	(55)
Net cash from/(used in) financing activities		**(25,057)**	160,104
Net increase in cash and cash equivalents		**116,458**	1,467
Cash and cash equivalents at the beginning of the year		**16,297**	14,830
Cash and cash equivalents at the end of the year		**132,755**	16,297

The notes on pages 18 to 37 form part of these financial statements.

Notes to the financial statements

1. General Information

Incorporation, principal activity and status of the Company

1.1 The Company was incorporated as an international business company and registered in the British Virgin Islands (BVI) on 2 January 2002 under IBC Number 475668 with the name Clevedon Services Limited. The liability of the members of the Company is limited.

1.2 The Company changed its name to Empire Online Limited on 5 May 2005 and to Livermore Investments Group Limited on 28 February 2007.

1.3 The principal activity of the Group changed to investment services on 28 February 2007. Before that the principal activity of the Group was the provision of marketing services to the online gaming industry, and since 1 January 2006, the operation of online gaming.

1.4 The principal legislation under which the Company operates is the BVI International Business Companies Act.

1.5 The registered office and head office of the Company is located at Trident Chambers, PO Box 146, Road Town, Tortola, British Virgin Islands.

2. Accounting Policies

The significant accounting policies applied in the preparation of the financial information are as follows:

(a) Basis of preparation

The audited financial statements of Livermore Investments Group Limited have been prepared on the historical cost basis except that they have been modified to include revaluation of certain non current financial assets and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The significant accounting policies applied in the Financial Statements of the Group in prior years have been applied consistently in these Financial Statements.

The financial information is presented in US dollars because that is the currency in which the Group primarily operates.

The directors have reviewed the accounting policies used by the Group and consider them to be the most appropriate. No changes have been made from the prior year.

The following standards, issued by the IASB, have not been adopted by the Group and the Group is currently assessing the impact these standards will have on the presentation of the consolidated results in future periods:

IFRS 7 — Financial Instruments: Disclosure (effective for accounting periods beginning on or after 1 January 2007)

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity to market risk. It replaces the disclosure requirements in IAS 32 "Financial Instruments: Disclosure and Presentation".

IFRS 8 — Operating segments (effective for accounting periods beginning on or after 1 January 2009)

IFRS 8 contains requirements for the disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The standard is concerned only with disclosure and replaces IAS 14 "Segment reporting".

(b) Basis of consolidation

The consolidated results incorporate the results of Livermore Investments Group Limited and all of its subsidiary undertakings as at 31 December 2006 using the acquisition method of accounting as required. Profits or losses on intra group transactions are eliminated on consolidation. The results for the subsidiary undertakings acquired during the year have been included from the date of acquisition. On acquisition of a subsidiary all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at fair value. The excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised net of any provision for impairment.

(c) Business combinations

The acquisition of subsidiaries is accounted for using the purchase or acquisition method of accounting. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately as profit or loss.

(d) Revenue recognition

Revenue is recognised in the accounting period in which the transaction occurs.

Net gaming revenue comprises commissions earned from clients, net of rebates and chargebacks deducted at source. Commissions are calculated based on a percentage of the net amount earned by the Group's clients on their internet websites from players introduced to the websites by the Group. Where the company acts as gaming operator, casino net gaming revenue represents gaming receipts less payments to clients. Poker net gaming revenue represents the commission charged or tournament entry fees where the player has concluded their participation in the tournament.

(e) Investment income

Investment income comprises interest income on funds invested, dividend income, gains on the disposal of available for sale assets, gains on hedging instruments and foreign currency gains. Interest income is recognised as it accrues. Dividend income is recognised on the date that the Group's right to received payment is established, which in the case of quoted securities is the ex-dividend rate

(f) Foreign currency

Monetary assets and liabilities denominated in non-US dollar currencies are translated into US dollar equivalents using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rates prevailing at the dates of the transactions. Exchange rate differences on foreign currency transactions are included in net finance income.

The results and financial position of all Group entities that have a functional currency different from US dollars are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet item presented are translated at the closing rate at the date of that balance sheet; and

(ii) income and expenses for each income statement item are translated at an average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). Exchange differences arising are taken to translation reserve, a component of equity. The exchange differences arising from retranslation of the investments in subsidiaries are directly taken to translation reserve. All other exchange differences are dealt with through the Income Statement.

(g) Taxation

Provision is made for corporation tax on the taxable profits for the year at the appropriate rate in force.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are provided in full with no discounting.

(h) Goodwill

Goodwill being the excess of the cost of an acquisition over the fair value attributed to the net assets at acquisition is capitalised.

Goodwill is not being amortised through the income statement; however, it is subject to annual impairment reviews. Impairment of the goodwill is evaluated by comparing the present value of the future expected cash flows, (the “value-in-use”) to the carrying value of the underlying net assets and goodwill. If the net assets and goodwill were to exceed the value-in-use, an impairment would be deemed to have occurred and the resulting write down in the goodwill would be charged to the income statement immediately.

(i) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Carrying amounts are reviewed at each balance sheet date for impairment.

Depreciation is calculated using the straight-line method, at annual rates estimated to write off the cost of the assets less their estimated residual values over their expected useful lives. The annual depreciation rates used are as follows:

Computer hardware	— 33⅓%
Fixtures and fittings	— 10%

(j) Intangible assets

Intangible assets comprise website design costs and computer software and are stated at historic cost less accumulated amortisation. Carrying amounts are reviewed at each balance sheet date for indications of impairment.

Costs that are directly attributable to the development of websites are recognised as intangible assets provided that the intangible asset will generate probable benefits and income streams through external use in line with SIC 32 "Intangible assets website costs". Content development and operating costs are expensed as incurred.

Amortisation is calculated using the straight-line method, at annual rates estimated to write off the cost of the assets over their expected useful lives. The annual amortisation rates are as follows:

Website design costs	— 50%
Domains	— 10%–20%
Player data	— 100%
Computer software	— 33⅓%

(k) Equity

Equity issued by the Company is recorded as the proceeds are received, net of direct issue costs.

Equity purchased by the Company is recorded as the consideration paid, including directly associated assets and is deducted from total equity as treasury shares until they are sold or cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in total equity.

(l) Leases

All leases are classified as operating leases and rentals payable are charged to income on a straight-line basis over the term of the lease.

(m) Financial instruments

The carrying amounts of cash and cash equivalents, related party creditors, trade receivables, other accounts receivable, trade payables, customer deposits and other accounts payable approximate to their fair value.

The Group does not issue derivative financial instruments for trading purposes.

The Group holds derivative financial instruments for trading purposes.

Trade receivables
Trade receivables are recognised and carried at the original transaction value and principally comprise amounts due from credit card and e-payment companies. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Cash and cash equivalents
Cash comprises cash in hand and balances with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash. They include unrestricted short-term bank deposits originally purchased with maturities of twelve months or less.

Trade and other payables
Trade and other payables are recognised and carried at the original transaction value.

Available for sale assets
Available for sale financial assets are recognised when the company becomes a party to the contractual provisions of the instrument. Available for sale financial assets are recognised at fair value plus transaction costs.

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognised in equity, through the statement of changes in equity. Gains and losses arising from investments classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired.

In the case of impairment of available-for-sale assets, any loss previously recognised in equity is transferred to the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment losses recognised previously on debt securities are reversed through the income statement when the increase can be related objectively to an event occurring after the impairment loss was recognised in the income statement.

An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for de-recognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for de-recognition if the group transfers substantially all the risks and rewards of ownership of the asset, or if the group neither retains nor transfers substantially all the risks and rewards if ownership but does transfer control of that asset.

(n) Segment information
A business segment is a distinguishable component of the Group that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

(o) **Research and development**

Any expenditure incurred on development activities, including the Group's software development, is capitalised only where the expenditure will lead to new or substantially improved products or processes, the products or processes are technically and commercially feasible and the Group has sufficient resources to complete the development. All other development expenditure is expensed as incurred.

(p) **Share options**

IFRS 2 "Share-Based Payment" requires the recognition of equity settled share based payments at fair value at the date of grant and the recognition of liabilities for cash settled share based payments at the current fair value at each balance sheet date.

The Group issues equity-settled share based payments to certain employees and other advisors. The fair value of share-based payments to employees at grant date is measured using the Trinomial pricing model. The fair value of share-based payments to other advisors, are measured directly at the fair value of the services provided.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. The corresponding credit is taken to the share option reserve.

(q) **Legal and other disputes**

Provision is made where a reliable estimate can be made of the likely outcome of legal and other disputes against the Group. In addition, provision is made for legal and other expenses arising from claims received or other disputes. No provision is made for other possible claims or where an obligation exists but it is not possible to make a reliable estimate. Costs associated with claims made by the Group are charged to the Income Statement as they are incurred.

(r) **Critical accounting judgements and key sources of estimation uncertainty**

Impairment of goodwill and intangible assets

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

An estimation of the value of separately identifiable net assets, such as domain names and player data, acquired as part of the Group's business combinations during the year has been made by management. The estimated values are disclosed in note 26.

Provision for legal and other disputes

Determining whether provisions for legal and other disputes is required requires the company to assess the likelihood of an economic outflow occurring as a result of past events. Where an economic outflow is considered probable, a provision has been made for the estimated outflow. Where an outflow is considered possible but not probable, it has only been disclosed.

Where the information required by IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" is expected to prejudice the outcome of legal and other disputes, it has not been disclosed on these grounds.

Further details of contingent liabilities and provisions are provided in notes 24 and 27.

Notes to the financial statements

continued

(s) Discontinued operations

A discontinued operation is a cash-generating unit, or group of cash-generating units, that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- Is a subsidiary exclusively with the view to resale

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the balance sheet date for the latest period presented.

3. Segment Information — Discontinued operations (Also see notes 10,11)

On 14 February 2006 certain trade assets were disposed for $250m. The assets included in the disposal were certain domain names and the brand names. These brands and domain names were used by Livermore Investments Group to direct online poker and casino players to PartyGaming's websites, creating net gaming revenue for the Group.

On 29 December 2006, the Company agreed to dispose of its remaining operations to PartyGaming Plc.

Business segments

The Group's performance analysed by its two business segments is given below:

Revenue by business segment

	2006 $000	2005 $000
Casino		
Net gaming revenue	**48,616**	23,635
Segmental result	**27,667**	12,719
Poker		
Net gaming revenue	**11,234**	73,754
Segmental result	**4,128**	38,274
Consolidated		
Net gaming revenue	**59,850**	97,389
Segmental results	**31,795**	50,993
Central costs	**(2,201)**	(3,248)
Gross profit	**29,594**	47,745
Amortisation and non recurring items	**(11,054)**	(4,581)
Administrative expenses	**(3,483)**	(2,705)
Operating profit	**15,057**	40,459

It is not possible to provide a split of assets by segment due to the nature of the Group's business.

3. Segment Information — Discontinued operations (Also see notes 10,11) continued

Geographical segments

The Group's performance can also be reviewed by considering the geographical markets and geographical locations within which the Group operates. Geographical information is based on the geographic location of gaming operators, not players. This information is outlined below:

Revenue by geographical market

	2006 $000	2005 $000
Europe	**15,728**	84,126
Rest of World	**44,122**	13,263
Net gaming revenue	**59,850**	97,389

Segment result by geographical market

	2006 $000	2005 $000
Europe	**12,915**	46,931
Rest of World	**18,880**	4,062
Segment results	**31,795**	50,993
Central costs	**(2,201)**	(3,248)
Gross profit	**29,594**	47,745
Amortisation and non recurring items	**(11,054)**	(4,581)
Administrative expenses	**(3,483)**	(2,705)
Operating profit	**15,057**	40,459

4. Investment revenue

	2006 $000	2005 $000
Interest revenue		
Available for sale investments	**2,193**	—
Gain on sale of shares	**108**	—
	2,301	—

Notes to the financial statements

continued

5. Amortisation and non recurring items

Amortisation and non-recurring items refer to:

	2006 $000	2005 $000
Amortisation of intangible assets	**2,315**	2,266
Amortisation of share options	**3,150**	277
IPO related expenses	**—**	587
Non recurring expenses	**1,144**	1,451
Compensation to third parties	**4,445**	—
	11,054	4,581

6. Operating profit on continuing operations

	2006 $000	2005 $000
Operating profit is stated after charging:		
Administration services	**800**	936
Depreciation	**—**	12
Amortisation	**—**	2,886
Operating leases	**—**	18
Auditors' remuneration	**195**	90
Auditor's remuneration is analysed as:		
Audit fees	**195**	90

At 31 December 2006 the Group employed 28 staff (2005: 40).

7. Finance expenditure

	2006 $000	2005 $000
Sundry finance expenses	**170**	55
	170	55

8. Finance income

	2006 $000	2005 $000
Interest revenue		
Bank deposits and current accounts	9,660	564
Exchange income	232	87
Interest received on shareholder balances	—	595
	9,892	1,246

9. Taxation

	2006 $000	2005 $000
Corporation tax — current year	7	10
	7	10

The tax charge for the year can be reconciled to the accounting profit as follows:		
Profit before tax	62,727	41,184
Tax effect of domestic corporation tax		—
Tax effect of share of subsidiaries	7	10
Tax for the year	7	10

The Company is an international business company based in the British Virgin Islands (BVI) and, under its laws is not subject to corporation tax. Corporation tax is calculated with reference to the profit of the Company's subsidiaries.

Since the group trades in a number of jurisdictions, there is a risk that certain tax authorities could consider that it should be subject to tax in those countries. The directors have considered these risks and concluded that no further tax provision is required.

Notes to the financial statements

continued

10. Discontinued operations

On 14 February 2006 certain trade assets were disposed for $250m. The assets included in the disposal were certain domain names and the brand names "Empire Poker" and "Ace Club". These brands and domain names were used by the Company to direct online poker and casino players to PartyGaming's websites, creating net gaming revenue for the Group.

On 29 December 2006, the Company agreed to dispose of its remaining operations to PartyGaming Plc. This agreement was validated by the EGM held on 19 January 2007.

	2006 $000	2005 $000
Cash flows from discontinued operations		
Net cash from operating activities	**(2,010)**	23,810
Net cash from investing activities	**234,849**	(225,692)
Net cash from financing activities	**(24,887)**	160,104
Net cash from/(used in) discontinued operations	**207,952**	(41,778)

11. Disposal of business assets

	Empire Poker 2006 $000	Disposal of business 2006 $000	Total 2006 $000	2005 $000
Disposal proceeds received	250,000	37,972	**287,972**	—
Legal and professional expenses	—	(944)	**(944)**	—
Compensations to third parties	(14,122)	(12,705)	**(26,827)**	—
Warranties provision	—	(2,000)	**(2,000)**	
Assets written off	—	(221,559)	**(221,559)**	—
Profit from disposal to PartyGaming Plc	235,878	(199,236)	**36,642**	—

On 14 February 2006 the Group sold certain business assets to PartyGaming Plc pursuant to a settlement agreement for a total consideration of $250m. Business assets included in the disposal were certain domain names and brand names. The consideration represented $250m, which was all in the form of cash.

On 19 January 2007, the Company completed the sale to PartyGaming plc of its remaining operating business. This agreement was signed on 28 December 2006 and was subject to certain conditions including approval of the Company's shareholders at an EGM on 17 January 2007. Between signing and completion the Company continued to operate the business, however during this period restrictions were placed on the operation of the business by PartyGaming plc. Business assets included in the disposal were certain domain names, players' data and brand names. Assets written off, principally comprises of acquired intangible goodwill relating to the acquisition of the business of Tradal Limited in May 2005 and the acquisition of Club Dice casinos in September 2005.

The Group received a consideration for the disposal of the business of 83,325,934 PartyGaming shares representing a gross value of $47.9m. 17,374,637 PartyGaming shares were transferred to agents as compensation resulting in net disposal proceeds to the Group of $37.9m. The transaction was conditional on a further payment to a marketing service provider of $10m.

Notes to the financial statements

continued

12. Earnings per share

Basic earnings per share has been calculated by dividing the net profit attributable to ordinary shareholders (profit for the year) by the weighted average number of shares in issue during the relevant financial periods.

Diluted earnings per share is calculated after taking into consideration the potentially diluted shares in existence as at the year ended 31 December 2006 and the year ended 31 December 2005.

	Discontinued Operations 2006	2006	2005
Net profit attributable to ordinary shareholders ($000)	51,692	**62,720**	41,174
Weighted average number of ordinary shares in issue	292,777,772	**292,777,772**	260,689,492
Basic earnings per share ($)	0.18	**0.21**	0.16
Weighted average number of ordinary shares including the effect of potentially diluted shares	299,723,327	**299,723,327**	261,862,570
Diluted earnings per share ($)	0.17	**0.21**	0.16
Number of Shares			
Weighted average number of ordinary shares in issue	292,777,772	**292,777,772**	260,689,492
Effect of dilutive potential ordinary shares:			
Share options	6,945,555	**6,945,555**	1,173,078
Weighted average number of ordinary shares including the effect of potentially diluted shares	299,723,327	**299,723,327**	261,862,570

13. Dividends

	2006 $000	2005 $000
Dividends paid	**24,887**	49,043

The dividends were paid during the year in September 2006 and in November 2006.

14. Property, plant and equipment

	Computer Hardware $000	Fixtures and Fittings $000	Total $000
Cost			
As at 1 January 2006	131	—	**131**
Additions	104	9	**113**
Disposal	(156)	—	**(156)**
As at 31 December 2006	79	9	**88**
Accumulated depreciation			
As at 1 January 2006	(12)	—	**(12)**
Charge for the year	(78)	(1)	**(79)**
Disposal	52	—	**52**
As at 31 December 2006	(38)	(1)	**(39)**
Net book value			
As at 31 December 2006	41	8	**49**
As at 31 December 2005	119	—	**119**

15. Intangible assets

	Goodwill $000	Website Design Costs $000	Domains $000	Player data $000	Computer Software $000	Total $000
Cost						
As at 1 January 2006	221,192	1,371	575	4,486	63	**227,687**
Additions	—	848	—	—	68	**916**
Adjustment in fair value	(797)	—	—	—	—	**(797)**
Disposal	(220,395)	(2,219)	(575)	(4,486)	—	**(227,675)**
As at 31 December 2006	—	—	—	—	131	**131**
Accumulated amortisation						
As at 1 January 2006	—	(744)	(130)	(2,171)	(14)	**(3,059)**
Charge for the year	—	(860)	—	(2,315)	(44)	**(3,219)**
Disposal	—	1,604	130	4,486	—	**6,220**
As at 31 December 2006	—	—	—	—	(58)	**(58)**
Net book value						
As at 31 December 2006	—	—	—	—	73	**73**
As at 31 December 2005	221,192	627	445	2,315	49	**224,628**

Note: The adjustment in fair value arose during the year 2006 since the final payment settling the balance due for the acquisition of related assets was actually less than the original contract price.

Notes to the financial statements

continued

16. Financial assets

	2006 $000	2005 $000
Fixed return bond investments	100,975	—
Equity shares investments	23,516	—
	124,491	—

Financial assets relate to investments in bonds and equity classified as available for sale. Financial assets are held in the balance sheet at the year end at fair value. Fair value is measured by reference to the market value of the assets at the balance sheet date as they are openly traded on a public market.

17. Trade and other receivables

	2006 $000	2005 $000
Trade receivables	1,548	11,360
Other debtors and prepayments	49,247	71
	50,795	11,431

The carrying value of trade and other receivables approximates to their fair value.

Included in other debtors and prepayments is $47,976,000 relating to amounts due from PartyGaming Plc on sale of the business as disclosed in note 11.

18. Cash and cash equivalents

Cash and cash equivalents included in the balance sheet comprises the following:

	2006 $000	2005 $000
Short term deposits	136,522	14,607
Cash at bank	1,193	1,690
	137,715	16,297

19. Shareholders' equity

Share capital comprises the following:

	$0 shares Number	$0.01 shares Number	Nominal value $000	Share premium arising $000
As at 1 January 2005	—	107,550	1	604
15 June 2005 share capital issue	222,222,216	(107,550)	(1)	1
15 June 2005 I.P.O issue	70,555,556	—	—	209,202
1 January 2006	292,777,772	—	—	209,807
Issue during 2006	—	—	—	—
As at 31 December 2006	292,777,772	—	—	209,807

The company has authorised share capital of 1,000,000,000 ordinary shares with no restrictions of no par value.

as at 31 December 2006 were as follows:

	Outstanding Share options $000	Date granted $000	Exercise price £	Exercise price $	Earliest exercise date	Expiry of exercise date
As at 1 January 2005	—					
Issued on 8 June 2005	114,285	08/06/05	1.75	3.01	15/06/05	15/06/10
Issued on 8 June 2005	705,555	08/06/05	1.90	3.27	15/06/05	15/06/10
Issued on 7 December 2005	12,170,000	07/12/05	0.71	1.22	07/12/06	07/12/15
Share options exercised	—	—	—	—	—	—
Share options lapsed	—	—	—	—	—	—
As at 1 January 2006	12,989,840					
Issued on 5 April 2006	1,500,000	05/04/06	1.50	2.62	05/04/07	05/04/16
Issued on 19 July 2006	10,950,000	19/07/06	0.78	1.42	19/07/07	05/04/16
Share options exercised	—	—	—	—	—	—
Share options forfeited	(12,494,285)	—	—	—	—	—
As at 31 December 2006	12,945,555					

The fair value of options granted to employees during the year was determined using the Binomial valuation model. The model takes into account a volatility rate of between 41–45% calculated using the historical volatility of a peer group of similar gaming companies and a risk free interest rate of 4.0–4.4 % and it has been assumed the options have an expected life of two years post date of vesting.

The expense for the period has been included in amortisation and non-recurring expenses (see note 5).

Notes to the financial statements

continued

20. Bank overdrafts

	2006 $000	2005 $000
Short term bank overdrafts	4,960	—
	4,960	—

21. Trade and other payables

Amount falling due within one year

	2006 $000	2005 $000
Trade payables	3,405	19,594
Other payables and accrued expenses	30,505	494
	33,910	20,088

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

Included in other payables and accrued expenses is $10,004,000 relating to amounts due to agents as part of the PartyGaming Plc transaction in December 2006.

22. Current tax payable

	2006 $000	2005 $000
Corporation tax payable	7	6

23. Related party transactions

	2006 $000	2005 $000
Amounts (owed to)/by shareholders	—	(459)
Amounts owed to Directors	391	347
Interest received on shareholder balances	—	595
Administration services provided by Tradal Ltd	660	936
Paid in respect of services *	1,562	1,139

* These payments were made in respect of members of key management either directly to them or to companies to which they are related.

Tradal Ltd is a related party by virtue of common ownership with Livermore Investments Group Limited.

24. Contingent liabilities

The agreement with PartyGaming Plc relating to the disposal of the remaining operations which was completed in January 2007, could potentially give rise to a liability arising from warranties and indemnities included within the sale and purchase agreement.

No further information is provided as the Directors consider it could prejudice the outcome of any claim.

25. Other commitments and contingencies

	2006 $000	2005 $000
Future minimum lease commitments under property operating leases:		
Less than one year	**27**	48
Other commitments:		
Less than one year	**—**	22
Total commitments falling due within one year	**27**	70

26. Acquisitions

There were no material acquisitions during the year 2006 by the Group.

	2006	2005			
	$000	Club Dice Casinos $000	Noble Poker $000	Casino On Net $000	Total $000
Cash consideration	—	46,625	3,627	175,826	226,078
Analysed as:					
Domain names	—	150	50	200	400
Players lists	—	2,401	—	2,085	4,486
Goodwill arising	—	44,074	3,577	173,541	221,192
	—	46,625	3,627	175,826	226,078
The gross result of the acquired businesses since the date of acquisition is as follows:	—	3,152	910	7,848	11,910

27. Litigation

A legal dispute with PartyGaming plc came to an end after the two parties reached an agreement on the 14 of February 2006. See note 10.

A trademark dispute with La Societe des Bains de Mer et du Circle des Etrangers a Monaco was settled in January 2007 when the Group agreed to an out of court settlement of $3.4m.

After the year end the Company was made aware of a possible litigation in relation to a former consultant relating to the termination of his contract following the sale of the operating business to PartyGaming in December 2006.

Other than the above no member of the Group is or has been involved in any legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position nor are the Directors aware of such proceedings pending or threatened against any member of the Group.

The Group has provided for litigation claims in line with its accounting policy as set out in note 2.

28. Subsidiaries

As at 31 December 2006 the Company had the five following wholly-owned subsidiaries:

Name of Subsidiary	Place of incorporation	Date of acquisition	Principal activity
Poltroon Limited	Cyprus	7 April 2005	Administration services
Livermore Investments Limited (formerly Empire Online Limited)	United Kingdom	13 October 2004	Dormant company
Empire Payments Ltd	St. Kitts	20 October 2005	Dormant company
Empire Online D.O.O	Serbia	1 August 2005	I.T. services
Sandhirst Ltd	Cyprus	4 November 2005	Dormant company
Winner Summit Limited	British Virgin Islands	27 December 2006	Dormant company

Any cash transactions between the subsidiaries and the Group during the year were eliminated on consolidation.

29. Financial risk management objectives and policies

The Directors see the overall financial risk arising from exchange rate fluctuations to the Group as minimal since all receipts and the majority of payments are transacted in US dollars.

The Group's exposure to interest rate risk is limited to the interest bearing deposits and portfolio of bonds in which the Group invests surplus funds. Downside interest rate risk is minimal as the Group has minimal borrowings. Management monitors liquidity to ensure that sufficient liquid resources are available to the Group.

The Group's credit risk is primarily attributable to receivables from payment service providers and to its bond portfolio. Generally the Group's maximum credit exposure is the carrying amount of trade and other receivables shown on the face of the Balance Sheet.

Shareholder Information

UK Transfer Agent

All enquiries relating to shares or shareholdings should be addressed to:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone: 0870 162 3100
Facsimile: 020 8639 2342

Website

www.livermore-inv.com

The Company's website provides, amongst other things, the latest news and details of the Company's activities, share price details, share price information and links to the websites of our brands.

Change of Address

Shareholders can change their address by notifying Capita Registrars in writing at the above address.

Lost Share Certificate

If your share certificate is lost or stolen, you should immediately contact Capita Registrars on 0870 162 3100 who will advise on the process for arranging replacement.

Duplicate Shareholder Accounts

If, as a shareholder, you receive more than one copy of a communication from the Company you may have your shares registered in at least two accounts. This happens when the registration details of separate transactions differ slightly. If you wish to consolidate such multiple accounts, please call Capita Registrars on 0870 162 3100.

Please note that the Directors of the Company are not seeking to encourage shareholders to either buy or sell the Company's shares.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at 10 Snow Hill, London, EC1A 2AL on 15 May 2007 at 10am for the purposes of the following:

Ordinary business

To consider and if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. to receive and adopt the Report of Directors, the financial statements and the report of the auditor for the year ended 31 December 2006.
2. to authorise the Directors to determine the auditor remuneration.
3. to re-appoint Andrew Rae Burns, who retires by rotation under the Company's articles of association as a Director of the Company.
4. to re-appoint Grant Thornton UK LLP as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which financial statements are laid before the Company.
5. That the dividend recommended by the Directors of 3.4 US cents per ordinary share for the year ended 31 December 2006 be declared payable on 29 June 2007 to holders of ordinary shares registered at the close of business on 8 June 2007 subject to the directors confirming the solvency of the Company in accordance with applicable laws.
6. That for the purposes of article 5.1 of the Articles of Association of the Company:

    6.1. the Directors be and are generally and unconditionally authorised to allot up to a maximum aggregate amount of 87,333,331 new ordinary shares of no par value of the Company to such persons and at such times and on such terms as they think proper during the period expiring at the end of the Annual General Meeting of the Company in 2008 (unless previously revoked or varied by the Company in general meeting); and

    6.2 the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require such ordinary shares to be issued in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution;

    so that all previous authorities of the Directors pursuant to the said article 5.1 be and are hereby revoked.

Special business

As special business to consider and, if thought fit, pass the following resolutions which will be proposed as special resolutions:

7. THAT, subject to the passing of resolution 6 set out in the Notice convening this Meeting, the Directors be and are empowered in accordance with article 5.2 of the Articles of Association of the Company to allot new ordinary shares of no par value of the Company for cash, pursuant to the authority conferred on them to allot such shares by that resolution 6 as if the pre-emption provisions contained in article 5.2 did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:

    7.1 the allotment of ordinary shares in connection with an issue or offering in favour of holders of ordinary shares and any other persons entitled to participate in such issue or offering where the shares respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of ordinary shares held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

    7.2 the allotment (otherwise than pursuant to paragraph 9.1 above) of up to an aggregate amount of 14,638,888 of such ordinary shares;

    and this power, unless renewed, shall expire at the end of the Annual General Meeting of the Company to be held in 2008 but shall extend to the making, before such expiry, of an offer or agreement which would or might require ordinary shares to be allotted after such expiry and the Directors may allot such shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

8 That, in accordance with its articles of association, the Company be and is hereby generally and unconditionally authorised to make market purchases

Notice of Annual General Meeting

continued

(within the meaning of section 163 of the Companies Act 1985 (as amended)) on the AIM market of the London Stock Exchange plc of ordinary shares of no par value ("ordinary shares") in the capital of the Company provided that:

8.1 the maximum number of ordinary shares hereby authorised to be purchased is 29,277,777;

8.2 the authority hereby conferred (unless previously renewed or revoked) shall expire at the conclusion of the annual general meeting of the Company next following the meeting at which this resolution is passed; and

8.3 the Company may, under the authority hereby conferred and prior to the expiry of that authority, make a contract to purchase its own shares which will or may be executed wholly or partly after the expiry of that authority and may make a purchase of its own shares in pursuance of such contract.

9 THAT Article 37.1 of the Company's Articles of Association be deleted in its entirety and the following be substituted in lieu thereof:

37.1 Notwithstanding the provisions of the Companies Acts, the provisions of Chapter 5 of the Disclosure Rules and Transparency Rules published by the UK Financial Services Authority (**"DTR 5"**) which apply to UK companies whose securities are admitted to trading on AIM, as amended or re-enacted from time to time (the current wording of which is annexed to these Articles), insofar as those provisions relate to the requirement of the Members to disclose the percentage of voting rights held (as set out in DTR 5), shall be deemed to be incorporated into these Articles and shall bind the Company and the Members, and references to "an issuer" in such provisions shall be deemed to be references to the Company.

10 THAT: (i) all references to "section 212" in Articles 37.2, 37.3, 38, 39 and 40.1.2 be amended so as to refer to "section 793"; (ii) the reference to "section 212" in Article 40.1.1 be amended so as to referrer to "sections 820 to 825"; and (iii) the reference to "section 428(1)" in Article 40.1.3 be amended so as to refer to "section 974".

11 THAT, pursuant to the above resolutions, the Annexures to the Articles of Association of the Company be amended: (i) by the removal of the following sections of the UK Act (as defined therein): Section 198; Section 199; Section 200; Section 202; Section 203; Section 204; Section 205; Section 208; and Section 212; and (ii) by the addition as an Annexure of DTR 5.

By order of the Board

Andrew Rae Burns
Company Secretary

Trident Chambers
PO Box 146
Road Town
Tortola
British Virgin Islands

30 March 2007

Notes:

(i) A member entitled to attend and vote at the Meeting convened by the above Notice is entitled to appoint one or more proxies to attend and, on a poll, to vote in his place. A proxy need not be a member of the Company. Completion of the Form of Proxy will not prevent you from attending and voting in person.

(ii) To appoint a proxy you should complete the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be delivered to Proxy Processing Centre, Telford Road, Bicester, OX26 4LD, by no later than 48 hours before the time fixed for the meeting or any adjourned meeting.

(iii) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

(iv) In the case of holders of depositary interests representing ordinary shares in the Company, a form of direction must be completed in order to appoint Capita IRG Trustees Limited, the Depositary, to vote on the holder's behalf at the meeting or, if the meeting is adjourned, at the adjourned meeting. To be effective, a completed and signed form of direction (and any power of attorney or other authority under which it is signed) must be delivered to Proxy Processing Centre, Telford Road, Bicester, OX26 4LD by no later than 72 hours before the time fixed for the meeting or any adjourned meeting.

Corporate Directory

Secretary
Andrew Rae Burns

Registered Office
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PO Box 146
Road Town
Tortola
British Virgin Islands

Company Number
475668

UK Transfer Agent
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditor
Grant Thornton UK LLP
Churchill House
Chalvey Road East
Slough
Berkshire
SL1 2LS

Solicitors
Travers Smith
10 Snow Hill
London
EC1A 2AL

Corporate Advisors & Stockbrokers
Numis Securities Limited
Cheapside House
138 Cheapside
London EC2V 6LH

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LivermoreInvestments

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