LivermoreInvestments

Livermore Investments Group Limited

Annual Report & Consolidated Financial Statements
for the year ended 31 December 2008

Ingrained Resilience

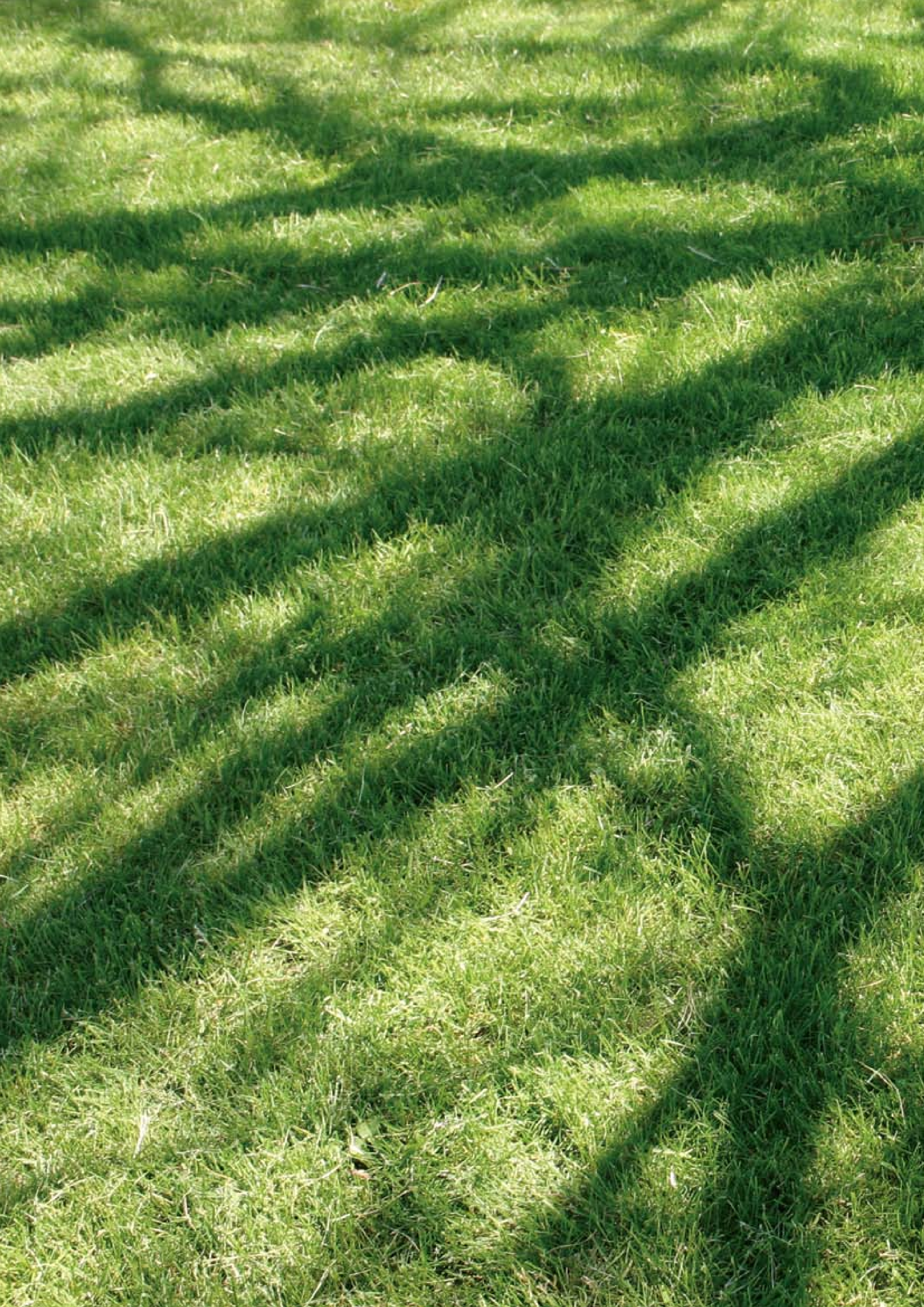
Livermore Investments Group Ltd. Annual Report 2008

Table of Contents

Livermore
2008:
Resilience, Experience & Expertise

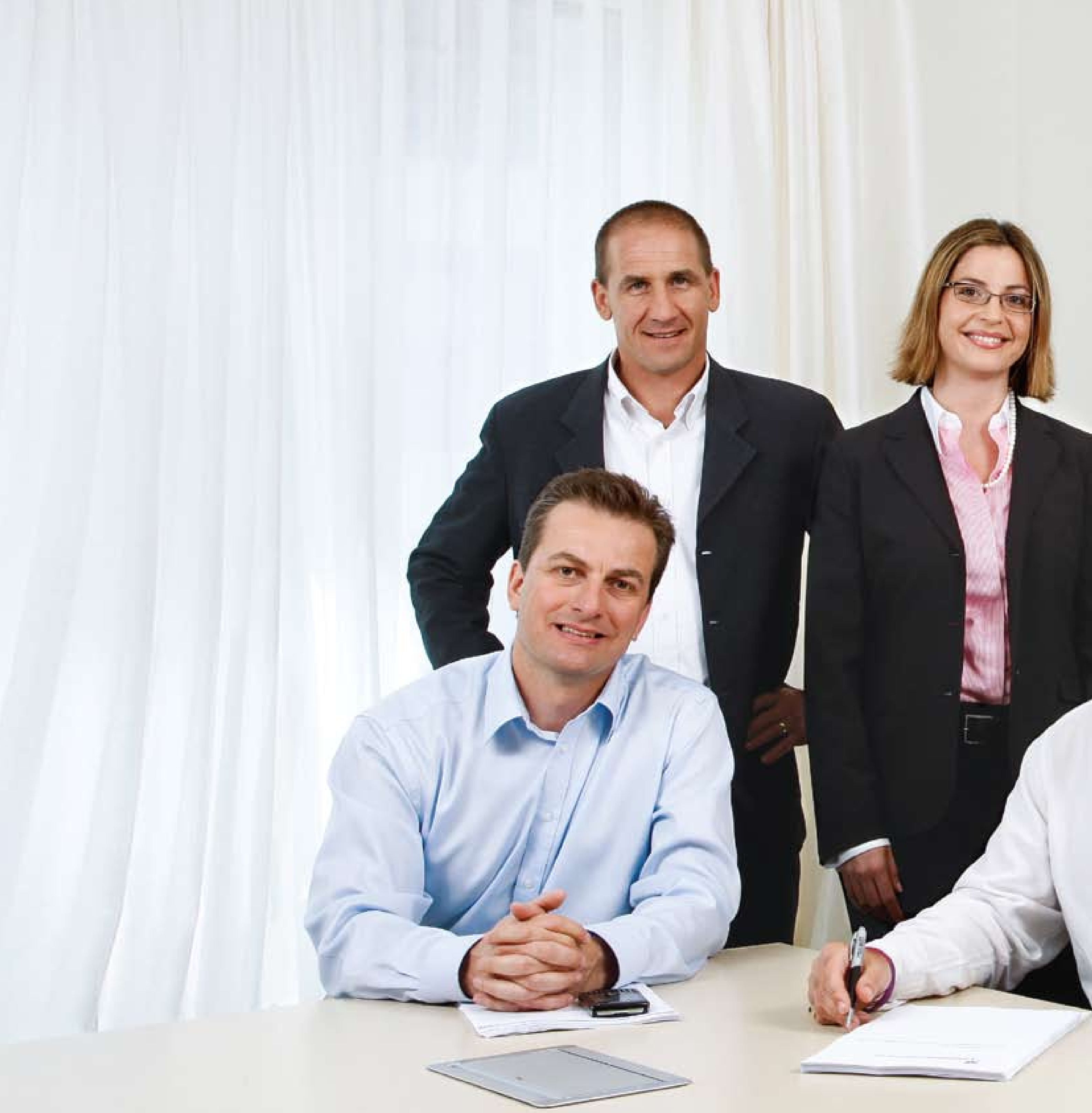
Resilience

The question is not if but when. History has shown us that the markets will take a turn for the better. Together, we will be there to reap the rewards of these tougher times. At Livermore, we have created a strong financial foundation with no leveraging and positive cash-flow investments. We have the resilience to successfully weather this storm.



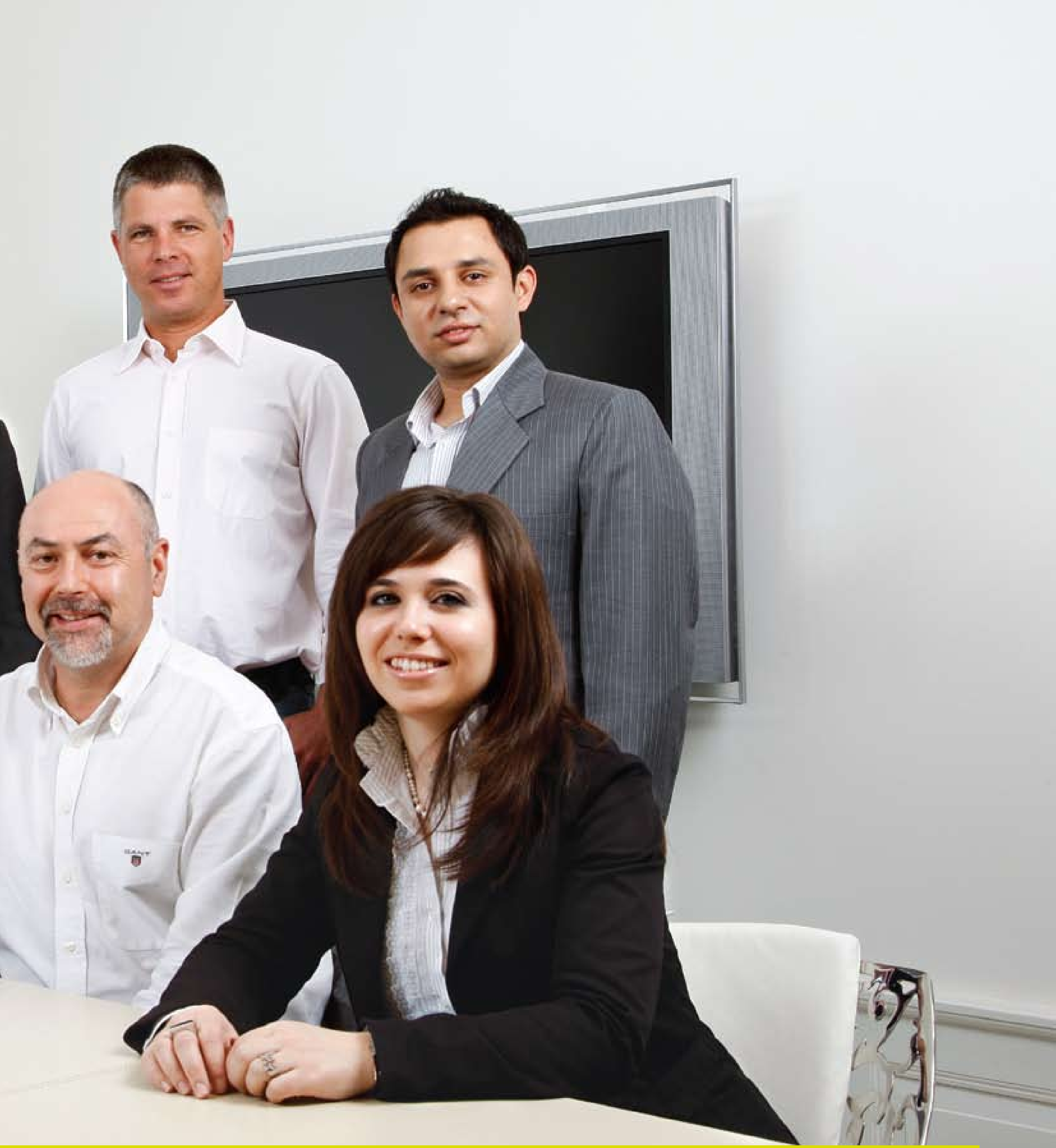
Experience & Expertise

Turning adversity into opportunity requires experience and expertise. Our insights have enabled us to balance our portfolio through diversification and exit investments at the right time. At Livermore, we understand that now is the time to invest in the future. We are leveraging the current market conditions to carefully select investment opportunities.



Highlights

- Net Asset Value per share – USD 0.63 (GBP 0.43).
- Cash, cash equivalents and marketable securities at 31 December 2008 – USD 39.8m.
- Revenues from operations – USD 17.5m.
- Successfully completed the construction of the residential units in Wylerpark, Bern, of which 75% are already let.
- Total Administrative expenses (excluding amortisation and non-recurring items) were USD 3.3m, representing 1.5% of the average NAV.



- Loss before Interest, Tax, Depreciation, Amortization and non recurring items - USD 58.6m mainly attributed to unrealized loss on holdings in associated company (Atlas Estates Ltd.) USD 22.7m and additional unrealized losses of USD 15.4m.
- Net loss after tax - USD 61.9m.
- Total pay out during the year of 4.1 cents per share, attributed to 2007 dividend (USD 4.1m cash, and USD 5.7m scrip), and share buy back for USD 1.8m.

Chairman's and Chief Executive's Review

Introduction

We are pleased to report the audited financial results for Livermore Investments Group Limited ("Livermore" or "the Company") for the year ended 31 December 2008.

In the first half of the year, the Company performed well and maintained its NAV level thanks to its robust and diversified portfolio. As global markets and economic conditions deteriorated rapidly in the second half, management resolved to systematically improve its cash position and reduce its trading portfolio and overall exposure to capital markets. The crippling knock-on effects of the global crisis had an adverse effect on the NAV reflected in mark to market adjustments in valuations of the portfolio companies and losses on the trading portfolio. In addition, the NAV as measured in USD decreased due to the appreciation of the USD partially offset by successful currency hedging activity for underlying currency investments, which are not in USD.

During 2008 the Company implemented a defensive investment approach and prepared itself for a deteriorating investment environment. The Company holds certain significant value investments of over USD 10m each, which form the portfolio's cornerstone investments over the mid term. In addition, the Company holds yielding investments, which cover its operational cash requirements. Overall the Company is well positioned to withstand a lengthy economic downturn as its cash position is strong and it holds a few core assets such as Wyler Park in Switzerland, which have limited downside risk.

Financial Review

The NAV of the Group at 31 December 2008 was approximately USD 179.9m following a dividend payment of USD 9.8m (USD 4.1m cash and USD 5.7m scrip), and a share buy back of USD 1.8m. This represents a decrease of USD 96.5m over the NAV at 31 December 2007. Net loss was USD 61.9m, which represents a loss per share of USD 0.22.

Administrative expenses (excluding amortisation and non-recurring items) were USD 3.3m, representing 1.5% of the NAV. The Company intends to maintain its lean infrastructure and cost structure, and to achieve further cost savings in 2009.

The overall decrease in the NAV is primarily attributed to the following:

	31 December 2008 $m	31 December 2007 $m
Shareholders' funds at beginning of period	276.4	274.2
Income from investments	17.5	18.4
Realised (losses) / gains on investments	(20.5)	3.0
Loss on impairment on investments	(14.2)	(5.5)
Unrealised (losses) / gains on investments	(62.1)	5.7

	31 December 2008 $m	31 December 2007 $m
Unrealised exchange losses	(5.8)	-
Administration costs	(3.3)	(3.0)
Amortization and non recurring items	(0.3)	(0.1)
Finance costs	(4.9)	(1.5)
Tax credit / (charge)	1.9	(0.3)
(Decrease) / Increase in net assets from operations	(91.7)	16.7
Purchase of own shares and dividends paid - cash and scrip	(6.0)	(16.9)
Adjustments for share option charge	1.2	2.4
Shareholders' funds at end of year	179.9	276.4
Net Asset Value per share	$0.63	$0.97

Dividend

On 25 June 2008, the Board announced that it had resolved to pay to shareholders a dividend of USD 0.35 per share for the year ended 31 December 2007 of a total cost of USD 9.8m. As approved by shareholders at the EGM held on 12 August 2008, the Board offered to shareholders the choice of receiving the dividend in new fully paid ordinary shares in the Company instead of cash (the "Scrip Dividend Offer"). The Board received acceptances of the Scrip Dividend Offer from holders of 162,653,267 ordinary shares in the Company, which resulted in the issue of 11,342,629 new ordinary shares (representing 3.7% per cent of the currently issued share capital of the Company, excluding shares held in treasury) having a value of USD 5.7m. The balance of USD 4.1m was paid in cash. These new shares have been admitted to trading on AIM.

During 2008, the Company purchased 3,391,961 shares to be held in treasury for a total cost of USD1.8m. In 2009, the Company purchased an additional 211,000 shares. The total number of shares held in treasury at 30 April 2009 was 12,352,961.

Due to the global economy, the financial crisis, and its effect on the Company portfolio, the Board decided not to distribute dividends for the year ended 31 December 2008. Future dividend payments will be considered based on the net performance of the Group's investment portfolio.

Annual General Meeting

The Group's Annual General Meeting will be held on 27 July 2009. The Notice for the meeting is on page 73 of this report.

Richard B Rosenberg

Chairman

22 May 2009

Noam Lanir

Chief Executive Officer

Review of Activities

Ron Baron, Executive Director and Chief Investment Officer

Introduction and Overview

2008 was a tough year for financial markets. Global economic conditions deteriorated rapidly, demand declined sharply, and equity and credit markets were decimated across the world. The knock-on effects of Lehman Brothers' bankruptcy in September are well documented in financial literature now and this event may well prove to be a turning point in financial and political history. 2008 saw significant central bank and government intervention in markets and in the economy to provide a safety net against systemic risk. While the deleveraging of the private sector continues, government balance sheets are being levered up to provide fiscal stimulus and jump start growth. While there are some "green shoots" of stabilization in the financial system and signs that the sharp decline in global economic activity is slowing, the overall- outlook for growth in 2009 looks bleak. However, we are hopeful that the powerful monetary and fiscal impetus so far and the political will to emerge from the crisis will stimulate the global economies to recover sometime in 2010.

The year-end NAV was USD 0.63 per share (mid-year NAV: USD 0.97, Dec 2007 NAV: USD 0.97). The portfolio remains well diversified across sectors and geographies with reduced exposure to capital markets and has a mixture of yielding and growth assets in Europe and Asia. The short term main driver of NAV is movements in currencies as the underlying assets are invested in EUR, CHF, USD, INR and other currencies.

The Company results include interest and dividend income of USD 14.0m, property income of USD 3.5m and realised losses of USD 20.5m. The latter relates mainly to losses on disposal of public equities. The Company made an impairment loss of USD 14.2m relating to non - performing positions in its fixed income portfolio. In addition the Company recorded a loss totalling USD 22.7m on its holding of 21.21% in Atlas Estates limited at year end. The Company recorded a loss of USD 6.8m relating to unrealized valuation of interest rate swap agreements, mainly in connection with hedging the loans granted to a subsidiary in connection with the acquisition of Wyler Park in Switzerland. The maturity of such loans and of the respective hedging agreement is 2014. As the Company is expected to hold these loans to maturity, it expects to regain the above loss by the time the loan matures.

Administrative expenses amounted to USD 3.3m and interest payable amounted to USD 4.9m, of which USD 3.1m relate to the debt facility of the Real Estate SPV (Wylerpark, Bern) that generated gross income of USD 4.0m.

The resulting loss before tax for the year was USD 63.8m (2007: USD 21.0m profit).

The Company does not have an external management company structure and thus does not bear the burden of external management and performance fees. Further, the interests of Livermore's management are aligned with those of its shareholders as management members have a large ownership interest in Livermore shares.

Considering the strong liquidity position of Livermore, together with the robustness and diversification of its investment portfolio and the alignment of management's interest with those of its shareholders, the Board believes the Company is well positioned to withstand the current market conditions and generate long term returns for its shareholders.

Global Investment Environment

The international economy deteriorated sharply during 2008, especially in the second half of the year. Economic output dropped in all three major economic regions (US, euro area, Japan), while the emerging economies also lost momentum. Consumer and producer confidence indices witnessed sharp declines, new orders fell off dramatically, capacity utilization dropped significantly and job losses accelerated. Financial markets were in turmoil and volatility peaked to its highest levels in October and November. Following the bankruptcy of Lehman Brothers in mid-September, the crisis spread across the world. Credit risk premiums shot up to the highest levels attained since the beginning of the financial crisis. In view of the uncertain balance sheet position of banks and the massive loss of trust among money market participants, central banks took unprecedented measures designed to increase liquidity and kick start the credit markets. The MSCI World index plummeted by over 40% during the year. Exchange rates became considerably more volatile.

To reduce systemic risk and prevent what could be a chain reaction of defaults, the Governments of most major economies recapitalized their banks and guaranteed bank debt and transactions. Aggressive fiscal measures have now been designed to provide stimulus to the economies. The Federal Reserve and other central banks deployed traditional and non-traditional monetary policy measures to support the credit markets with target interest rates between 0% - 2% in most developed economies.

The meteoric rise of the oil price to $140+ per barrel in the first half of 2008 was short lived. As economic slowdown spread from developed to emerging economies, oil prices along with other commodity prices witnessed sharp declines with the oil price ending the year around $46 per barrel.

EURO ZONE: In the euro area, GDP declined by 0.8% in the third quarter, following a drop of 0.7% in the second quarter. Capital expenditure declined again, due to the poor economic outlook, and the growth in exports lost momentum. A sharper decline was only prevented by a solid increase in government consumption. While the smaller economies proved resilient, Germany and Italy experienced the biggest drop in growth. Spain recorded its first decline in GDP since 1993. Employment plans in manufacturing deteriorated markedly and the sector experienced a period of cyclical weakness. Consumer fears about the future labour market situation are also likely to slow momentum. Car production is particularly hard hit. The situation in the credit markets remained tense. The extent to which the increasing tightness of credit conditions is affecting commercial bank lending is still unclear. Decreasing commodity prices, a weaker euro and the measures taken by a number of governments as well as the European Central Bank may, however, stabilize the economic situation in the medium term.

CENTRAL & EASTERN EUROPE: GDP growth slowed across the region, especially during the latter half of 2008. The group of Central and Eastern European countries (CEE, including Bulgaria, Poland, Romania, and the middle-income Baltic states but excluding Turkey), saw growth ease from 6.6 percent to 5.5 percent in the year. In Hungary, the economy contracted by 1% quarter on quarter in the fourth quarter of 2008, following a decline of 0.1% in the third quarter. Real GDP growth decelerated slightly in the third quarter in the Czech Republic and Poland, to 0.9% and 1.2% respectively. Short-term indicators point to a weakening of economic activity in both countries. In Romania, real GDP growth was still strong in the third quarter of 2008, partly driven by good harvests in the agricultural sector; however, a marked deceleration has been experienced in recent months. Slowing demand in the Euro Area dampened export performance, while overheating in several countries required a mix of fiscal and monetary tightening to stem inflationary pressures. The global financial crisis disrupted Hungary's slow recovery of domestic demand and led the country to accept an emergency €15 billion loan from the International Monetary Fund. By year end, the Polish zloty had lost a third of its value against the euro since last summer, with Hungary's forint down over 16% in the same period.

SWITZERLAND: Switzerland was also affected by the slowdown but much less than the US or Euro zone. In particular, consumer spending was more dynamic than in other countries because the labour market was still in good shape. From September on, the worsening crisis of confidence increasingly made itself felt with both producer and consumer sentiment deteriorating substantially. Although initial signs of a slackening of demand had been observed, the speed with which order intake dropped off from mid-September came as a surprise. Exports were particularly badly affected. In contrast, construction, retail and hospitality demand was still robust. In view of the deterioration in the economic outlook, the Swiss Confederation adopted a package of measures in early November totaling CHF 1.5 billion (around 0.3% of GDP) to support the economy.

> *"...Management was successful in completing in time the development of the residential part of the Wyler Park project in Bern, Switzerland..."*

INDIA: The Indian economy, after exhibiting strong growth during the second quarter of 2008, experienced moderation in the wake of the global economic slowdown. Industrial growth decelerated sharply especially in basic, capital and intermediate goods categories, while growth in consumer goods accelerated. The services sector, which has been the primary growth engine over the years, slowed as well. Trade deficit widened, initially due to high oil import bills, and later due to a reversal of portfolio investment inflows. The Indian Rupee depreciated over 20% during the year. Financial markets in India suffered in line with emerging markets with the NIFTY (stock index) falling over 50% from the beginning of the year. There are downside risks for economic growth due to global economic slowdown, deterioration in financial markets and domestic demand. On a positive note, there is an expected increase in consumption demand due to increased disposable income from higher tax slabs and exemption limits, Sixth Pay Commission awards, debt waiver for farmers and pre-election expenditure. Further, easing of international oil and commodity prices and a high base effect has helped in softening the inflationary pressure.

Sources: International Monetary Fund (IMF), Swiss National Bank (SNB), European Central Bank (ECB), Reserve Bank of India (RBI), Bloomberg

Livermore's Strategy

Livermore's investment strategy is to establish a diversified portfolio of value investments with a low – medium risk profile and a geographic focus on Europe and Asia. Investments are also focused on sectors which Management believe will provide superior growth over the mid to long term. In Emerging Markets the Group invests alongside local partners with relevant expertise and proven track record. The credit and housing crisis that began in 2007 exploded into a global crisis with historical asset price declines leading to a vicious deleveraging cycle. Unprecedented monetary and fiscal interventions seem to have provided some stability but systemic risks remain until the asset price declines are stemmed and financial system stability is restored.

In light of worsening economic conditions, Management significantly reduced during 2008 its leverage and exposure to global markets. Livermore suspended its dividend payment and cut costs to retain maximum cash. The foremost objective to maintain a strong liquidity position had been achieved by year end with the Company now in a comfortable cash and marginal debt position. Although most of the portfolio companies are cash flow positive and do not require additional capital, a few became capital constrained as credit markets shut down during 2008. In these cases Management closely reviewed, together with the respective teams, alternative financing arrangements. Livermore Management set as a priority to keep hold of capital reserves to support certain portfolio companies, which exhibited good growth but were restrained by the lack of bank credit. Such was the case with DTH Boom TV, which exhibited above expectations growth in 2008 but as access to bank credit became more limited the shareholders were requested to make additional capital injections to support the growth strategy of the company. Supported by the equity contribution by shareholders, DTH was successful in securing a credit line of €18.5m in September 2008.

During the year management decided to structure and manage the Group's portfolio based on those investments which are considered to be long term, core investments and those which could be readily convertible to cash, are expected to be realised within the normal operating cycle and form part of the Group's treasury function. As of year end the Company had over USD 39.8m in cash, cash equivalent and marketable securities.

The Board believes that its conservative investment approach and robust portfolio will provide downside protection in the near-mid term and upside potential in the mid-longer term.

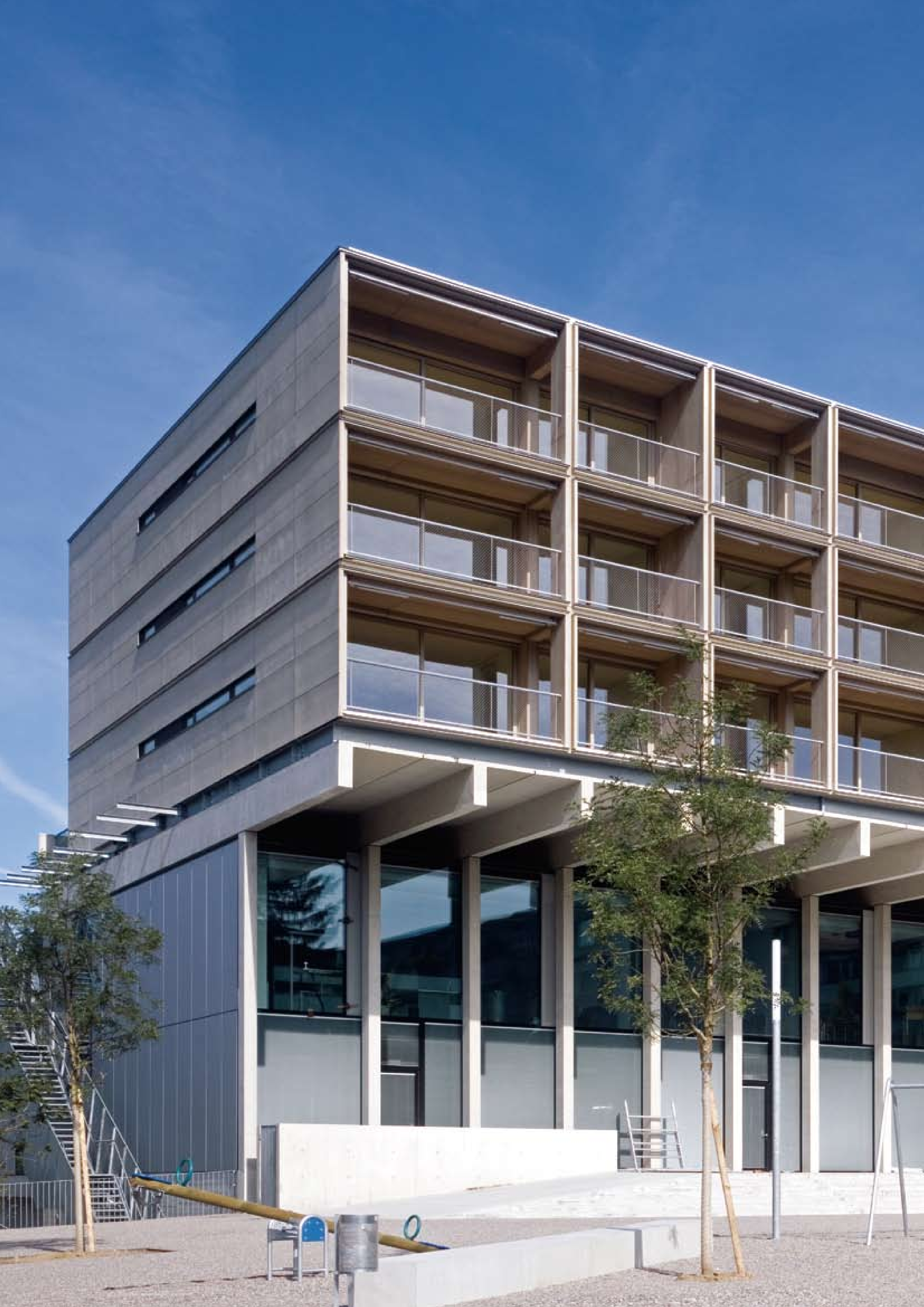
Review of Significant Investments

Wyler Park - Switzerland

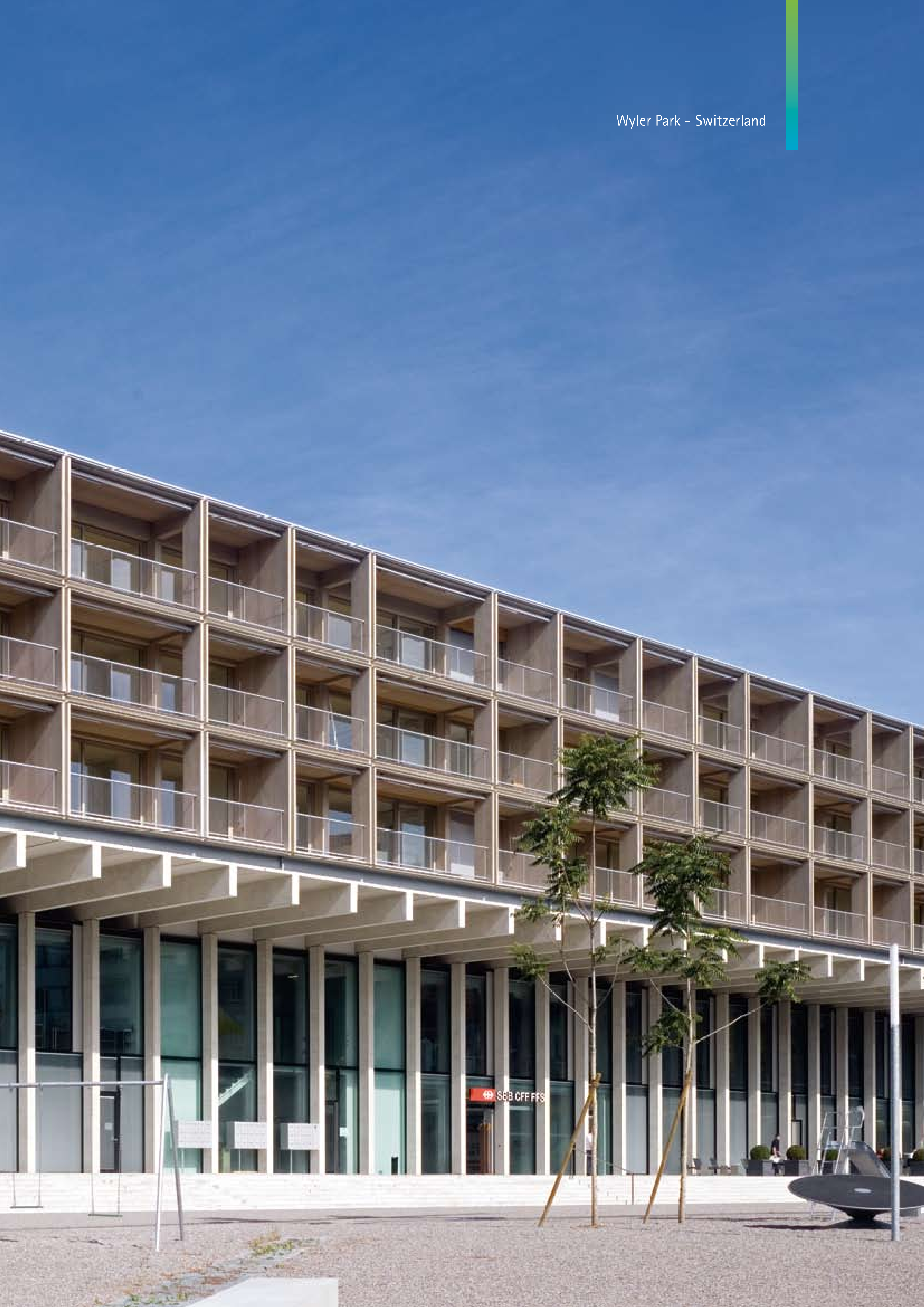
wConstruction of the 39 modern residential apartments was completed in August. Rental off-take of the apartments has been ahead of expectations with over 25 rental contracts signed to date, with the remaining expected to be rented by H1 2009. The additional annual rental income expected from the residential development is CHF 1.1m.

The rental income from the commercial components of the project was stable with an increment in the rental income expected in Jan 2009 due to the indexation of rent. The Company reduced the leverage position on the project by reducing the LTV from 85% to 72% as the residential project was financed with equity without Bank loans.

The final fit out of the Wyler II commercial building is at a very high standard and above expectations. As of 2008 over 800 SBB employees occupy the Wyler I and Wyler II commercial buildings. The investment in Wyler Park was made through a fully owned Swiss subsidiary, Livermore Investments AG. The loan outstanding



Wyler Park - Switzerland



on the project is CHF 79m, which is a non-recourse loan to Livermore Investments AG backed only by this property. The valuation of the property as of year end 2008 is CHF 110.4m.

During 2008, the Wyler Park property contributed some USD 2.1m to the Group's annual profit before tax, derived from operating income, revaluation losses, and exchange rate differences due to the appreciation of the CHF.

As the commercial property is rented to the Swiss SBB with a lease until 2019 and there is strong demand for the residential apartments, the Company expects this property to continue to perform well, regardless of the global slowdown, and maintain its value looking forward. In addition, the Company expects to add value to this property by utilizing the additional commercial development rights of 7800sqm attached to the property in the coming years.

Atlas Estates ("Atlas") – Central and Eastern Europe

The global economic crisis has had a significant impact on the Central and Eastern European region resulting in depreciation of local currencies, a sharp reduction in availability of credit, and low transactional volumes in real estate. Hungary, where Atlas has 13% of its assets, has had to seek financial support from the International Monetary Fund ("IMF"). However, Poland, where 64% of Atlas' assets are located, appears the most resilient economy in the region. According to Atlas's management, demand fundamentals, particularly for quality office, residential and retail space, remain intact despite the challenging environment.

For the year, revenue increased to €51.9m (2007: €27.4m). Loss from operations was €3.9m (2007: profit from operations €17.1m), predominantly due to an unrealised foreign exchange loss of €24.5m (2007: gain €1.9m) resulting from the depreciating currencies in the CEE region. Net Asset Value declined to €173.8m (31 December 2007: €224.1m) with NAV per share at €3.68 (31 December 2007: €4.98) and Adjusted NAV per share at €4.42 (31 December 2007: €6.36). Atlas had bank loans at 31 December 2008 of €247.7m (31 December 2007: €218.5m). During the period, Atlas refinanced the Hilton Hotel in Warsaw and secured a new construction loan at Platinum Towers, Warsaw. The company reported covenant breaches on two loans granted to subsidiaries and announced that the banks are aware of the technical breaches and have not asked for repayment of the loans. In relation to the most material loan, the Group has received a written covenant waiver from its lender after the year end and the lender will continue to extend the €63.1m facility.

On the operational side, Atlas delivered Stage 1 of the Capital Art Apartments residential development in Warsaw on time and to budget. 165 apartments have been handed over to new owners to date and a further 30 are expected to be completed in the coming months. The Hilton Hotel in Warsaw performed ahead of expectations in 2008, proving to be among the strongest performing five-star hotel and conference centres in the CEE region.

The developments in the region generally and at Atlas specifically have been disappointing and below expectations. The share price of Atlas declined in 2008 by 90%. The Company received from Atlas a dividend payment of USD 2.6m on 22 July 2008. During the year, Livermore management was actively involved in discussions with the Atlas Board and Management on issues relating to cost reduction, currency hedging, and measures to close the NAV gap such as the future of the Atlas Management Company.

Livermore believes that the fee burden of Atlas Management Company (AMC) is excessive and the performance fee allocation unjustified. These concerns have been actively voiced to the Atlas Board and suggestions to terminate the Property Management Contract were made when there was a change of control at AMC. Livermore continues to urge action by the Atlas Board on this issue.

Although liquidity was a concern during the second half of the year, Atlas management has taken measures to retain cash within the company and slashed dividends, cut costs, and refinanced some properties. Further, some management fees due to Atlas Management Company have been accrued and not paid out in cash. Over the next three to five years, taking account of more uncertain market conditions, the company will be seeking to realise value through property disposals and the completion of its ongoing development projects.

Given current conditions, we believe that certain development properties may face refinancing risk and may be subject to forced sales. In light of this, we have concluded an impairment review and have estimated Atlas Estates at €2.9 per share instead of €3.68 per share. Please see note 19 for details.

DTH Television Grup SA, BOOM – Romania

Livermore invested in Boom in October 2007 and acquired a 15% minority stake for approximately €9.5m. During 2008, the Company increased its holding to 18.23% and made follow on investments of €2.8m in the form of Convertible Loans.

Boom is a Direct-To-Home multi channel satellite television service in Romania, which started operations during the third quarter of 2006. Despite the global economic situation, Boom continued to demonstrate significant growth during 2008 and doubled its size reaching over 225,000 subscribers at year end. This was achieved while maintaining the highest ARPU (average revenue per unit) amongst the DTH players in the Romanian market. Boom managed to do so by using unique sales approaches, and by offering its customers premium exclusive content, and the best TV experience in the Romanian market.

The company plans to continue its growth while leveraging on its premium content, enjoying the high penetration of TV to local households, and increasing migration from analogue to digital TV services. In addition, during 2009 Boom will introduce added value services, such as High Definition, Dolby Surround, and ITV to its subscribers. Boom plans to reach 550,000-600,000 subscribers by 2012 and capture some 20% of the digital TV market in Romania. With a market potential of 7.6m homes and regulatory encouragement to switch from analogue to digital reception, Boom is well placed to capitalize on this tremendous window of opportunity.

Boom met its planned growth targets and expects to break even from operations in 2009 and make significant profits in the years ahead. From summer 2009 and for a period of 3 seasons, Boom will exclusively broadcast the UEFA Champions league, which is considered to be Europe's best sports event.

While the global economy may affect the exit timing, Boom is becoming more and more attractive to market players and industry related funds, as it nears profitability. Livermore management continues to expect to realise this investment within the next 24 months.

SRS Charminar – India

As noted in our 2007 Annual Report, Livermore has invested in 2009 USD 20m in a leading Indian Real Estate company, in association with SRS Private and other investors as part of a total investment of USD 154m. The target company is a top 10 real estate developer in India by land bank value and size. It controls over 5000 acres across Southern India, with over 650 acres in Hyderabad. The target company is the world's first property development company to have been certified as per four international standards - ISO 9001 - 2000, ISO 14001 – 2004, OHSAS 18001 – 1999 and SA 8000 – 2001.

The deal structure included a put option, which could be exercised if the IPO does not take place within 3 years or if certain terms in the agreement are not met. The put option is secured by land valued at around USD 1.3 Billion at the time of investment and guarantees a minimum return of approximately 30% IRR if exercised.

Infinite India Limited, the manager for this investment, informed Livermore on 25 February 2009 that following discussions with the promoters of the real estate company on 20 January 2009 the fund served a put option notice in accordance with the investment agreement demanding the return of capital and 30% interest on the investment. As there was a dispute between the founders and the fund as to the grounds for exercising the put option, the parties agreed to invoke arbitration to be held in Mumbai, arbitrated by the retired chief justice of the supreme court of India, the country's supreme judicial body. The outcome of this arbitration should become clear over the coming months.

Montana Tech Components ("Montana") – Europe

Montana, based in Austria, is a leading components manufacturer in the fields of Aerospace Components, Metal Tech and Micro Batteries.

The Aerospace Components business segment manufactures specialized components for Airbus and Boeing and is the market leader. The facilities are currently located in the US and in Switzerland with a new low cost facility in Romania under construction. The company has over 50% market share in the US with Boeing and is expected to have over 45% in Europe with Airbus after the completion of the Romanian facility. The Aerospace Components business performed well during 2008 despite poor economic conditions. Both Airbus and Boeing have large order back logs that have assisted in maintaining the volumes.

Metal Tech business segment operates in a niche area with 60%-70% of world market share in an otherwise highly fragmented industry. This business segment produces tools for identification and marking of Steel products and has performed to expectations due to a large order backlog. This order backlog, however, has been declining as new sales have been low in the last half of 2008.

The Micro Batteries business segment has 3 business units. 2 business units are excellent with a strong brand (VARTA Micro Power) and market share in their defined niches – Hearing Aid Batteries and Rechargeable Batteries. The revenues and net incomes have been stable in these business units. The third business unit is based on Lithium Polymer batteries and has recently been restructured to an R&D only organization due to high fixed costs of production.

In 2008, the group had net revenues of €348m and an EBITDA of €26.6m. The group expects to increase net revenues to €431m by 2011 and increase EBITDA margins from 7.6% to 15% during this time.

In September 2008, the company raised €24m through a convertible bond issue of Montana maturing in 2011,

> *"...As of year end the Company had over USD 39.8m in cash, cash equivalent and marketable securities..."*

yielding 8% with option to convert to common equity at €5 per share. Livermore invested €1.24m in the bond. Earlier in 2007, Livermore had invested €5m at a valuation of €7.6 per share. Given that the primary equity markets are more or less closed at the moment and based on discussions with the Management of Montana, Livermore now expects an exit via IPO is likely before 2011. Montana's management will seek a trade sell of the underlying businesses in 2011 in case an IPO does not happen. As all three businesses have a strong franchise value it could be expected that a trade sale should generate significant market interest.

Livermore has decided to mark the investment down to an equity valuation of €3 per share in line with the decline in market value of peer companies. The valuation is the median of the worst case valuation range suggested by Erste Bank in an evaluation report dated February 2009. The median valuation based on Management business plans, which already assumes a significant slowdown in sales across all business lines, is €5 per share.

CALS refinery – India

In December 2007, Livermore entered into a Total Swap Agreement (TSA) with respect to a Global Depositary Receipt (GDR) issued by an Indian refinery company – CALS Refinery. CALS is promoted by Spice group to set up refineries in India. Spice is a USD 2 billion turn over group with interests in Oil & Gas, Aviation, Hotels, and Heavy engineering in India and Africa. CALS is relocating a refinery from Germany to India and the GDR was issued to part finance the relocation and set up of this refinery in India. CALS expects the refinery to have a capacity of 4.8 Million Metric Tons Per Annum. During the period, CALS signed an off-take agreement with BP to purchase crude and sell refinery output.

The TSA has a capital protection structure through a put option on the promoters. The put option exercise notice has been sent to CALS promoters and negotiations for a structured payment schedule, and possibly additional collateral to be provided by the promoters, are underway.

Other Private Equity Investments

The other private equity investments held by the Group are incorporated in the form of Managed Funds, mainly in the emerging economies of India and China.

India Blue Mountains: A leading hotel and hospitality development fund that develops and acquires hotels in India. The fund has acquired land and is in the process of developing four 4-star hotels in Mumbai, Chennai, Pune and Goa. All four hotels will be managed by the Accor Group, who have also invested equity and hold a 26% stake in all of the hotels.

The Indian hospitality sector has had mixed fortunes in recent months. In particular occupancy rates and average room rates ("ARR") declined sharply in the 5-star segment following the terrorist attacks on the Taj Palace Hotel and the Oberoi in Mumbai on 26 November, 2008. However, demand for the 4-star hotels, which is the relevant segment for India Blue Mountains, continues to be robust with the National Capital Region reporting occupancy levels of 85% and Mumbai reporting occupancy levels of 77.2% in 2008. There continues to be a significant shortage of 4-star hotel rooms across India and domestic travellers who would usually stay in 5-star hotels are trading down to 4 star hotels. Concerns regarding availability of construction finance reduced as the Reserve Bank of India reclassified the hospitality sector to Infrastructure rather than real estate. Infrastructure is a priority lending sector for state owned banks and, therefore, construction finance is now available for hotels.

For the Chennai project, the fund has negotiated a reduction in purchase price by 34% in USD terms. Excavation is underway for the Pune project and is expected to be completed in H1 2009. Excavation for the Mumbai project is expected to commence in H1 2009. The fund is awaiting land reclassification on the Goa project.

The NAV per share as of 31 December 2008 was USD 137.9 (31 December 2007: USD 127.05)

Elephant Capital plc: India-focused private equity fund, which is AIM quoted (formerly called Promethean India plc). (Ticker: ECAP). The fund executes a value activist strategy in both public and private businesses in India, building a concentrated portfolio of investments in which the fund can act as a catalyst for change and value creation. Its portfolio investments to date include a leading tiles manufacturer in India, an established automotive components manufacturer, a hospitality company with luxury hotels located in prime locations in top Indian cities, and an m-commerce player. The fund has been conservative and diligent in its investment approach, investing only 60% of its capital to date, which positions it to capitalize on lower valuations in attractive opportunities.

Panda Capital: China-based Private Equity Fund focused on early-stage industrial operations in China and Taiwan, which represent strong growth opportunities. The fund has invested in a bamboo based flooring manufacturer, a lens moulding company, an electronic components manufacturer, an FDA approved wound healing cream producer, and an outdoor media company. During 2008, Livermore management visited the main portfolio companies of the fund and were impressed with the quality of the investee companies and the investment team.

The fund has reported a drop of 37% in its NAV from cost on account of write downs of some portfolio companies, especially in the media segment. The fund has a 100% interest in an exciting bamboo flooring company in China, which provides a low cost alternative to hardwood flooring in shipping containers. This investment is expected to generate very attractive returns once the shipping industry recovers from the current downturn.

Alternative Investment Managers

During 2008, given the deteriorating market and economic conditions, Livermore reduced exposure to capital markets and redeemed or drastically reduced its investments in most of the hedge funds, barring those which performed exceedingly well in 2008 and are well positioned to capitalize the relative value opportunities that arise in 2009. As of year end the portfolio of hedge funds totals USD 9.6m. All funds that were redeemed have honoured the redemption.

Livermore's portfolio construction and allocation strategy is based on hedge fund strategy and sector diversification, internal correlations, macro-economic conditions, market cycles, and fund strategy risk considerations. The Company closely monitors the managers and continually adjusts the portfolio.

In addition, during 2008 the Group invested in a diversified portfolio of exclusive managers in the credit arena, mainly through investments in Collateralized Loan Obligations ("CLOs"). These investments were made with a view to taking advantage of the tight financing terms secured in these deals and the strong fundamentals of bank loans as an asset class, namely high recovery rates and strong cash flows. In light of the credit crunch in 2008 the portfolio suffered significant mark to market losses as default rates as well as expectations for default rates rose and as a result loan prices deteriorated to 60-70c. At the same time the dividend income on the portfolio was in line with expectations.

The total dividend/interest income generated by this portfolio in 2008 was USD 14.0m. The company recognised an impairment of USD14.1m at year end relating mainly to non performing positions. The total CLO portfolio (at market value) as at 2008 year end amounted to USD 10.4m.

Post balance sheet events and investments

Post balance sheet Atlas Estates has reported a drop of 20.1% in the IFRS NAV to EUR 2.94 per share for quarter ending 31 March 2009. The drop is attributed primarily to unrealised currency losses due to further deterioration of local currencies. Atlas has cited challenging credit and refinancing conditions, possibly leading to asset sales and other measures.

Other than the above there have been no significant post balance sheet events or investments. In assessing investments for impairment, the Board have conducted a review of post balance sheet events and are satisfied that no further adjustments to valuations are required.

Litigation

At the time of this Report, there are two litigation matters that the Company is involved in. Management believes that each poses minimal to no exposure to the Company and to its financial situation. Further information is provided in note 31 - Litigation.

> *"...The Company does not have an external management company structure and thus does not bear the burden of external management and performance fees..."*

Report of the Directors

The Board's objectives

The Board's primary objectives are to supervise and control the management activities, business development, and the establishment of a strong franchise in the Group's business lines. Measures aimed at increasing shareholders' value over the medium to long-term, such as an increase in NAV and dividends paid are used to monitor performance.

The Board of Directors

Richard Barry Rosenberg (age 53), Non-Executive Director, Chairman of the Board

Richard joined the Group in December 2004. He became Non-Executive Chairman on 31 October 2006. He qualified as a chartered accountant in 1980 and in 1988 co-founded the accountancy practice Sedley Richard Laurence Voulters. He has considerable experience in giving professional advice to clients in the leisure and entertainment sector. Richard is a director of a large number of companies operating in a variety of business segments.

Noam Lanir (age 42), Founder and Chief Executive Officer

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

Ron Baron (age 41), Executive Director and Chief Investment Officer

Ron was appointed as Executive Director and Chief Investment Officer on 10 August 2007. Ron has wide investment and M&A experience. From 2001 to 2006 Ron served as a member of the management at Bank Leumi, Switzerland and was responsible for portfolio management activity. Prior to this he spent five years as a commercial lawyer at Kantor, Elhanani, Tal & Co. Law Offices in Tel Aviv, Israel, advising banks and large corporations on corporate transactions, including buy-outs and privatisations. He holds an MBA from INSEAD Fontainebleau and a LLB (LAW) and BA in Economics from Tel Aviv University.

The Directors shall retire from office at the third Annual General Meeting after that at which they were last elected, and if they so wish, offer themselves up for re-election to the Board. Subject to the Companies Act and the Articles, the Directors to retire by rotation at the Annual General Meeting in every year shall be in addition to any Director who wishes to retire and not to offer himself for reappointment and any Director to retire under the Company's Articles. The interests of the Directors and their related companies in the shares and options over shares in the Company are as shown on page 33. Details of the Directors' remuneration and service contracts also appear on page 33.

The Directors submit their annual report and audited financial statements of the Group for the year ended 31 December 2008.

Ron Baron,
Executive Director and
Chief Investment Officer

Richard Barry Rosenberg,
Non-Executive Director,
Chairman of the Board

Noam Lanir,
Founder and
Chief Executive Officer

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.

The Directors are required 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 Group 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 applicable law. 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.

Substantial Shareholdings

As at 20 April 2009 the Directors are aware of the following interests in 3 per cent or more of the Company's existing ordinary share capital:

	Number of Ordinary Shares	% of issued ordinary share capital
Groverton Management Ltd	154,412,173	50.77
Aviv Raiz	24,573,423	8.08
Artemis investment Management Ltd	17,500,000	5.75
RB Investments GmbH	13,915,419	4.58
Bank Hapoalim Luxemburg	13,898,302	4.57

	Number of Ordinary Shares	% of issued ordinary share capital
Bristol Investments Group S.A.	12,590,638	4.14
Bank Leumi Swiss	12,568,420	4.13
Livermore Investments Ltd (treasury)	12,352,961	4.06
Jefferies & Co	9,727,551	3.20

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.

Details of transactions with Directors are disclosed in note 28 to the financial statements.

Corporate Governance Statement

Introduction

The company recognises the importance of the principles of good Corporate Governance and the Board is pleased to accept its commitment to such high standards throughout the year. As an AIM quoted company, Livermore is not required to follow the provisions of the 2006 FRC Combined Code ("the Code"). However, the company is keen to adopt and promote the provisions of that Code.

The Board Constitution and Procedures

The company is controlled through the Board of Directors, which currently comprises one Non-Executive Director and two Executive Directors. The Chief Executive's responsibility is to focus on co-ordinating the company's business and implementing group strategy.

A formal schedule of matters is reserved for consideration by the Board, which meets approximately four times each year. The Board is responsible for implementation of the investing strategy and described in the circular to shareholders dated 6 February 2007 and adopted pursuant to shareholder approval at the company's EGM on 28 February 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 advice and services of the Company Secretary and all Directors are able to take independent professional advice if relevant to their duties. The Directors receive training and advice on their responsibilities as necessary. All Directors, in accordance with the code, submit themselves to re-election at least once every three years.

Board Committees

Due to the fact that there is only one Non-Executive Director on the Board of Directors, the company does not employ the powers of its audit, remuneration and nomination Committees. The company has been looking to recruit an additional Non-Executive Director. Once such appointment has been made, it will employ the full powers of its Board Committees. In the meantime, the serving Non-Executive Director has assumed the responsibilities of the aforementioned Committees until such time as an additional Non-Executive Director is appointed. In addition, the board is evaluating the establishment of an advisory panel to assist in the development and implementation of investment strategy and policy.

Remuneration Committee

Until 31 October 2006 the Remuneration Committee comprised of two Non-Executive Directors and was chaired by Richard Rosenberg.

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.

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. The duties of the Committee include monitoring the auditor's performance and reviewing accounting policies and financial reporting procedures.

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 results announcements of the company. The chairman, Richard Rosenberg, was 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 group'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 with internal control and for reviewing its effectiveness. In this context, control is defined in 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 group operates a sound system of internal control, which is designed to ensure that the risk of mis-statement or loss is kept to a minimum.

Given the group'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 undertakes a review of its internal controls on an ongoing basis.

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 auditors that they are independent;
- a review of fees paid to the auditor in respect of audit and non-audit services.

Remuneration Report

The Directors' emoluments, benefits and shareholdings during the year ended 31 December 2008were as follows:

Directors' Emoluments

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

Director	Notes	Date of agreement	Salary/Fees $000	Benefits $000	Total Emoluments 2008, $000	Total Emoluments 2007, $000
Richard Barry Rosenberg		10/06/05	138	-	138	151
Noam Lanir	a)	10/06/05	400	-	400	400
Ron Baron		01/09/07	275	-	275	94

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;

Directors' Interests

Interests of Directors in ordinary shares

	Notes	As at 31 December 2008		As at 31 December 2007	
Director		Number of Ordinary Shares	Percentage of ordinary issued share capital	Number of Ordinary Shares	Percentage of ordinary issued share capital
Noam Lanir	a)	154,412,171	52.884%	138,840,923	48.883%
Ron Baron	b)	13,911,970	4.764%	13,055,510	4.597%
Richard Barry Rosenberg		15,000	0.005%	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.

b) On 16 April 2007, a loan of USD 5m was provided to RB Investments GMBH, a company owned by Ron Baron to purchase Livermore shares. The loan bears an annual interest rate of 6 month USD LIBOR plus 0.25%, and is payable 3 years from grant.

Interests of Directors in share options

Director	No of options at 31 December 2008	Date of grant	Exercise price, £	Exercise Price, $	Vesting period of options
Noam Lanir	10,000,000	19/07/06	0.7775	1.41786	19/07/06-19/07/09
Richard Barry Rosenberg	500,000	13/05/08	0.30	0.58407	13/05/08-13/05/11
	150,000	19/07/06	0.7775	1.41786	19/07/06-19/07/09
	75,000	07/12/05	0.71	1.22	07/12/05-07/12/08

The options are exercisable up to 10 years after the date of grant. No options were exercised during the year ended 31 December 2008.

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 (apart from continued service).

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 organization.

The following key principles guide its policy:

- 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 Group'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 shareholders
- the wider scene, including pay and employment conditions elsewhere in the Group, will be taken into account, especially when determining annual salary increases.

Review of the Business and Risks

Risks

The Board considers that the risks the Shareholders face can be divided into external and internal risks.

External risks to shareholders and their returns are those that can severely influence the investment environment within which the Group operates, and include economic recession, declining corporate profitability, rising inflation and interest rates and excessive stock-market speculation.

Current portfolio risks include interest rate increases, a global economic effect on Emerging markets (mainly India and Central and Eastern Europe), a global credit shortage caused by the US credit market crisis, and instability in the Private Equity and Hedge Fund sectors. The mitigation of these risks is achieved by investment diversification, both by sector and by location.

Internal risks to shareholders and their returns are:

Portfolio (investment and location selection and concentration), balance sheet (gearing) and/or investment mismanagement. In particular the Board has identified a concentration risk to Atlas Estates Ltd. as a notably large single investment risk.

Governmental and Regulatory risks in countries where Livermore is invested given increased nationalist and protectionist policy risks. The SRS Charminar investment is specifically subject to this risk as governmental authorities are in the process of examining irregular behaviour.

In respect of the risks associated with investments, the board is evaluating the establishment of an external investment advisory board. In addition, a periodic internal review is performed to ensure transparency of Group activities and investments. All service providers to the Group are regularly reviewed. The mitigation of the risks related to investments is effected by investment restrictions and guidelines and through reviews at Board Meetings.

As the portfolio is invested mostly in non USD currencies (mainly EUR, CHF and INR), it is exposed to movements in these currencies.

On the asset side, 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. On the liability side, the Group's exposure to rising interest rates is minimal as it has limited borrowings correlated to variable interest rates.

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 its CDO / CLO and 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.

Share Capital

There was no change in the authorised share capital during the year to 31 December 2008. The authorised share capital is 1,000,000,000 ordinary shares with no par value.

Related party transactions

Details of any transactions of the Group with related parties during the year to 31 December 2008 are disclosed in Note 28 to the Financial Statements.

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 2008, 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 32. 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. 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 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. 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 IFRS 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 Highlights, the Chairman's and Chief Executive's Review, the Review of Activities, the Report of the Directors, the Corporate Governance Statement, the Remuneration Report and the Review of the Business and Risks. 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.

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 IFRS's as adopted by the European Union, of the state of the group's affairs as at 31 December 2008 and of its result for the year then ended.

GRANT THORNTON UK LLP
Chartered accountants
London
Date: 27 May 2009

Richard Barry Rosenberg, Non-Executive Director, Chairman of the Board

Livermore Investment Group Limited

Consolidated Income Statement for the year ended 31 December 2008

	Note	2008 $000	2007 $000
Investment income			
Interest / dividend income	4	14,032	16,573
Property revenue	5	3,487	1,822
Loss on investments	6	(40,920)	(1,433)
(Loss) / gain from investment in associate	7	(22,712)	8,827
Revaluation of financial assets designated at fair value through profit and loss		(9,147)	-
Gross (loss) / profit		(55,260)	25,789
Amortisation and non recurring items	8	(349)	(134)
Administrative expenses	9	(3,345)	(3,029)
Operating (loss) / profit		(58,954)	22,626
Finance expenditure	10	(4,840)	(1,541)
(Loss) / profit before taxation		(63,794)	21,085
Taxation credit / (charge)	11	1,935	(368)
(Loss) / profit for year		(61,859)	20,717
Earnings per share			
Basic and diluted (loss) / earnings per share ($)	12	(0.22)	0.07
Dividends			
Proposed final dividend per share ($)		-	$0.035
Proposed final dividend ($000)		-	10,000
Dividends paid during the year per share ($)		$0.035	$0.033
Dividends paid during the year ($000)		9,848	9,657

The notes on pages 42 to 71 form part of these financial statements.

Livermore Investments Group Limited

Consolidated Balance Sheet as at 31 December 2008

	Note	2008 $000	2007 $000
Assets			
Non-current assets			
Property, plant and equipment	14	352	405
Intangible assets	15	9	45
Available- for-sale financial assets	16	78,932	217,763
Financial assets designated at fair value through profit or loss	17	8,135	729
Investment in property	18	104,520	97,632
Investment in associate	19	39,939	69,639
		231,887	386,213
Current assets			
Trade and other receivables	20	9,828	1,850
Cash and cash equivalents	21	2,468	9,917
Available- for-sale financial assets	16	28,314	-
Financial assets designated at fair value through profit or loss	17	8,971	-
		49,581	11,767
Total assets		281,468	397,980
Equity			
Share capital		-	-
Share premium	22	206,530	202,635
Other reserves		(27,914)	767
Retained earnings		1,334	73,041
Total equity		179,950	276,443
Liabilities			
Non current liabilities			
Bank loans	23	74,134	69,411
Derivative financial instruments		8,149	-
Deferred tax		-	258
		82,283	69,669
Current liabilities			
Bank overdrafts	24	8,518	15,825
Short term bank loans	25	7,370	-
Trade and other payables	26	3,220	35,934
Current tax payable	27	127	109
		19,235	51,868
Total liabilities		101,518	121,537
Total equity and liabilities		281,468	397,980
Net asset valuation per share			
Basic and diluted net asset valuation per share ($)		0.63	0.97

These Financial Statements were approved by the Board of Directors on 22 May 2008.

The notes on pages 42 to 71 form part of these financial statements.

Livermore Investments Group Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2008

	Note	Share capital $000	Share premium $000	Share option reserve $000	Investments revaluation reserve $000	Retained earnings $000	Total $000
Balance at 1 January 2007		–	209,807	1,794	882	61,763	274,246
Changes in equity for the year ended 31 December 2007							
Unrealised loss on revaluation of available for sale investments		–	–	–	(4,348)	–	(4,348)
Profit for the year		–	–	–	–	20,717	20,717
Dividends paid		–	–	–	–	(9,657)	(9,657)
Purchase of own shares		–	(7,172)	–	–	–	(7,172)
Share option charge		–	–	2,657	–	–	2,657
Share options forfeited		–	–	(218)	–	218	–
Balance at 31 December 2007		–	202,635	4,233	(3,466)	73,041	276,443
Changes in equity for the year ended 31 December 2008							
Unrealised loss on revaluation of available for sale investments		–	–	–	(23,880)	–	(23,880)
Share of losses through reserves of associate		–	–	–	(3,030)	–	(3,030)
Unrealised foreign exchange loss arising from translation of associate		–	–	–	(2,938)	–	(2,938)
Loss for the year		–	–	–	–	(61,859)	(61,859)
Dividends paid		–	–	–	–	(9,848)	(9,848)
Shares issued under scrip dividend		–	5,693	–	–	–	5,693
Purchases of own shares		–	(1,798)	–	–	–	(1,798)
Share option charge		–	–	1,167	–	–	1,167
Balance at 31 December 2008		–	206,530	5,400	(33,314)	1,334	179,950

The notes on pages 42 to 71 form part of these financial statements.

Livermore Investments Group Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2008

	Note	2008 $000	2007 $000
Cash flows from operating activities			
(Loss) / profit before tax		(63,794)	21,085
Adjustments for			
Effects on foreign currency	18	(5,997)	-
Depreciation and amortisation	14/15	146	93
Interest expense	10	4,670	1,398
Decrease / (increase) in value of investment property	18	3,323	(1,244)
Effects on associate carrying value	7	22,712	(8,827)
Realised losses on investments		40,717	2,263
Fair value losses on financial assets at fair value through profit or loss		9,147	-
Equity settled share options	8	1,167	2,657
Loss on sale of property, plant and equipment		6	13
		12,097	17,438
Changes in working capital			
(Increase) / Decrease in trade and other receivables		(6,280)	48,945
(Decrease) / Increase in trade and other payables		(32,714)	2,024
Tax paid		(3)	(8)
		(38,997)	50,961
Net cash generated from operating activities		(26,900)	68,399
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(63)	(418)
Purchase of intangible assets	15	-	(16)
Acquisition of investments		(108,422)	(584,938)
Proceeds from investments		136,967	484,326
Acquisition of investment and development property	18	(4,214)	(96,388)
Acquisition of associate	19	(1,590)	(60,812)
Proceeds from associate	19	2,610	-
Net cash from/(used in) investing activities		25,288	(258,246)
Cash flows from financing activities			
Dividends paid		(4,155)	(9,657)
Purchase of own shares		(1,798)	(7,172)
Proceeds from bank loan		12,093	69,411
Interest expense	10	(4,670)	(1,398)
Net cash from financing activities		1,470	51,184
Net decrease in cash and cash equivalents		(142)	(138,663)
Cash and cash equivalents at the beginning of the year		(5,908)	132,755
Cash and cash equivalents at the end of the year		(6,050)	(5,908)

The notes on pages 42 to 71 form part of these financial statements.

Notes on 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 then changed to Livermore Investments Group Limited on 28 February 2007.

1.3. The principal activity of the Group changed to investment services on 1 January 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 Business Companies Act (2004).

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

2.1. 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 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and on a going concern basis. The financial statements have been prepared on the historical cost except for the following:

- Derivative financial instruments are measured at fair value.
- Financial instruments at fair value through profit or loss are measured at fair value.
- Available- for- sale financial assets are measured at fair value.
- Investment property is measured at fair value.
- Share- based payments are fair valued at the date of grant.

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

The directors have reviewed the accounting policies used by the Group and consider them to be the most appropriate.

b) New standards and interpretations currently in issue but not effective for accounting periods commencing on 1 January 2008 are:

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)

- IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations (effective 1 January 2009)
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements - Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009)
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective 1 July 2009)
- Amendment to IFRS 7 Financial Instruments: Disclosures - Improving Disclosures About Financial Instruments (effective 1 January 2009)
- Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
- IFRS 8 Operating Segments (effective 1 January 2009)
- IFRIC 13 Customer Loyalty Programmes (effective date 1 July 2008)
- IFRIC 15 Agreements for the Construction of Real Estate (effective 1 January 2009)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective 1 July 2009)
- IFRIC 18 Transfers of Assets from Customers (effective prospectively for transfers on or after 1 July 2009)
- These Standards are not expected to have a material effect on the group's accounts but will result in presentation and disclosure changes.

c) Basis of Consolidation

The consolidated results incorporate the results of Livermore Investments Group Limited and all of its subsidiaries undertakings as at 31 December 2008 using the acquisition method of accounting as required. Subsidiaries are those entities that are controlled by the group. Control is achieved where the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits form its activities. Profits or losses on intra group transactions are eliminated on consolidation. The results for the subsidiary undertakings 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 any impairment.

d) Current assets are those which, in accordance with IAS 1 Presentation Of Financial Statements are:

- expected to be realised within normal operating cycle, via sale or consumption, or
- held primary for trading, or
- expected to be realised within 12 months from the balance sheet date, or
- cash and cash equivalent not restricted in their use, (IAS1.57)

All other are assets are non-current.

e) Investment in associates

The Group's interest in associates, being those entities over which it holds significant influence and which are neither subsidiaries nor joint ventures, are accounted for using the equity method.

Under the equity method, the investment in an associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of the net assets of the associate and less any impairment in the value of individual investments. The Group income statement reflects the share of the associate's results after tax. The Group Statement Of Changes in Equity reflects the Group's share of any income and expenses recognized by the associate outside the income statement.

Any goodwill arising on the acquisition of an associate, representing the excess of the cost of investment compared to the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities, is included in the carrying amount of the associate and is not amortized. To the extent that the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised and added to the Group's share of the associate profit and loss in the period in which the investment is acquired. Distributions received from an investee reduce the carrying amount of the investment.

Financial statements of associates are prepared for the same period as the Group's. Adjustments are made to bring the associate's accounting policies in line with those of the Group.

f) Property revenue

Rental income is recognised on a straight line basis over the lease term. Service charges and management fees are recognised as the related costs are incurred and charged. Changes to rental income that arise from reviews to open market rental values or increases that are indexed linked on a periodic basis and recognised from the date on which the adjustment became due. Lease incentives granted are recognised as an integral part of the net consideration for the use of the property. Lease incentives are allocated evenly over the life of the lease. Rental income and services charged are stated net of vat and other related taxes.

g) Investment Income

Investment income comprises interest income on funds invested, dividend income, and investment property income. Interest and investment property income is recognised as it accrues. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

h) Foreign currency

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in USD, which is the functional currency of the group and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies other than the groups' functional currency are recorded at the rates of exchange prevailing on the dates of the transaction. 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. Non-monetary assets that are measured in terms of historical cost in foreign currency are mot re-translated.

Gains and losses arising on the settlement of monetary items and on the re-translation of monetary items are included in the income statement for the year. Those that arise on the re-translation on non-monetary items carried at fair value are included in the income statement of the year except for differences arising on the re-translation of non-monetary items in respect of which ain and losses are recognised directly in equity. For such non-monetary items any exchange component of that gain or loss is also recognised directly in equity.

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 recognised through the Income Statement; and

(iii) exchange differences on the net investment in subsidiary entities with a different functional currency to the group are recognised through equity.

i) Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land) in which case the related deferred tax is also charged or credited directly to equity.

j) Goodwill

Goodwill, being the excess of the fair value of 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.

k) 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	-	33.3%
Fixtures and Fittings	-	10%
Office renovation	-	25%

l) 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.

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:

Computer software	-	33.3%

m) Investment property

Certain of the Group's properties are classified as investment property, being held for long term investment and to earn rental income.

Investment properties are measured initially at cost, and thereafter are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

n) Development property

Investment property under development is stated at cost incurred to date, and is not depreciated. On completion of development, this asset is transferred to investment property.

o) Equity and reserves

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.

The share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the premium paid.

Equity-settled share-based employee remuneration is credited to the share option reserve until related stock options are exercised. On exercise or lapse amounts recognised in the share option reserve are taken to retained earnings.

Unrealised gains and losses on available for sale financial assets are taken to the investment revaluation reserve. When these gains/losses are realised, they are taken to the income statement.

Retained earnings include all current and prior period retain profits.

p) Leases

Leases were a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases and rentals are charged to income on a straight-line basis over the term of the lease.

q) Borrowing costs

Borrowing costs primarily comprise interest on the Group's borrowings. All borrowing costs, including borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are expensed in the period in which they are incurred and reported within "finance costs"

r) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- oans and receivables;
- cash and cash equivalents;
- trade and other payables;
- financial assets at fair value through profit or loss; and
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense are recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Trade and other receivables

Trade and other receivables are recognised and carried at the original transaction value. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. Where the time value of money is significant receivables are carried at amortized cost.

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.

Financial assets at fair value through profit or loss

From 1 January 2008 all new financial assets acquired have been designated at fair value through profit or loss upon initial recognition, because management considers this to more fairly reflect the way these assets are managed by the Group. The Group's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Group's Board of directors and other key management personnel.

Financial assets at fair value through profit and loss include financial assets that are either classified as held for trading or are designated by the Group to be carried at fair value through profit and loss upon initial recognition. All assets within this category are measured at their fair value, with changes in value recognised in the income statement when incurred. Upon initial recognition, attributable transactions costs are recognised in profit or loss when incurred.

Available-for-sale assets

During the year ended 31 December 2007, all financial assets (other than derivatives) were classified as available for sale on initial recognition. 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, 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 derecognition. 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 derecognition 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 of ownership but does transfer control of that asset.

Valuation of financial assets

- Cash and deposits are evaluated per holdings in banks.
- Public equities, Credit Notes and Bonds are valued per their bid market prices on quoted exchanges, or as quoted by market maker.

- Hedge Funds and Private Equity funds are valued per reports provided by the funds on a periodic basis, and if traded, per their bid market prices on quoted exchanges, or as quoted by market maker.
- Private Equities and Unlisted Investments are valued using market valuation techniques as determined by the directors.
- Investment property is valued at fair value based on valuations provided by a certified external appraiser. Development projects are valued at cost until completion.
- Derivative instruments are valued at fair value as provided by counter parties of the derivative agreement. Derivative instruments consist of interest rate swaps and forward currency contracts.

s) Financial liabilities

The group's financial liabilities include financial derivative instruments. Derivative instruments consist of interest rate swaps and forward currency contracts.

Financial liabilities are measured subsequently at amortised cost using the effective interest rate method, except for financial liabilities held for trading or designated at fair value through profit and loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All derivative financial instruments that are not designed and effective as hedging instruments are accounted for at fair value through profit and loss.

t) Share Options

IFRS 2 "Share-based Payment" requires the recognition of equity settled share based payments at fair value at the date of grant.

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 Binomial 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.

u) 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.

v) Critical accounting judgements and key sources of estimation uncertainty

The following areas are subject to judgment and uncertainty.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the bases used for financial assets and liabilities are disclosed above. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Impairment

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. Recoverable amount is based on estimated expected future cash flows from each cash-generating unit and discounted using a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows assumptions are required about future gross profits. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset specific factors.

The group assesses at each balance sheet date, whether financial assets are impaired. If an impairment has occurred, this loss is taken to the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss on unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such a unquoted equity instrument, has been incurred, the amount of the loss is measured as the differences between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return of similar financial assets.

Provision for legal and other disputes

Determining whether provisions for legal and other disputes is required requires the Group 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 assets, liabilities and provisions are provided in note 30.

3. Segment Information

Management consider investment activity to be the Group's only material class of business.

4. Interest / dividend income

	2008 $000	2007 $000
Interest from available for sale investments	8,676	9,187
Interest on bank deposits and current accounts	-	4,332
Exchange gain	-	2,498
Dividend income	5,356	556
	14,032	16,573

5. Investment property revenue

	2008 $000	2007 $000
Rental income	3,487	1,822

6. (Losses) / gains on investments

	2008 $000	2007 $000
(Loss) / gain on sale of available for sale investments	(20,756)	3,331
Property revaluation	(3,323)	1,244
Exchange loss	(2,976)	-
Gain / (loss) on derivative instruments	311	(414)
Loss on impairment	(14,176)	(5,594)
	(40,920)	(1,433)

7. (Losses) / gains from investment in associate

	2008 $000	2007 $000
Atlas Estates Ltd.	(22,712)	8,827
Adjustments for the year		
Share of (loss) / profit	(10,613)	8,827
Deemed disposal	(1,129)	-
Impairment charge	(10,970)	-
	(22,712)	8,827

8. Amortisation and non recurring items

Amortisation and non-recurring items refer to:

	2008 $000	2007 $000
Amortisation of intangible assets	44	63
Share option expenses	1,167	2,657
Non recurring expenses	–	32
Income related to discontinued operations	(862)	(2,618)
	349	134

Non recurring expenses relate to discontinued operations. No such expenses incurred for the year of 2008.

9. Administrative expenses

	2008 $000	2007 $000
Operational expenses	1,053	548
Directors fees and expenses	870	985
Consultants fees and expenses	534	503
Other salaries and expenses	410	258
Office cost	251	407
Other administration costs	108	135
Group audit fees	86	162
Subsidiary audit fees	33	31
	3,345	3,029

At 31 December 2008 the Group employed 8 staff (31 December 2007: 8).

10. Finance expenditure

	2008 $000	2007 $000
Bank interest and fees	1,562	550
Bank interest investment property loan	3,108	848
Bank custody fees	170	143
	4,840	1,541

11. Taxation

	2008 $000	2007 $000
Tax (credit) / charge	(1,935)	368
	(1,935)	368
The tax (credit) / charge for the year can be reconciled to the accounting (loss) / profit as follows:		
(Loss) / profit before tax	(63,794)	21,085
Tax effect of domestic corporation tax at 0%	-	-
Tax effect of share of subsidiaries	21	110
Deferred tax (credit) / charge	(1,956)	258
Tax for the year	(1,935)	368

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 result of the Company's subsidiaries.

12. (Loss) / earnings per share

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

Diluted (loss) / earnings per share is calculated after taking into consideration the potentially dilutive shares in existence as at the year ended 31 December 2008 and the year ended 31 December 2007.

	2008	2007
Net (loss) / profit attributable to ordinary shareholders ($000)	(61,859)	20,717
Weighted average number of ordinary shares in issue	285,572,172	286,944,439
Basic (loss) / earnings per share ($)	(0.22)	0.07
Weighted average number of ordinary shares including the effect of potentially diluted shares	286,072,172	286,944,439
Diluted (loss) / earnings per share ($)	(0.22)	0.07
Number of Shares		
Weighted average number of ordinary shares in issue	285,572,172	286,944,439
Effect of dilutive potential ordinary shares:		
Share options	500,000	-
Weighted average number of ordinary shares including the effect of potentially dilutive shares	286,072,172	286,944,439

13. Net asset value per share

Net asset value per share has been calculated by dividing the net assets attributable to ordinary shareholders by the weighted average number of shares in issue during the relevant financial periods.

Diluted net asset value per share is calculated after taking into consideration the potentially dilutive shares in existence as at the year ended 31 December 2008 and the year ended 31 December 2007.

	2008	2007
Net assets attributable to ordinary shareholders ($000)	179,950	276,443
Weighted average number of ordinary shares in issue	285,572,172	284,027,772
Basic net asset value per share ($)	0.63	0.97
Weighted average number of ordinary shares including the effect of potentially diluted shares	286,072,172	284,027,772
Diluted NAV per share ($)	0.63	0.97
Number of Shares		
Weighted average number of ordinary shares in issue	285,572,172	284,027,772
Effect of dilutive potential ordinary shares:		
Share options	500,000	-
Weighted average number of ordinary shares including the effect of potentially dilutive shares	286,072,172	284,027,772

14. Property, plant and equipment

	Office Renovation	Computer Hardware	Fixtures and Fittings	Total
	$000	$000	$000	$000
Cost				
As at 1 January 2007	-	79	9	88
Additions	281	66	71	418
Disposal	-	(20)	-	(20)
As at 1 January 2008	281	125	80	486
Additions	34	14	15	63
Disposal	-	(5)	(7)	(12)
As at 31 December 2008	315	134	88	537
Accumulated depreciation				
As at 1 January 2007	-	(38)	(1)	(39)
Charge for the year	(7)	(34)	(8)	(49)
Disposal	-	7	-	7
As at 1 January 2008	(7)	(65)	(9)	(81)
Charge for the year	(76)	(19)	(15)	(110)
Disposal	-	4	2	6
As at 31 December 2008	(83)	(80)	(22)	(185)
Net book value				
As at 31 December 2008	232	54	66	352
As at 31 December 2007	274	60	71	405

15. Intangible assets

	Computer Software $000
Cost	
As at 1 January 2007	131
Additions	16
As at 1 January 2008 and at 31 December 2008	147
Accumulated amortisation	
As at 1 January 2007	(58)
Charge for the year	(44)
As at 1 January 2008	(102)
Charge for the year	(36)
As at 31 December 2008	(138)
Net book value	
As at 31 December 2008	9
As at 31 December 2007	45

16. Available-for-sale financial assets*

	2008 $000	2007 $000
Non-current assets		
Fixed income investments	10,161	96,000
Public Equities investments	-	40,940
Private equities	18,094	25,246
Hedge funds	-	25,120
Financial and minority holdings **	45,015	24,628
Other investments	5,662	5,829
	78,932	217,763
Current assets		
Fixed income investments	13,693	-
Public Equities investments	5,828	-
Hedge funds	8,793	-
	28,314	-

* 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.

** Financial and minority holdings relate to significant investments (of over USD 5m) which are strategic for the company and are done on the form of equity purchases or convertible loans. Main investments under this category are in the fields of real estates and media.

During the year management decided to structure and manage the Group's portfolio based on those investments which are considered to be long term, core investments and those which could be readily convertible to cash, are expected to be realised within normal operating cycle and form part of the Group's treasury function.

During 2008 for the purpose of annual impairment and due to market conditions, management considered the impairment of certain available for sale financial assets. Impairment testing indicated that the financial assets carrying amount may not be recoverable.

The related impairment charges in 2008, of USD 14,176m (2007 USD 5,594m), are included within loss on investments.

17. Financial assets designated at fair value through profit or loss

	2008 $000	2007 $000
Non-current assets		
Private equities	4,911	-
Real estate	3,224	-
Derivatives	-	729
	8,135	729
Current assets		
Fixed income investments	8,106	-
Public equity investments	35	-
Hedge funds	830	-
	8,971	-

During the year management decided to structure and manage the Group's portfolio based on those investments which are considered to be long term, core investments and those which could be readily convertible to cash, are expected to be realised within normal operating cycle and form part of the Group's treasury function.

18. Investment and development property

2008	Investment property $000	Development Property $000	Total $000
Valuation as at 1 January 2008	86,284	11,348	97,632
Additions	-	4,214	4,214
Change in fair value	(3,323)	-	(3,323)
Exchange difference translation value	5,300	697	5,997
Transfer on completion	16,259	(16,259)	-
Valuation as at 31 December 2008	104,520	-	104,520

A real estate investment property - Wyler Park - in Bern, Switzerland was purchased on 1 July 2007.

The investment property was valued by Wuest & Partners as at 31 December 2008 on the basis of open market value in accordance with the appraisal and valuation guidelines of the Royal Institute of Certified Surveyors, and the European Group of Valuers' Associations. Development property was transferred to investment property at year end, as, by the end of the year, the construction was completed.

2007	Investment property $000	Development Property $000	Total $000
Valuation as at 1 January 2007	-	-	-
Additions	85,040	11,348	96,388
Change in fair value	1,244	-	1,244
Valuation as at 31 December 2007	86,284	11,348	97,632

19. Investment in associate

	2008 $000	2007 $000
As at 1 January	69,639	-
Adjustments for the period:		
Share of (loss) / profit for the year	(10,613)	8,827
Additions for the year	1,590	60,812
Deemed disposal	(1,129)	-
Dividend received	(2,610)	-
Share of (losses) / gains recognised in equity	(3,030)	-
Unrealised foreign exchange differences	(2,938)	-
Impairment charge	(10,970)	
As at 31 December	39,939	69,639

(a) Investment in associates – The group has 21.21% (2007: 21.28%) interest in Atlas Estates Limited, an AIM – quoted real estate investment and Development Company.

The following table illustrates summarised financial information of the group's investment in Atlas Estates Ltd:

	2008 $000	2007 $000
Share of the associates Balance Sheet		
Non-current assets	99,400	112,606
Current assets	52,783	52,546
Share of gross assets	152,183	165,152
Current liabilities	(44,106)	(25,274)
Non-current liabilities	(56,810)	(70,239)
	(100,916)	(95,513)
Minority interest	(358)	-
Share of gross liabilities	(101,274)	(95,513)
Share of net assets	50,909	69,639
Impairment charge	(10,970)	-
	39,939	69,639

At the year end, the share price of Atlas Estates Limited was € 0.30 giving a market value of the group's interest of USD 4.2m. The directors have carried out an impairment review and have estimated that the recoverable amount is USD 11.0m less than the Group's share of net assets. The impairment has been assessed based on the risk that certain development properties may be subject to forced sale. Accordingly, these properties have been written down to between 50%-70% of their disclosed market value according to stage of development.

The directors recognise that such assumptions represent critical judgements that are subject to uncertainty. In making such judgements, the directors have assessed the exposure of each category of financial asset to market and re-financing risk and the timeframe over which recoverable amount could be achieved.

(b) Details of group undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Name of Subsidiary	Place of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Livermore Capital Limited	British Virgin Islands	Ordinary shares	100%	Fund management (Dormant)
Livermore Fund I Limited	British Virgin Islands	Ordinary shares	100%*	Hedge Fund,(Dormant)
Livermore Capital AG	Switzerland	Ordinary shares	100%	Administration services
Livermore Investments AG	Switzerland	Ordinary shares	100%*	Real Estate management
Livermore Real Estate I AG	Switzerland	Ordinary shares	100%	Real Estate management, (Dormant)
Livermore Enaxor S.a.r.l	Luxemburg	Ordinary shares	100%	Real Estate Owner
Livermore Investments Cyprus Limited	Cyprus	Ordinary shares	100%	Administration services
Empire Payments Ltd	St. Kitts	Ordinary shares	100%	Dormant company
Sandhirst Ltd	Cyprus	Ordinary shares	100%	Holding of investments
Associates				
Atlas Estates Ltd	Guernsey	Ordinary shares	21.21%	Real Estates Investments

* Held by a Subsidiary undertaking.

All transactions between the 100% subsidiaries and the Group during the year were eliminated on consolidation.

20. Trade and other receivables

	2008 $000	2007 $000
Trade receivables	397	286
Other debtors and prepayments	9,431	1,564
	9,828	1,850

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

21. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following at the balance sheet date:

	2008 $000	2007 $000
Short term deposits	-	500
Cash at bank	2,468	9,417
	2,468	9,917
Bank overdrafts used for cash management purposes	(8,518)	(15,825)
Cash and cash equivalents in the statement of cash flows	(6,050)	(5,908)

22. Shareholders equity

Share capital comprises the following:

2008	$0 shares Number	Share premium arising $000
As at 1 January 2008	284,027,772	202,635
Issued under the Scrip dividend offer	11,342,629	5,693
Re-purchased and held in treasury	(3,391,961)	(1,798)
As at 31 December 2008	291,978,440	206,530

12,141,961 (2007: 8,750,000) shares were held in treasury at the year end.

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

On 22 August 2008 the company announced that it had issued 11,342,629 new ordinary shares under the scrip dividend offer, which had been approved at the AGM held on 12 August 2008.

The Company has a share option scheme. The outstanding share options to acquire ordinary shares as at 31 December 2008 were as follows:

	Outstanding Share options	Date granted	Exercise price £	Exercise price $	Earliest exercise date	Expiry of exercise date
As at 1 January 2007	12,945,555					
Share options forfeited on termination of employment	(1,400,000)					
As at 1 January 2008	11,545,555					
Issued on 13 May 2008	500,000	13/05/08	0.30	0.58407	13/05/09	13/05/18
As at 31 December 2008	12,045,555					

The fair value of options granted to employees 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 companies and a risk free interest rate of 4.0-4.4% and it has been assumed the options have a 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 8).

2007	$0 shares Number	Share premium arising $000
As at 1 January 2007	292,777,772	209,807
Re-purchased and held in treasury	(8,750,000)	(7,172)
As at 31 December 2007	284,027,772	202,635

8,750,000 (2006: Nil) shares were held in treasury at the year end.

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

23. Bank Loans

	2008 $000	2007 $000
Long term bank loan	74,134	69,411

The long term bank loan is related to Wylerpark property investment purchase and is secured on this property. Interest is payable at 4.15% and the loan balance is repayable on 12 July 2014.

24. Bank Overdrafts

	2008 $000	2007 $000
Short term bank overdrafts	8,518	15,825

25. Short term bank loans

	2008 $000	2007 $000
Short term bank loans	7,370	-

26. Trade and other payables

Amounts falling due within one year

	2008 $000	2007 $000
Trade payables	1,370	1,607
Other payables and accrued expenses	1,850	34,327
	3,220	35,934

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

Included in other payables and accrued expenses as at 31 December 2007 is USD 28,794,000 relating to amounts due on the purchase of associate (31 December 2008: USD nil)

27. Current tax payable

	2008 $000	2007 $000
Corporation tax payable	127	109

28. Related party transactions

	2008 $000	2007 $000
Amounts owed by key management	5,500	5,500
Interest receivable on key management balances	225	190
Amounts owed (to) / from Directors	(63)	94
Administration services provided by Tradal Limited	117	193
Paid in respect of services *	840	688

* These payments were made in respect of members of key management either directly to them or to companies to which they are related. Payments to key management members are for salary and fees and do not include any amounts related to short term employee benefits, post employment benefits, other long term benefits, termination benefits and share based benefits.

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

Loans of $5,500,000 were made to key management during the year ended 31 December 2007 for the acquisition of shares in the Company. Interest is payable on these loans at US LIBOR plus 0.25% and the loans are secured on the shares acquired. The loans are repayable on the earlier of the employee leaving the Company or November 2010.

29. Contingent liabilities

The agreement with PartyGaming Plc relating to the disposal of the remaining online gaming 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.

See further details in note 31 - "Litigation"

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

30. Other commitments and contingencies

	2008 $000	2007 $000
Future minimum lease commitments under property operating leases:		
Less than one year	–	–
Committed real estate development expenditure	–	6,266
Total commitments falling due within one year	–	6,266

The company provided a corporate guarantee to DTH-Boom TV in the amount of €2.5m, as part of shareholders guarantee required by a financing bank as condition to a loan facility provided to DTH-Boom. Wyler park property investment loan is secured on the property itself.

31. Litigation

In Q3 2007, an ex-employee of Empire Online Limited (the Company's previous name), filed a law suit against the Company, one of its directors, and one of its former subsidiaries, in the Labour Court of Tel Aviv. According to the lawsuit, the plaintiff claims compensation relating to the event of the sale of all commercial activities of Empire Online Limited until the end of 2006, and for terms relating to the termination of his employment with Empire Online Limited. Prior to the filing of the lawsuit, the company filed a claim against the plaintiff in the Court in Cyprus based upon claims concerning breach of faith of the plaintiff towards his employers. Both litigation procedures are still in process. During 2008, positive progress was made in favour of the Company relating to both litigation procedures, and the Company is confident with its success in the process. Regardless, the Company expects that final resolution will not be achieved in the near future.

On 23 December 2008, a law suit was filed against the Company by PartyGaming PLC, for a disputed amount of USD 451,723 (of which USD 90,652 was paid to a third party according to a specific agreement). The Company, which believes the disputed amount is owed to it under past service contract, filed its statement of defence and counter claim on 13 February 2009. Management believes there is minimal risk that a ruling will be made against the Company in respect of this case.

32. Financial risk management objectives and policies

Background

The Group's financial instruments comprise available for sale investments, derivatives, cash balances and receivables and payables that arise directly from its operations.

Risk Objectives and Policies

The objective of the Group is to achieve growth of shareholder value, yet in line with reasonable risk, taking into consideration that the protection of long-term shareholder value is paramount. The policy of the Board is to provide a framework within which the Investment Manager can operate and deliver the objectives of the Group.

Risks Associated with Financial Instruments

Tax risk

Since the Group trades in a number of jurisdictions, there is a risk that certain tax authorities 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.

Foreign currency risk

Foreign currency risks arise in two distinct areas, which affect the valuation of the investment portfolio, 1) where an investment is denominated and paid for in a currency other than US Dollars; and 2) where an investment has substantial exposure to non US Dollars underlying assets or cash flows. Although the Company reports in USD, most of the Company's assets are in non USD currencies and the Company in general does not hedge its currency exposure. The Company discretionally partially hedges against foreign currency movements affecting the value of the investment portfolio based on his view on the relative strength of certain currencies. The management monitors the effect of foreign currency fluctuations through the pricing of the investments by the various markets. The level of investments denominated in foreign currencies held by the Group at 31 December 2008 is the following:

	2008 $m	2008 $m	2008 $m	2007 $m	2007 $m	2007 $m
	Financial assets	Liabilities	Net value	Financial assets	Liabilities	Net value
US Dollar	89.3	(15.2)	74.1	156.8	(23.3)	133.5
British Pounds	16.5	(2.3)	14.2	45.3	(-)	45.3
Euro	58.5	(2.5)	56.0	66.3	(28.9)	37.4
Swiss Francs	113.4	(81.5)	31.9	105.5	(69.4)	36.1
Indian Rupee	3.6	(-)	3.6	16.8	(-)	16.8
Others	0.1	(-)	0.1	7.3	(-)	7.3
Total	281.4	(101.5)	179.9	398.0	(121.6)	276.4

Some of the USD denominated investments are backed by underlying assets which are invested in non USD assets.

A 10% change of the rate of United States Dollar (USD) against the following currencies at 31 December 2008 would have a change on equity by the amounts shown below.

- A change of 10% in the exchange rate between USD and EURO will result in a change of3.0% in the NAV.
- A change of 10% in the exchange rate between USD and GBP will result in a change of 0.8% in the NAV.
- A change of 10% in the exchange rate between USD and CHF will result in a change of 1.7% in the NAV.
- A change of 10% in the exchange rate between USD and INR will result in a change of 0.2% in the NAV.

Interest rate risk

The Group is exposed to interest rate risk on its interest-bearing instruments, which are affected by changes in market interest rates. The Group has borrowings of USD 74.1m (2007: USD 69.4m) related to a real estate asset (Wylerpark, Bern), which have been fixed through the use of an interest rate swap.

The Group has banking credit lines, which are available on short notice for the Company to use in their investment activities, the costs of which are based on variable rates plus a margin. When an investment is made utilising the facility, consideration is given to the financing costs which would impact the returns. The level of banking facilities used is monitored by both the Board and the management on a regular basis. If fully drawn, the credit lines could form up to 40% of the current value of the investment portfolio. The level of banking facilities utilised at 31 December 2008 was USD 15.8m (2007: USD15.8m). On 31 March 2009, the banking facilities utilised were USD 6.0m.

Interest rate changes will also impact equity prices. The level and direction of changes in equity prices are subject to prevailing local and world economics as well as market sentiment all of which are very difficult to predict with any certainty. At 31 December 2008 and 2007 the Group had no financial liabilities that bore an interest rate risk, other than the previously disclosed bank facilities.

The Group has floating rate financial assets consisting of bank balances that bear interest at rates based on the banks floating interest rate. During the period the average rate of interest earned on cash balances was 5.39%. The Group's interest bearing assets and liabilities are as follows:

	2008 $m	2007 $m
Financial assets		
Subject to interest rate changes	13.1	29.1
Not subject to interest rate changes	8.4	29.2
Total	**21.5**	**58.3**
Financial liabilities		
Subject to interest rate changes	23.9	15.8
Not subject to interest rate changes	74.1	69.4
Total	**98.0**	**85.2**

Changes in market interest rates will affect the valuation of fixed rate interest bearing instruments. A 1% change in market interest rates would result in an estimated 2.4% change in the value of fixed income financial assets.

	2008 $000	2008 $000	2007 $000	2007 $000
	Profit or loss	Equity	Profit or loss	Equity
Financial assets	524	-	1,500	-
	524	-	1,500	-

Market price risk

By the nature of its activities, most of the Group's investments are exposed to market price fluctuations. The Board monitors the portfolio valuation on a regular basis and consideration is given to hedging or adjusting the portfolio against large market movements.

Other than Atlas Estates, which represents some 20% of its portfolio, the Group had no single major investments that in absolute terms and as a proportion of the portfolio that could result in a significant reduction in the NAV and share price. Due to the very low exposure of the group to public equities, and having no specific correlation to any market, the market risk is negligible. The portfolio as a whole does not correlate exactly to any Stock Exchange Index.

As the Group is now an investment company, many of the market risks are new. Management of risks is primarily achieved by having a diversified portfolio to spread the market risk. A 10% change in the value of the Group's portfolio of financial instruments (excluding private equities and financial and minority holdings) would result in a 2.6% change in equity.

	2008 $000	2008 $000	2007 $000	2007 $000
	Profit or loss	Equity	Profit or loss	Equity
Available for sale financial assets	-	3,868	-	33,173
Financial assets designated at fair value through profit or loss	1,025	-	-	-
	1,025	3,868	-	33,173

Derivatives

The Investment Manager may use derivative instruments in order to mitigate market / price risk or to take a directional investment. These provide a limited degree of protection against a rise in interest rates and would not materially impact the portfolio returns if a large market movement did occur.

Credit Risk

The group invests in a wide range of securities with various credit risk profiles including investment grade securities, sub investment grade and equity positions. The investment in debt instruments is usually in investment grade securities. However, the Group may invest also in sub investment grade or unrated debt instruments. The investment manager mitigates the credit risk via diversification across issuers. However, the Group is exposed to a migration of credit rating, widening of credit spreads and default of any specific issuer. The Group's portfolio of CDOs/CLOs which totals some USD 10.4m, is highly correlated to the Global and US credit markets.

The Group only transacts with regulated institutions on normal market terms, which are trade date plus one to three days. The levels of amounts outstanding from brokers are regularly reviewed by the management. The duration of credit risk associated with the investment transactions is the period between the date the transaction took place, the trade date and the date the stock and cash are transferred, the settlement date. The level of risk during the period is the difference between the value of the original transaction and its replacement with a new transaction. The Group is exposed to credit risk in respect of its interest bearing investments of USD 21.5m.

At 31 December the credit rating distribution of the Group's bond portfolio was as follows:

Rating	2008 Amount, $000	Percentage	2007 Amount, $000	Percentage
AAA	–	–	8,021	13.8%
AA	–	–	13,779	23.6%
AA+	3,115	14.5%	–	–
A	2,913	13.5%	2,087	3.6%
A-	–	–	6,451	11.0%
BBB+	6,781	31.5%	13,126	22.5%
Bbe	–	–	2,022	3.5%
Not Rated	8,708	40.5%	12,796	22.0%
Total	**21,517**	**100.0%**	**58,282**	**100.0%**

Liquidity Risk

The only significant financial liability of the Group is the bank loan of CHF 79m used for purchase of a real estate property, which has a maturity in 2014 and is fully financed by the rental income from that same property. The loan is collateralized by property valued at CHF 110.4m in December 2008. The loan is non-recourse, i.e. the holding company and its assets (apart from the Wyler Park property) are neither pledged for this loan nor liable for recovery in case of default. The following table summarizes the Group's financial liabilities according to their maturity duration.

31 December 2008	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	$000	**$000**	**$000**	**$000**
Borrowings	15,888	–	–	74,134
Derivative financial instruments	1,985	–	–	6,164
Trade and other payables	3,220	–	–	–

31 December 2007	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	$000	**$000**	**$000**	**$000**
Borrowings	15,825	–	–	69,411
Trade and other payables	35,934	–	–	–

A large proportion of the Group's portfolio is invested in mid term private equity investments with low or no liquidity. The investments of the Company in publicly traded securities are subject to availability of buyers at any given time and may be very low or non existent subject to market conditions.

The management take into consideration the liquidity of each investment when purchasing and selling in order to maximise the returns to Shareholders by placing suitable transaction levels into the market. Special consideration is given to investments that represent more than 5% of the investee.

At 31 December 2008, the Company had liquid investments totalling USD 39.8m, comprised of USD 5.9m in public equities, USD 9.6m in hedge funds, USD 21.8m in fixed income investments and USD 2.5m in cash and cash equivalents.

During the year management decided to structure and manage the Group's portfolio based on those investments which are considered to be long term, core investments and those which could be readily convertible to cash, are expected to be realised within normal operating cycle and form part of the Group's treasury function.

The following table lists the Group›s financial assets based on their maturity.

31 December 2008	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	$000	$000	$000	$000
Available for sale financial assets	28,314	20,288	50,590	8,054
Financial assets designated at fair value through profit or loss	8,971	3,176	1,735	3,224

31 December 2007	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	$000	$000	$000	$000
Available for sale financial assets	-	158,553	30,128	29,102
Financial assets designated at fair value through profit or loss	-	-	-	729

Capital Management

The Group considers its capital to be its issued share capital and reserves. The Board regularly monitors its share discount policy and the level of discounts, and whilst it has the option to re-purchase shares, it considers that the best means of attaining good rating for its shares is to concentrate on good shareholder returns.

However, the Board believes that the ability of the Company to re-purchase its own Ordinary shares in the market may potentially enable it to benefit all equity shareholders of the Company. The re-purchase of Ordinary shares at a discount to the underlying net asset value would enhance the net asset value per share of the remaining equity shares.

Under this policy, in 2008, the Company bought 3,391,961 of its Ordinary shares.

Financial assets by category:

	2008 $000	2007 $000
Non current assets		
Available-for-sale financial assets	78,932	217,763
Financial assets designated at fair value through profit and loss	8,135	729
Current assets		
Loans and other receivables:		
Trade and receivables	9,828	1,850
Cash and cash equivalent	2,468	9,917
Available-for-sale financial assets	28,314	-
Financial assets designated at fair value through profit and loss	8,971	-

Financial liabilities by category:

	2008 $000	2007 $000
Current liabilities		
Borrowings		
Bank overdrafts	8,518	15,825
Short term bank loans	7,370	-
Trade payables:		
Trade and other payables	3,220	35,394
Current tax payable	127	109
Non current liabilities		
Borrowings:		
Bank loan	74,134	69,411
Derivative financial instruments	8,149	-

Shareholder Information

Registrars

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

Change of Address

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

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.

Direct Dividend Payments

Dividends can be paid automatically into shareholders' bank or building society accounts. Two primary benefits of this service are:

There is no chance of the dividend cheque going missing in the post; and

The dividend payment is received more quickly because the cash sum is paid directly into the account on the payment date without the need to pay in the cheque and wait for it to clear.

As an alternative, shareholders can download a dividend mandate and complete and post to Capita Registrars.

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 a 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 27 July 2009 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 Resolutions of Members:

1. To receive and adopt the Report of Directors, the financial statements and the report of the Auditor for the year ended 31 December 2008.

2. To re-elect Richard Rosenberg and Noam Lanir, who are due to retire as directors in accordance with the Articles of Association of the Company.

3. 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.

4. To authorise the Directors to determine the auditor's remuneration.

5. That for the purposes of article 5.1 of the Articles of Association of the Company:

   (a) the Directors be and are generally and unconditionally authorised to allot up to a maximum aggregate amount of 97,255,813 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 2010 (unless previously revoked or varied by the Company in general meeting); and

   (b) 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 a special business to consider and, if thought fit, pass the following resolutions which will be proposed as Special Resolutions:

6. THAT, subject to the passing of resolution 5 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 5 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:

   (a) 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

(b) the allotment of up to an aggregate amount of 14,588,371 of such ordinary shares.

and this power, unless renewed, shall expire at the end of the Annual General Meeting of the Company in 2010 or, if earlier, 15 months from the date of the passing of this resolution (unless previously revoked or varied by the Company in general meeting) 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.

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

   (a) the maximum number of ordinary shares hereby authorised to be purchased is 29,176,743;

   (b) 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

   (c) 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.

8. A member of the Company unable to attend the Meeting may be represented at the Meeting by a proxy appointed in accordance with the Notes attached hereto.

By order of the Board

Doron Yassur

Company Secretary

Trident Chambers
PO Box 146
Road Town
Tortola
British Virgin Islands

27 May 2009

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 the offices of Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU 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 the offices of Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 72 hours before the time fixed for the meeting or any adjourned meeting.

Corporate Directory

Secretary
Doron Yassur

Registered Office
Trident Chambers
PO Box 146
Road Town
Tortola
British Virgin Islands

Company Number
475668

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
England

Auditor
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU
England

Solicitors
Travers Smith
10 Snow Hill
London
EC1A 2AL
England

Corporate Advisors & Stockbrokers
Matrix Corporate Capital LLP
One Vine Street
London
W1J 0AH
England

Principal Bankers

Leumi Bank
Claridenstrasse 34
8022
Zurich
Switzerland

Bank Hapoalim

18 Boulevard Royal
BP 703
L-2017
Luxembourg

FIBI Bank

Seestrasse 61
Zurich 8027
Switzerland

Noam Lanir, Founder and Chief Executive Officer

Livermore Investments Group Ltd. Annual Report 2008

Livermore Investments Group Ltd.

Trident Chambers
PO Box 146
Road Town
Tortola
British Virgin Islands