LivermoreInvestments

Livermore Investments Group Limited

Annual Report & Consolidated Financial Statements
for the year ended 31 December 2011

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Highlights

- Net Asset Value per share - USD 0.57 (December 2010: USD 0.50, June 2011: 0.57) - representing a net increase of 14%.

- NAV uplift driven by strong performance of credit portfolio (38% net performance) partially offset by write downs on legacy private equity investments.

- Successful value generation from investing in the US loan market.

- Wyler Park property in Bern, Switzerland fully let.

- No material developments in the private equity portfolio.

- During 2011, the Company purchased 27,497,119 shares to be held in treasury.

Chairman's and Chief Executive's Review

Introduction

We are pleased to announce the consolidated financial results for Livermore Investments Group Limited ("Livermore" or "the Company") and its subsidiaries (together "the Group") for the year ended 31 December 2011.

The year-end NAV was USD 0.57 per share (2010 NAV: USD 0.50 per share). Net profit for the year was USD 5.4m (2010 Net Profit: USD 8.5m). The portfolio remained well diversified across sectors and geographies with increased exposure to fixed income securities and senior secured loans as compared to 2010.

During the year, the Group performed well generating an increase of 14% on a NAV per share basis. The positive performance is attributed largely to the income from the US credit portfolio partly offset by certain write-downs on legacy private equity investments. Interest and dividend income from the financial portfolio totalled USD 18.9m.

Wyler Park, our investment property in Bern, Switzerland performed well, generating over CHF 5.4m in net rent during the year. All of the 39 apartments and commercial spaces are fully rented.
There were no significant developments in the private equity portfolio during the year.

Financial Review

The NAV of the Group at 31 December 2011 was USD 145.4m. On a per share basis, NAV increased by 14%. Net profit during the year was USD 5.4m, which represents earnings per share of USD 0.02.

Administrative expenses excluding provisions for legal and other matters were USD 5.3m (2010: USD 3.2m), representing 3.7% of the average NAV. Administrative costs include USD 0.794m one-time expense related to legal expenses in connection with the income received from the settlement of the Uniplay litigation (note 30).

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

	31 December 2011 US $m	31 December 2010 US $m
Shareholders' funds at beginning of year	142.3	128.6
Income from investments	24.6	15.2
Other income	3.0	-
Realised gains on investments	0.2	0.6
Loss on impairment on investments	(9.9)	(6.3)
Unrealised gains on investments	4.5	5.6
Unrealised exchange (losses) / gains	(0.2)	5.9
Administration costs including provisions for legal cases	(5.0)	(1.0)
Finance costs	(5.3)	(3.5)
Tax charge	(1.7)	(0.8)
Increase in net assets from operations	10.2	15.7
Purchase of own shares	(7.1)	(2.0)
Adjustments for share option charge	-	-
Shareholders' funds at end of year	145.4	142.3
Net Asset Value per share	US $0.57	US $0.50

Dividend & Buyback

Given the discount between the market price and the NAV, the Board recommends continuing the share buyback as the most efficient means to generate value for shareholders. No dividend was declared for the year ended 31 December 2011.

During 2011, the Company purchased 27,497,119 shares to be held in treasury for a total cost of USD 7.125m. The total number of shares held in treasury at 31 December 2011 was 49,332,883. Following the year end the Company purchased 24,589,824 additional shares to be held in treasury for a total cost of USD 5.926m. The total number of shares held in treasury at the date of this report is 73,922,707.

Annual General Meeting

The Group's Annual General Meeting will be held on 28 August 2012. The Notice for the meeting is on page 85 of this report.

The Chairman and CEO would like to thank the investment team for their performance.

Richard B Rosenberg
Chairman

25 May 2012

Noam Lanir
Chief Executive Officer

Review of Activities

Introduction and Overview

2011 was a challenging year with the European debt crisis taking a turn for the worse and the US losing its coveted AAA rating from S&P. The earthquake in Japan and tsunami in South East Asia took further steam out of the global economy.

Despite the significant challenges, Livermore generated a NAV/share increase of 14%. Management took advantage of the continued dislocation in market prices and availability of cheap leverage and increased exposure to the US senior secured loan market which continued to exhibit very robust performance.

The year-end NAV was USD 0.57 per share (2010 NAV: USD 0.50 per share). The portfolio remained well diversified across sectors and geographies with increased exposure to US senior secured loans as compared to 2010.

In 2011, the Group generated interest and dividend income of USD 18.9m and investment property income of USD 5.7m. The Group's results (net income of USD 5.4m) relate mainly to gains and interest and dividend income from fixed income securities, currency gains from the non-USD portfolio, and income and valuation gains on its Wyler Park property in Switzerland. At the same time the results were negatively affected by impairments related to certain legacy investments and reclassification of certain losses from reserves to income statement. Administrative expenses excluding provisions amounted to USD 5.3m. Finance costs were USD 5.3m, of which USD 3.8m relates to the loan against the Wyler Park property.

The Group 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 of its investment portfolio and the alignment of management's interest with those of its shareholders, management believes that the Group is well positioned to benefit from current market conditions.

Global Investment Environment

In the first quarter of the year, economic growth continued worldwide although there were considerable regional differences. Emerging economies recorded the highest growth rates. In the euro area, particularly Germany, the recovery was supported by strong export and investment activity. In the US, by contrast, high energy prices weighed on sentiment and held back growth. In Japan, there was a significant decline in GDP as a result of the earthquake.

In the second quarter, global economic recovery lost steam due to the delayed impact of energy price increases in the first quarter and the major catastrophe in Japan which led to production interruptions.

Following a very weak second quarter, the global economy picked up slightly in the third quarter, benefiting from the resumption of production following the earthquake disaster in Japan. The decline in commodity prices during the third quarter also had a positive effect. In the euro area, on the other hand, economic growth was weak and the European sovereign debt crisis turned for the worse. In the US, the political stalemate over the debt ceiling increase caused significant uncertainty and subsequently led to the US losing its coveted AAA rating from S&P.

Developments in the global economy were mixed in the fourth quarter. GDP growth in the US was stronger than in the previous quarter, which came as a positive surprise. Output in Japan and the euro area, on the other hand, slowed. With regard to emerging economies, robust growth in China and Russia stood in contrast to weaker results in India and Brazil, and in smaller Asian economies.

The European sovereign debt crisis and the contagion effect on the banking sector and the global economy pose significant risks to global growth. Peripheral economies in Europe faced higher interest costs and responded by undertaking austerity measures to reign in deficits and reduce debt burdens. Central bankers in the developed world continued to support the financial system and their economies with conventional and unconventional policy tools.

In equity markets, the US S&P 500 Index ended unchanged from the beginning of the year, whereas the EuroStoxx 50 Index declined 17% and the Indian NIFTY 50 Index declined 24.5% in response to the European sovereign debt crisis, slowing growth, and a decrease in risk appetite.

2011 was a volatile year for the corporate credit market in the US. While the S&P/LSTA Index saw average monthly gains of 0.39% during the first seven months as demand for leveraged loans increased, this trend was quickly reversed as concerns over the sovereign debt crisis in Europe, fears of a global double-dip recession, and the U.S. central bank's pledge to keep short-term rates low through at least mid-2013, led to capital flight out of the leveraged loan market. In late 2011, investor sentiment improved once again and the loan index ended with a 1.5% gain for the year. Notwithstanding the market price swings, U.S. credit fundamentals continued to improve. Since June 2009, publicly-filing S&P/LSTA Index issuers generated average year-over-year EBITDA growth of 16%. The size of the so-called "maturity wall" in 2013 and 2014 continued to be reduced through repayments and extensions. During 2011, issuers in the S&P/LSTA Index had reduced loan maturities due through 2014 by $131.5 billion. Trailing 12 month default rates as measured by S&P/LSTA Index hit a 54-month low of 0.17%, by principal amount.

EURO ZONE: Real GDP increased by 1.4% overall in 2011. In the earlier part of the year, economic recovery in the euro area continued, supported by global growth and strengthening domestic demand. Headline inflation rates rose significantly on the back of energy and commodity price movements causing the European Central Bank (ECB) to increase rates by 0.5% between April and July 2011. However, concerns about the evolution of public finances in several euro area economies caused severe tensions in financial markets resulting in tighter financial conditions, and deteriorating economic confidence. As a result, economic activity dampened during the second half of 2011. Contagion effect from the interplay between vulnerable public finances and the financial sector led to funding and deleveraging pressures for euro area banks. The ECB responded with several non-standard policy measures including reactivation of the Securities Markets Programme, the launch of a second covered bond purchase program and measures to provide liquidity in foreign currencies. In December the ECB adopted additional enhanced credit support measures, including the conduct of two longer-term refinancing operations with a three-year maturity, increased collateral availability and a reduction in the reserve ratio to 1% in order to mitigate the effects of strains in financial markets on the supply of credit by ensuring that banks were not liquidity-constrained. Interest rates were also lowered by 0.5% by the ECB between November and December 2011. The EuroStoxx 50 Index declined by 17% during the year.

SWITZERLAND: The increasing deterioration in the international environment weighed heavily on the Swiss economy. Average annual GDP increased by 1.9%, after a rise of 2.7% in the previous year. While the first six months of 2011 saw dynamic economic development, growth slackened in the second half of the year with a slight increase in the rate of unemployment in the last months of the year. The Swiss National Bank pursued an expansionary monetary policy throughout 2011 reducing its target interest rate range from 0.0 – 0.75% to 0.0 – 0.25% in the latter half and set a minimum exchange rate at CHF 1.20 per euro following a sharp overvaluation in the Swiss Franc. The SMI Index dropped 7.75% during the year and the 10 year Swiss Government bond yields dropped from 1.72% at the beginning of the year to 0.66% at the end of the year.

INDIA: Global spillovers through trade and capital flow channels slowed India's growth more than anticipated. The impact was exacerbated by high inflation, weaker currency, and domestic factors, both cyclical and structural. Industrial growth was adversely affected by contraction in mining, deceleration in manufacturing and slowdown in construction activity. These factors created pressures on equity and currency markets. The sharp depreciation of the rupee during August-December 2011 contributed to the drying up of foreign equity inflows and in turn, further weakened the Indian Rupee as well as impacted investment financing. The NIFTY 50 Index declined by 24.5% and the Indian Rupee depreciated from 44.7 per USD at the start of the year to 53.06 per USD at the end of the year.

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

Livermore's Strategy

The financial portfolio is focused on fixed income instruments which generate periodic cash flows and include mainly exposure to senior secured and usually broadly syndicated US loans. This part of the portfolio is geographically focused on the US with some exposure to Europe and emerging markets. In addition, the financial portfolio would include investments in select deep value public equities where management could exert influence.

The remaining portfolio is focused on Switzerland and Asia with investments primarily in real estate and select private equity opportunities. Investments are focused on sectors that Management believes will provide superior growth over the mid to long term with relatively low downside risk.

Strong emphasis is given to maintaining sufficient liquidity and low leverage at the overall portfolio level and to re-invest in existing and new investments along the economic cycle.

Review of Significant Investments

Name	Book Value US $m
Wyler Park*	38.2
SRS Charminar	14.6
Montana Tech Components	3.6
Other Real Estate Assets	1.5
Total	57.9

* Net of related loan.

Wyler Park – Switzerland
Wyler Park is a top quality mixed-use property located in Bern, Switzerland. It has over 16,800 square meters of commercial space, 4,100 square meters of residential space, and another 7,800 square meters available for additional commercial development. The commercial part is leased entirely to SBB (AAA rated), the Swiss national transport authority wholly owned by the Swiss Confederation, and serves as the headquarters of their Passenger Traffic division. The commercial lease is Swiss inflation rate – adjusted and ends in 2019 with two 5 year extension periods thereafter. The annual rental income from the commercial area of the project is CHF 4.26m (USD 4.54m).

Following the successful development of 39 residential apartments, management rented out all of the apartments. The entire property is fully rented. The annual rental income from the residential area is about CHF 1.1m (USD 1.17m).

Livermore is the sole owner of Wyler Park through its wholly owned Swiss subsidiary, Livermore Investments AG. The loan outstanding on the project is CHF 79m (USD 84.3), which is a non-recourse loan to Livermore Investments AG backed only by this property. The loan matures in July 2014. The valuation of the property as of year-end 2011 is CHF 114.9m (USD 122.5m) and of year end 2010 was CHF 111.17m (USD 119.0m).

Management continues to evaluate the potential development of the additional commercial development rights of 7,800 square meters attached to the property.

SRS Charminar – India
Livermore invested USD 20m in 2008 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 investment in the investee company was in the form of compulsorily convertible debt and included a put option, which can be exercised if the investee company does not have an IPO within 3 years or if certain terms in the agreement are not met. The put option is secured by land which was valued at around USD 1.3 billion at the time of investment and guarantees a minimum return of approximately 30% IRR if exercised.

As reported previously, the Manager (Infinite India Limited) for this investment served a put option exercise notice to the promoters in 2009. Following a dispute on the grounds of the put option notice between the promoters and the fund, the parties agreed to invoke arbitration to be held in Mumbai.

On 14 August 2009, the arbitration process was completed and the arbitrator ruled in favour of investors. The award entitles the investors to investment plus interest amounting to 30% IRR until 14 August 2009 and 18% IRR thereafter.

Meanwhile, the investors have filed and won an interim order for injunction against the promoters and the company to prohibit sales, transfer or encumbering of the assets of the company. Thereafter, the promoters have filed against the arbitral award and the injunction order. As at 31 December 2011 there was no change in the status of this case.

On January 13, 2011 the Company Law Board ("CLB") passed an order and allowed Infrastructure Leasing & Financial Services Limited ("IL&FS") to become 80% shareholder and control the management of the company. After the reporting period, the Manager has reported a finalization of settlement negotiations with IL&FS and the investee company which is subject to certain court and regulatory approvals.

Due to the legal complexity and the receipt of the regulatory and court approvals required for the implementation of the proposed settlement as well as the various counterparties involved, the outcome remains uncertain.

The carrying amount of the investment is based on discounted expected cash flows and was reduced to USD 14.7m (2010: USD 17.8m). The accrued interest up to February 2009 was reversed during the period ended 30 June 2011 (notes 13 and 25).

Montana Tech Components ("MTC") - Europe

Montana Tech Components AG is a leading components manufacturer in the fields of Aerospace & Industrial 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 recently built-out. The company has a large market share in the US with Boeing and in Europe with Airbus. The build-out of the Romanian facility was completed as planned. The certification process with Airbus was concluded in significant areas.

The Micro Batteries business is a market leader in hearing aid batteries and rechargeable batteries with a strong brand (VARTA Micro Power). VARTA has formed a significant joint venture with the Volkswagen group to develop batteries for hybrid cars.

Metal Tech business segment operates in a niche area and is a market leader in an otherwise highly fragmented industry. This business segment produces tools for identification and marking of steel products.

Due to an excellent market position, ongoing expansion and productivity-enhancing measures, MTC increased turnover by 12% in 2011 to EUR 395m as compared to EUR 351m in 2010. EBITDA increased 21% to EUR 54m (2010: EUR 45m) and EBIT increased 34% to EUR 37m (2010: EUR 28m). The Company's equity capital increased to EUR 225m (2010: EUR 152m).

In January 2011, MTC accomplished a capital increase in the amount of EUR 46m. In May 2011, MTC raised another EUR 15m through the issue of a convertible bond. The funds were partly utilized to repay the convertible debt due in August 2011 and to purchase shares held by non–controlling shareholders in the Romanian subsidiary.

Livermore and certain other minority shareholders in MTC have raised concerns about related party transactions between MTC and its majority shareholder as well as the unequal treatment of minority shareholders by the Board of MTC. Livermore is pursuing an activist role in order to increase transparency, ensure equal treatment of minority shareholders, and potentially gain representation on the Board of MTC. During the year, Livermore along with certain other shareholders of MTC filed and won a legal case against MTC related to an incorrect grant of discharge to the directors of MTC during MTC's annual general meeting. Livermore and certain other shareholders have filed another case against MTC and its Board of Directors concerning an incorrect allocation of shares in the recent capital increase. The matter is currently pending in court in Switzerland.

Private Equity Funds

The other private equity investments held by the Group are incorporated in the form of Managed Funds (mostly closed end funds) mainly in the emerging economies of India and China. The investments of these funds into their portfolio companies were mostly done in 2008 and 2009. Overall, during 2011 the investment environment relating to most funds was challenging and the Group expects that material exits of portfolio companies should materialize between 2013 and 2015. Except for distributions of USD 0.585m from Blue Ridge Capital and USD 0.102m from Da Vinci fund no material exits occurred during the reported period.

The following summarizes the book value of the private equity funds as of year-end 2011

Name	Book Value US $m
India Blue Mountains (India)	5.1
SRS Private (India)	2.6
Evolution Venture (Israel)	1.6
Elephant Capital (India)	1.5
Da Vinci (Russia)	1.1
Blue Ridge Capital (China)	1.0
Panda Capital (China)	0.7
Other investments	0.5
Total	**14.1**

India Blue Mountains: India Blue Mountains is a leading hotel and hospitality development fund that is developing 4 star and 5 star hotels in India. The fund has acquired land and is in the process of developing three hotels in prime areas of Mumbai, Pune and Goa. All hotels will be managed by the Accor Group

(Novotel brands). Accor has also invested equity and holds a 26% stake in all of the hotels.
The Pune hotel is being built on a land area of 70,200 sq ft with a total built-up area of 338,692 sq ft. The hotel will be a Novotel brand hotel with 223 rooms and two floors have been earmarked for commercial office space. Construction of the structure is nearing completion

The Mumbai hotel is on a 82,609 sq ft land site with a built-up area of 550,217 sq ft. The hotel will be a Novotel brand hotel with 543 rooms. The hotel is close to the Mumbai airport with an unusually high frontage area of 38 meters on one of Mumbai's main arterial roads. During the year, the contract with the general contractor was terminated due to delays caused by the contractor. The existing loan facility was repaid and a bridge loan due in February 2012 was undertaken. This bridge loan has been partly paid down and the remaining extended until July 2012. The manager is currently in process of syndicating a new construction loan.

For the Goa hotel, land measuring 20 acres was purchased at Majorda beach in Goa having 200 meters of sea front with a white sandy beach from nearly 40 parcels of land. Notification of the land for settlement is a government process and it has not been concluded so far despite expectations and is currently pending with the Town Planning department.

SRS Private Fund: SRS Private is a private equity fund focused on real estate in India. The fund has invested in residential and commercial projects as well as directly in certain real estate companies. The assets are primarily located in and around major cities of India such as Mumbai and Hyderabad.

Evolution Venture: Evolution is an Israel focused Venture Capital fund. It invests in early stage technology companies. Its investments include a carrier-class Mobile Broadband Wireless (MBW) Wi-Fi solutions company, a language enhancement products company, a software company operating in the digital radio market, a software test tool developer, and a virtualization technology company.

Elephant Capital: India-focused private equity fund, which is AIM quoted (formerly called Promethean India plc). (Ticker: ECAP). Its portfolio investments to date include a leading tiles manufacturer in India, an established automotive components manufacturer, a hospitality company with luxury hotels in top Indian cities, a media business with an exclusive content library, a clinical research organization, a m-commerce player, and an online venture to distribute cricket related content. During the period, an investment of GBP 3m was made into a leading independent provider of aviation maintenance, repair and overhaul service in India.
As of August 2011, the NAV of the fund was 51 pence. Additional information about the fund is available at **www.elephantcapital.com**

Da Vinci: The fund is primarily focused on Russia and CIS countries. The fund has made five investments. 70% of the fund is invested in RTS, the leading Russian stock exchange, and a leading Eastern European software company. In 2011, RTS merged with MiCex stock exchange to form the largest financial exchange in Russia and distributed a dividend from the partial exit. The leading Eastern European software company filed for an initial public offering during the year and was listed on a US stock exchange in February 2012. The fund expects to exit the investment in the Eastern European software company over the next year.

Blue Ridge: Blue Ridge is a China focused private equity fund. The fund has made investments in six portfolio companies. Portfolio companies include a distressed real estate turnaround company, a plastic and chemicals manufacturer, a higher education company, an innovative bio-pesticide company, a software company specializing in Oil & Gas applications and a refinery. In 2011, the fund has realized partial exits from the plastic and chemicals manufacturer and the distressed real estate turnaround company at valuations higher than cost.

Panda Capital: Panda Capital is a 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. The fund's main investment is in a bamboo flooring company in China, which provides an innovative low cost alternative to hardwood flooring in shipping containers. The manager is in the process of building up operational capacity for product manufacturing. This investment could generate attractive returns once the shipping industry recovers from the current downturn.

Financial portfolio and trading activity

The Group manages a financial portfolio valued USD 75m (net of leverage) as at 31 December 2011, which is invested mainly in fixed income securities. The recovery of the US and emerging economies witnessed through 2010 continued in 2011 and has led to improvements in the credit quality and overall strength of Livermore's credit portfolio.

Fixed Income:

During 2011 the Group almost doubled its exposure to the US syndicated loan market mainly through investment into US Collateralized Loan Obligations (CLO) mostly of 2006 and 2007 issues. These are managed portfolios invested into diversified pools of senior secured floating rate loans and financed with long term financing pre-fixed at the respective pre-crisis levels. On absolute and relative value basis the loan market continued to offer remarkable value as an undervalued, diversified inflation linked asset class with a senior secured claim on the borrower and with overall low volatility and low correlation to equity markets. New issue loans offered high spreads (including Libor floors) of 400-600 bps over the average cost of the respective CLO Fund's liabilities. New issue credit quality was also attractive, especially compared to the pre-crisis vintages. That allows CLO managers to reinvest their prepayment proceeds in higher spread, better quality new issue loans.

The fundamentals of the US corporate credit market continued to show improvement during 2011. Trailing 12 month default rate for the S&P/LTSA index was 0.54% for the year and corporate earnings and balance sheets continued to improve during the period. Since June 2009 the publicly filing of S&P/LTSA index issuers have generated year on year EBITDA growth of 16%. Despite improving fundamentals, the European debt crisis, fears of a double dip recession and the market volatility that followed after the first quarter caused market value swings in the prices of loans. Following a rise in first quarter and a decline in second and third quarters, the S&P/LTSA index of issuers managed to gain 1.5% for the year. These price swings generated good entry points for CLO managers within the reinvestment period, which resulted in additional cushion build up for those positions, as reflected in the improving over collateralization tests.

During 2011, the Group increased its exposure to performing CLOs at lower than current market prices and at modelled IRRs of over 20%. The CLO portfolio has performed extremely well on account of low default rates and improving credit fundamentals of their underlying loans which is evident by lower weighted average rating factor (WARF) levels in our deals. At the end of 2011 all of our US investments were passing their coverage tests (thereby making dividend distributions), which outperformed the general market average. During 2011, the portfolio generated dividend income of USD 22.2m and a total of USD 38.8m since inception.

The excess spread of these CLOs, namely the difference between the interest income generated by a CLO's assets and the cost of financing through its liabilities as well as certain fees (which are locked-in at closing), increased substantially from original levels. Volatility in loan prices provided a good entry point for CLO's within their reinvestment period to build additional par and increase coverage ratios. This combination of improving coverage ratios and increasing excess spread availability also continued in 2011 and led to increased payments to CLO income notes. Furthermore, the cushions built up within the portfolios are expected to insulate the portfolio from moderate potential future credit losses, implying that performance should remain strong even in the absence of a significant improvement in macroeconomic conditions, so long as another dramatic fundamental downturn or financial market crisis is avoided. Overall the performance of this asset class during the 2008 financial crisis and thereafter has been remarkable. Investors may be hard stretched to find an asset class that exhibited comparable performance over this time period.

During 2011 management concentrated on purchases of income notes in the secondary market as the IRRs and cash on cash returns offered better economics than primary market offerings. At the same time, management followed closely the development of the US CLO primary market. Total new issuance of US cash flow CLOs in 2011 was 12.3b, up from 3.6b in 2010. However, management was of the opinion that liability spreads did not come in enough to generate sufficiently sustainable long term arbitrage and attractive equity returns. However, as both US interest rates and corporate defaults are expected to remain low in the medium term and loan spreads are forecast to remain wide by historical standard we believe that the environment should remain attractive for investments in CLO income notes. As liability spreads tightened during Q1 2012 and secondary market prices increased offering lower returns, the investment team is evaluating investing in primary issue CLOs with the aim of acquiring a controlling or significant equity stake.

While management maintains a positive view, mid-long term performance may be negatively impacted by a pull back into a substantial double dip recession in US and/or Europe involving a spike in defaults. Despite positive developments in the overall health of the US economy in 2011 we acknowledge the potential headwinds posed by continued weakness in the US housing market, high unemployment and the continued EU sovereign debt crisis as well the headwinds the economy may face in 2013 relating to the possible austerity measures following the US debt ceiling discussions.

Public Equities:
Babylon Ltd ("Babylon"): Babylon is an International Internet company based in Israel and listed on the Tel-Aviv Stock Exchange (TASE: BBYL). It is a leading translation and language tools provider and its language translation software product is a recognized name in the industry. The company generates revenues through Search and Advertising, Online Sales, Corporate Sales, and Telesales. As of 31 Dec 2011, Livermore's investment in Babylon was valued at USD 6.6m. During the year, market value gains and dividend income from Babylon totalled USD 2.5m.

Babylon has achieved strong growth in its Search and Advertising business since 2009. In 2011, total revenues increased 95% to USD 61.9m as compared to the previous year and profit before tax increased by 56% year-on-year to USD 9.2m. In the last quarter of 2011, Babylon's revenues and profit before tax increased 140% and 247% to USD 21.9m and USD 5.2m respectively as compared to the third quarter. In the first quarter of 2012, Babylon's revenues increased 229% to USD 30m and net profit rose 233% to USD 4m as compared to the corresponding quarter in the previous year.

Noam Lanir, the majority shareholder of the Group, is also a major shareholder in Babylon (note 34).

The following is a table summarizing the financial portfolio as of year-end 2011

Name	Book Value US $m
Investment in the loan market through CLOs	53.8
Corporate bonds	28.9
Babylon	6.6
Hedge Funds	5.0
Other Public Equities	2.1
Total	**96.4**
Total net of leverage	**75.0**

Events after the reporting date

In January 2012, Livermore agreed to settle its guarantee to a financing bank in relation to its investment in DTH Boom. The settlement amount is fully provided for in the 2011 financial statements. Please refer to note 35 for further details.

After the reporting period, the Manager of SRS Charminar has reported a finalization of settlement negotiations with IL&FS and the investee company which is subject to certain court and regulatory approvals. Please refer to note 5 for further details.

After the reporting date and prior to publishing this report, Livermore had acquired an additional 1.039m shares of Babylon Ltd.

Following the year end the Company purchased 24,589,824 additional own shares to be held in treasury for a total cost of USD 5.926m.

Litigation

At the time of this Report, there is one matter in litigation against the Group. Further information is provided in note 36 to the consolidated financial statements.

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 are used to monitor performance.

The Board of Directors

Richard Barry Rosenberg (age 56), 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 SRLV. 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.

Menachem Marder (age 59), Non-Executive Director (resigned at 3 April 2012)
Menachem joined the Group in September 2009. He brings with him a profound background of accounting and business experience. Menachem is a Certified Public Accountant, and was the founder and senior manager of the accounting firm Shlomo Ziv and Partners (BDO). In addition to his work with Livermore, Menachem, through his company, Mimtar Business Consulting LTD, provides business, economic, managerial and financial consultancy to a wide range of firms with a specialization in company turn arounds and mergers and acquisitions. Menachem earned an MBA with a major in Finance from Tel Aviv University, and holds a BA in Economics and Accounting from Tel Aviv University. Menachem is a director of a large number of companies operating in a variety of business segments.

Noam Lanir (age 45), 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 fourteen 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 online marketing sector. He is also the major shareholder of Babylon Ltd, an International Internet Company listed on the Tel Aviv Stock Exchange.

Ron Baron (age 44), 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. Ron has over 10 years of experience as an investment manager with particular focus on the US credit market. 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 BVI 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, any Director required 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 under the Remuneration Report section. Details of the Directors' remuneration and service contracts also appear under the Remuneration Report section.

On 3 April 2012, Mr Menachem Marder, a non-executive director resigned from his position as a non-executive director of the Company. No replacement has been appointed as a non-executive director at the date of this report.

The Directors submit their annual report and audited consolidated financial statements of the Group for the year ended 31 December 2011.

Directors' responsibilities in relation to the consolidated financial statements

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

The Directors are required to prepare consolidated financial statements for each financial year which give a true and fair view of the financial position of the Group, and its financial performance and cash flows for that period. In preparing these consolidated 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 consolidated 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 are sufficient to show and explain the Group's transactions, and at any time enable the financial position of the Group to be determined with reasonable accuracy and enable them to ensure that the consolidated financial statements comply with the applicable law and International Financial Reporting Standards as adopted by the European Union. 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 26 April 2012 the Directors are aware of the following interests in 3 per cent or more of the Company's issued ordinary share capital:

	Number of Ordinary Shares	% of issued ordinary share capital	% of voting rights*
Groverton Management Ltd	154,412,173	50.77	67.08
RB Investments GmbH	13,915,419	4.58	6.04
Bank Leumi Swiss	12,481,937	4.10	5.42
Bank Hapoalim Luxembourg	10,773,015	3.54	4.68
Merrill Lynch Pierce, Fenner & Smith, Inc	9,329,051	3.07	4.05
Everest Fund Management Ltd	8,770,000	2.88	3.81

* after consideration of treasury shares (note 15).

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 34 to the consolidated 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 UK Corporate Governance Code – June 2010 ("the Code"). However, the Company is keen to adopt and promote the provisions of that Code. Up to 31 December 2011 the Board has adopted several provisions of the Code, some of which have not yet been fully implemented.

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 as 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

The Board delegates clearly defined powers to its Audit and Remuneration Committees. The minutes of each Committee are circulated by the Board.

Remuneration Committee

The Remuneration Committee comprises of the Non-Executive Chairman of the Board and a Non-Executive Director. Following the resignation of one of the Non-Executive Directors, this committee has one member until a new Non-Executive Director is appointed. 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

The Audit Committee comprises of the Non-Executive Chairman of the Board and a Non-Executive Director and is chaired by the Chairman of the Board. The duties of the Committee include monitoring the auditor's performance and reviewing accounting policies and financial reporting procedures.
Following the resignation of one of the Non-Executive directors, this committee has one member until a new Non-Executive Director is appointed.

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, is 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 Group has in place a system of internal controls 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 2011 were as follows:

Directors' Emoluments

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

	Date of agreement	Fees US $000	Benefits US $000	Reward payments US $000	Share options expense US $000	Total Emoluments 2011 US $000	Total Emoluments 2010 US $000
Richard Barry Rosenberg	10/06/05	72	-	-	4	76	83
Noam Lanir	10/06/05	400	45	-	-	445	445
Ron Baron	01/09/07	350	-	500	-	850	350
Menachem Marder*	23/09/09	-	-	-	-	-	-

The dates are presented in day / month / year format.
* Menachem Marder resigned on 3 April 2012.

Directors' Interests

Interests of Directors in ordinary shares

	Notes	As at 31 December 2011		As at 31 December 2010	
		Number of Ordinary Shares	Percentage of ordinary share capital	Number of Ordinary Shares	Percentage of ordinary share capital
Noam Lanir	a)	154,412,173	50.773%	154,412,173	50.773%
Ron Baron	b)	13,915,419	4.576%	13,915,419	4.576%
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 was renewed during the year ended 31 December 2010, and bears an annual interest rate of 6 month USD LIBOR plus 0.25%.

Interests of Directors in share options

	No of options at 31 December 2011	Date of grant	Exercise price, GBP	Exercise Price**, US $	Vesting period of options
Noam Lanir	10,000,000	19/07/06	0.78	1.21	One to three years*
Richard Barry Rosenberg	500,000	13/05/08	0.30	0.47	One to three years*
	150,000	19/07/06	0.78	1.21	One to three years*
	75,000	07/12/05	0.71	1.10	One to three years*

* The options normally vest in three equal tranches, on the first, second and third anniversary of the grant.

The options are exercisable up to 10 years after the date of grant. No options were exercised during the year ended 31 December 2011.

** The exercise prices as per the share option scheme are quoted in British Pounds. The indicative equivalent USD amounts shown in the table above are based on the exchange rates as at 31 December 2011.

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 subject to continuous service conditions but are not subject to any performance criteria.

The Share Option Scheme will terminate ten years after it was 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 Group 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.

The Group's portfolio is exposed to interest rate changes, credit risk, liquidity risk and volatility particularly in the US, EU, Switzerland and India. In addition, the portfolio is exposed to currency risks as some of the underlying portfolio is invested in assets denominated in non-US currencies while the Company's functional currency is USD. Investments in certain countries such as India and China are exposed to governmental and regulatory risks. The SRS Charminar investment is specifically subject to regulatory and legal risks as well as currency risk.

The mitigation of these risks is achieved by investment diversification, both by sector and by geography. The Group also engages from time to time in certain hedging activities to mitigate these risks.

Internal risks to shareholders and their returns are related to Portfolio risks (investment and geography selection and concentration), balance sheet risk (gearing) and/or investment mismanagement risks. The Group's portfolio has a significant exposure to senior secured loans of mainly US companies and therefore has a concentration risk to this asset class.

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 of the Company is invested 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 and loans in which the Group invests.

Management monitors liquidity to ensure that sufficient liquid resources are available to the Group. The Group's credit risk is primarily attributable to its fixed income portfolio, which is exposed to corporate bonds with a particular exposure to the financial sector and to US senior secured loans.

Share Capital

There was no change in the authorised share capital during the year to 31 December 2011. 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 2011 are disclosed in note 34 to the consolidated financial statements.

By order of the Board of Directors

Chief Executive Officer
25 May 2012

Report of the independent auditor to the members of Livermore Investments Group Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Livermore Investments Group Limited (the ''Company'') and its subsidiaries (together with the Company, ''the Group''), which comprise the consolidated statement of financial position as at 31 December 2011 and the consolidated statements of income statement, of comprehensive income, of changes in equity, and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Emphasis of matter

We draw attention to Note 5 to the consolidated financial statements which describe the uncertainty related to the outcome of the legal case in India relating to the investment of the Group through SRS Charminar Investments Ltd, in a leading Indian Real Estate company. Our opinion is not qualified in respect of this matter.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Augoustinos Papathomas

Certified Public Accountant and Registered Auditor
for and on behalf of
Grant Thornton (Cyprus) Ltd
Certified Public Accountants and Registered Auditors
Nicosia

Date: 25 May 2012

Livermore Investments Group Limited

Consolidated Statement of Financial Position as at 31 December 2011

	Note	2011 US $000	2010 US $000
Assets			
Non-current assets			
Property, plant and equipment	3	81	181
Available- for-sale financial assets	5	88,752	68,436
Financial assets at fair value through profit or loss	6	3,029	4,607
Investment property	9	122,518	119,018
Deferred tax	12	488	1,799
		214,868	194,041
Current assets			
Trade and other receivables	13	8,655	10,131
Available- for-sale financial assets	5	12,833	20,554
Financial assets at fair value through profit or loss	6	31,318	41,041
Cash at bank	14	2,060	3,294
		54,866	75,020
Total assets		269,734	269,061
Equity			
Share capital	15	-	-
Share premium and treasury shares	15	196,727	203,852
Other reserves		606	(4,308)
Retained earnings		(51,896)	(57,252)
Total equity		145,437	142,292
Liabilities			
Non current liabilities			
Bank loans	17	84,316	84,722
Derivative financial instruments	18	5,143	5,470
		89,459	90,192
Current liabilities			
Bank overdrafts	19	19,306	13,289
Short term bank loans	20	8,935	17,128
Trade and other payables	21	1,961	1,159
Provisions for legal and other cases	35	1,142	1,585
Current tax payable	22	122	163
Derivative financial instruments	18	3,372	3,253
		34,838	36,577
Total liabilities		124,297	126,769
Total equity and liabilities		269,734	269,061
Net asset valuation per share			
Basic and diluted net asset valuation per share (US $)	23	0.57	0.50

These consolidated Financial Statements were approved by the Board of Directors on 25 May 2012.

The notes on the following pages form part of these consolidated financial statements.

Livermore Investments Group Limited
Consolidated Income Statement for the year ended 31 December 2011

	Note	2011 US $000	2010 US $000
Investment income			
Interest and dividend income	25	18,891	10,490
Investment property income	26	5,684	4,734
Loss on investments	27	(10,247)	(1,976)
Gain from investment in associate	28	-	495
Gross profit		14,328	13,743
Other income	29	3,000	-
Administrative expenses	30	(5,051)	(1,018)
Operating profit		12,277	12,725
Finance costs	31	(5,294)	(3,551)
Finance income	31	-	99
Profit before taxation		6,983	9,273
Taxation charge	32	(1,627)	(786)
Profit for the year		5,356	8,487
Earnings per share			
Basic and diluted earnings per share (US $)	33	0.02	0.03

The notes on the following pages form part of these consolidated financial statements.

Livermore Investment Group Limited
Consolidated Statement of Comprehensive Income for the year ended 31 December 2011

	Note	2011 US $000	2010 US $000
Profit for the year		5,356	8,487
Other comprehensive income:			
Available for sale financial assets			
• Fair value losses		(4,367)	(1,364)
• Reclassification to profit or loss due to disposals	27	(438)	573
• Reclassification to profit or loss due to impairment	27	9,873	6,330
Foreign exchange losses from translation of:			
• associate	10	–	(4,856)
• subsidiaries		(158)	(577)
• reclassification to profit or loss due to disposal of associate	28	–	7,154
Total comprehensive income for the year		10,266	15,747

The total comprehensive income for the year ended 31 December 2011 and 2010 is wholly attributable to the owners of the parent company.

The notes on the following pages form part of these consolidated financial statements.

Livermore Investments Group Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2011

	Note	Share capital US $000	Share premium US $000	Treasury Shares US $000	Share option reserve US $000	Translation reserve US $000	Investments revaluation reserve US $000	Retained earnings US $000	Total US $000
Balance at 1 January 2010		–	215,499	(9,610)	5,759	(2,449)	(20,840)	(59,791)	128,568
Purchase of own shares	15	–	–	(2,037)	–	–	–	–	(2,037)
Share option charge	16/30	–	–	–	14	–	–	–	14
Transactions with owners		–	–	(2,037)	14	–	–	–	(2,023)
Profit for the year		–	–	–	–	–	–	8,487	8,487
Other comprehensive income:									
Available-for-sale financial assets									
• Fair value losses		–	–	–	–	–	(1,364)	–	(1,364)
• Reclassification to profit or loss due to disposals	27	–	–	–	–	–	573	–	573
• Reclassification to profit or loss due to impairment	27	–	–	–	–	–	6,330	–	6,330
Transfer on disposal of associate		–	–	–	–	–	5,948	(5,948)	–
Foreign exchange losses arising from translation of:									
• associate	10	–	–	–	–	(4,856)	–	–	(4,856)
• subsidiaries		–	–	–	–	(577)	–	–	(577)
• reclassification to profit or loss due to disposal of associate	28	–	–	–	–	7,154	–	–	7,154
Total comprehensive income for the year		–	–	–	–	1,721	11,487	2,539	15,747
Balance at 31 December 2010		–	215,499	(11,647)	5,773	(728)	(9,353)	(57,252)	142,292
Purchase of own shares	15	–	–	(7,125)	–	–	–	–	(7,125)
Share option charge	16/30	–	–	–	4	–	–	–	4
Transactions with owners		–	–	(7,125)	4	–	–	–	(7,121)

	Note	Share capital US $000	Share premium US $000	Treasury Shares US $000	Share option reserve US $000	Translation reserve US $000	Investments revaluation reserve US $000	Retained earnings US $000	Total US $000
Profit for the year		–	–	–	–	–	–	5,356	5,356
Other comprehensive income:									
Available-for-sale financial assets									
• Fair value losses		–	–	–	–	–	(4,367)	–	(4,367)
• Reclassification to profit or loss due to disposals	27	–	–	–	–	–	(438)	–	(438)
• Reclassification to profit or loss due to impairment	27	–	–	–	–	–	9,873	–	9,873
Foreign exchange losses arising from translation of:									
• subsidiaries		–	–	-	-	(158)	-	–	(158)
Total comprehensive income for the year		–	–	–	–	(158)	5,068	5,356	10,266
Balance at 31 December 2011		–	215,499	(18,772)	5,777	(886)	(4,285)	(51,896)	145,437

The notes on the following pages form part of these consolidated financial statements.

Livermore Investments Group Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2011

	Note	2011 US $000	2010 US $000
Cash flows from operating activities			
Profit before tax		6,983	9,273
Adjustments for			
Depreciation	3	100	148
Provisions for legal and other cases	35	(224)	(2,248)
Interest expense	31	4,335	3,447
Interest and dividend income	25	(18,891)	(10,490)
Gain on investment in associate	28	–	(495)
Loss on investments	27	10,247	1,976
Equity settled share options	30	4	14
Exchange differences	31	819	(99)
		3,373	1,526
Changes in working capital			
Increase in trade and other receivables		(1,030)	(593)
Increase / (decrease) in trade and other payables		993	(423)
Cash flows from operations		3,336	510
Tax paid		(357)	(469)
Net cash from operating activities		2,979	41
Cash flows from investing activities			
Purchase of property, plant and equipment	3	–	(55)
Acquisition of investments		(36,895)	(66,805)
Proceeds from sale of investments		27,057	36,488
Payments for derivative financial instruments		–	(585)
Disposal of associate		–	13,729
Interest and dividend received		19,942	8,675
Net cash from investing activities		10,104	(8,553)

	Note	2011 US $000	2010 US $000
Cash flows from financing activities			
Purchase of own shares	15	(7,125)	(2,037)
Proceeds from bank loans		167,767	142,193
Repayments of bank loans		(175,960)	(139,332)
Interest paid		(4,335)	(3,447)
Settlement of litigation		(197)	-
Net cash from financing activities		(19,850)	(2,623)
Net decrease in cash and cash equivalents		(6,767)	(11,135)
Cash and cash equivalents at the beginning of the year		(9,995)	700
Exchange differences on cash and cash equivalents		(483)	284
Translation differences on foreign operations' cash and cash equivalents		(1)	156
Cash and cash equivalents at the end of the year	14	(17,246)	(9,995)

The notes on the following pages form part of these consolidated 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 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 of the Company is located at Trident Chambers, PO Box 146, Road Town, Tortola, British Virgin Islands.

2. Accounting Policies

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

2.1. Basis of preparation

The consolidated 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 consolidated financial statements have been prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss (including derivatives) are measured at fair value.
- Available- for- sale financial assets are measured at fair value.
- Investment property is measured at fair value.

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

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

2.2. Adoption of new and revised IFRSs

As from 1 January 2011, the Group adopted all the new or revised IFRS and relevant amendments which became effective and also were endorsed by the European Union, and are relevant to its operations.

The adoption of the above did not have a material effect on the consolidated financial statements.

All IFRS issued by the International Standards Board (IASB) which are effective for the year ended 31 December 2011, have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39: "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The following Standards, Amendments to Standards and Interpretations had been issued by the date of authorisation of these consolidated financial statements but are not yet effective for the year ended 31 December 2011:

Standards and Interpretations endorsed by the EU	Effective for annual periods beginning on or after:
Amendment to IFRS 7: "Disclosures Transfers of Financial Assets"	1 July 2011

Standards and Interpretations not endorsed by the EU	
IFRS 9: "Financial Instruments: Classification and Measurement"	1 January 2015
IFRS 10: "Consolidated Financial Statements"	1 January 2013
IFRS 11: "Joint Arrangements"	1 January 2013
IFRS 12: "Disclosure of Interests in Other Entities"	1 January 2013
IFRS 13: "Fair Value Measurement"	1 January 2013
IAS 19 (Revised): "Employee Benefits"	1 January 2013
IAS 27 (Revised): "Separate Financial Statements"	1 January 2013
IAS 28 (Revised): "Investments in Associates and Joint Ventures"	1 January 2013
IFRIC 20: "Stripping Costs in the Production Phase of a Surface Mine"	1 January 2013
Amendment to IFRS 1: "Severe Hyperinflation and Removal of Fixed Dates for First time Adopters"	1 July 2011
Amendment to IFRS 1: "Government Loans"	1 January 2013
Amendment to IFRS 7: "Disclosures Offsetting Financial Assets and Financial Liabilities"	1 January 2013
Amendment to IAS 1: "Presentation of Items of Other Comprehensive Income"	1 July 2012
Amendment to IAS 12: "Deferred Tax: Recovery of Underlying Assets"	1 January 2012
Amendment to IAS 32: "Offsetting Financial Assets and Financial Liabilities"	1 January 2014

The Board of Directors expects that when the above Standards or Interpretations become effective in future periods will not have a material effect on the consolidated financial statements of the Group.

In relation to IFRS 9, the Management has not yet assessed the likely impact of the application of this Standard, since the Management has not yet determined its accounting policy to be followed under the new Standard.

2.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (the "subsidiaries"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of all the Group companies are prepared using uniform accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The results and cash flows of any subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

2.4. 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 primarily for trading, or
- expected to be realised within 12 months from the reporting date, or
- cash and cash equivalent not restricted in their use.

All other assets are non-current.

2.5. Investment 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 are 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.

2.6. Interest and dividend income

- Interest income is recognised based on applicable effective interest rates.
- 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

2.7. 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 Company and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies other than each group entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transaction. Monetary assets and liabilities denominated in non-functional currencies are translated into functional currency equivalents using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated upon initial recognition 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 not re-translated.

Gains and losses arising on the settlement of monetary items and on the re-translation of monetary items are included in the profit or loss for the year. Those that arise on the re-translation of non-monetary items carried at fair value are included in the profit or loss of the year except for differences arising on the re-translation of non-monetary available-for-sale financial assets in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items any exchange component of that gain or loss is also recognised in other comprehensive income.

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

i. assets and liabilities are translated at the closing rate at the reporting date; and
ii. income and expenses and also cash flows 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 the items are translated at the rates prevailing at the dates of the transactions); and
iii. exchange differences arising are recognised in other comprehensive income within the translation reserve. Such translation exchange differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

2.8. Taxation

Current tax is the tax currently payable based on taxable profit for the year in accordance with the tax laws applicable in jurisdictions where the Group operates.

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 as at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense within profit or loss, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

2.9. Property, plant and equipment

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

Depreciation is calculated using the straight-line method, at annual rates estimated to write off the cost of the assets less any 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%
Motor Vehicles	-	25%

2.10. Investment property

Certain of the Group's properties are classified as investment property, being held for long term investment gains 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 reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment property is valued at fair value based on valuations provided by a certified external valuer.

2.11. Equity instruments

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

Own equity instruments purchased by the Company or its subsidiaries are recorded at the consideration paid, including directly associated assets, and they are deducted from total equity as treasury shares until they are sold or cancelled. Where such shares are subsequently sold, 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.

2.12. 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. The fair value of share-based payments to employees at grant date is measured using the Binomial pricing model.

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.

On exercise of the options any related amounts recognised in the share option reserve are transferred to share premium.

On lapse of the options any related amounts recognised in the share option reserve are transferred to retained earnings.

2.13. Leases

Leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases and rentals are recognised to profit or loss on a straight-line basis over the term of the lease.

2.14. Borrowing costs

Borrowing costs primarily comprise interest on the Group's borrowings. Any borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the corresponding assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred and reported within "finance costs".

No borrowing costs have been capitalised for either 2011 or 2010.

2.15. Financial assets

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

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.

Financial assets are measured initially at fair value plus transaction 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 are measured subsequently as described below.

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 also described below.

Loans and receivables

- **Trade and other receivables**

Trade and other receivables are initially recognised and carried at their fair value which normally is their original transaction value, and are subsequently measured at their amortised cost. 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 discounted to present value.

- **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 three months or less.

Bank overdrafts are considered to be component of cash and cash equivalents, since they form an integral part of the Group's cash management.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or 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 or loss upon initial recognition. All assets within this category are measured at their fair value, with changes in value recognised in the profit or loss when incurred. Upon initial recognition, attributable transactions costs are recognised in profit or loss when incurred.

Available-for-sale financial assets

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. Financial assets within this category are measured at fair value, with changes in fair value recognised in other comprehensive income, within the investments revaluation reserve. Unquoted equity investments for which the fair value cannot be reliably measured are stated at cost less impairments. Gains and losses arising from investments classified as available-for-sale are recognised in the profit or loss when they are sold or when the investment is impaired.

In the case of impairment of available-for-sale assets, the cumulative loss previously recognised in other comprehensive income is reclassified to profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not subsequently reversed through the profit or loss. Impairment losses recognised previously on debt securities are reversed through the profit or loss when the increase in fair value can be related objectively to an event occurring after the impairment loss was recognised in the profit or loss.

An assessment for impairment is undertaken at least at each reporting date, following the IAS 39 guidance.

2.16. Financial liabilities

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

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

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

Financial liabilities at amortised cost
After initial recognition financial liabilities are measured at amortised cost using the effective interest rate method.

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

All derivative financial instruments which are not designated as hedging instruments are accounted for at fair value through profit or loss.

Financial guarantee contracts
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

After initial recognition, financial guarantee contracts are measured at the higher of:

(i) the amount determined in accordance with IAS 37; and

(ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18.

2.17. 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. 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 profit or loss as they are incurred.

2.18. Segment reporting

In identifying its operating segments, management generally follows the Group's investment activity lines. Each of these operating segments is managed separately as each of these investment activity lines requires different monitoring and strategic decision making process as well as allocation of resources.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its consolidated financial statements. Any inter-segment transfers are carried out at arm's length prices.

2.19. Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting judgments

(i) Impairment of available-for-sale financial assets

The Group follows the guidance in IAS 39 on determining when an investment is impaired. This determination requires significant judgments. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and financing cash flow.

The Group assesses at each reporting date whether financial assets are impaired. If impairment has occurred, this loss is recognised to profit or loss.

If there is objective evidence that an impairment loss has been incurred on an 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 an unquoted equity instrument, the amount of the loss is measured as the difference 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.

(ii) Classification of financial assets

The management exercises significant judgement in determining the appropriate classification of the financial assets of the Group, especially for its investments and the identification of any embedded derivatives. The factors considered include the contractual terms and characteristics which are very carefully examined, and also the Group's intentions and expected needs for the realisation of the financial assets.

All new investments (other than additions to existing financial assets) are classified as at fair value through profit or loss upon initial recognition, because management considers them to be held for trading, and this also reflects more fairly 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.

(iii) Deferred tax assets

The tax rules applicable for the relevant Company's operations are carefully taken into consideration for the recognition of a deferred tax asset. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Estimation uncertainty

The following are the significant estimates that have the most significant effect on recognition and measurement of relevant items.

(i) 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 in note 7. 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.

(ii) Fair value of investment property

Investment property is stated at fair value. The fair valuation is based on discounted cash-flow (DCF) method. Under this method, the current market value of the property is determined as the total of all projected future net earnings (before interest, taxes, depreciation and amortization) discounted to present-day equivalents. These net earnings are discounted individually for property with due allowance for specific opportunities and threats, and with adjustment in line with market conditions and risks.

(iii) Provision for legal and other cases

Determining whether provisions for legal and other disputes shall be recognised, 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 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 provisions are provided in note 35.

3. Property, plant and equipment

	Office Renovation US $000	Computer Hardware US $000	Fixtures and Fittings US $000	Motor Vehicles US $000	Total US $000
Cost					
As at 1 January 2010	325	136	95	26	582
Additions	35	9	11	–	55
As at 1 January 2011 and 31 December 2011	360	145	106	26	637
Accumulated depreciation					
As at 1 January 2010	(150)	(116)	(41)	(1)	(308)
Charge for the year	(86)	(29)	(27)	(6)	(148)
As at 1 January 2011	(236)	(145)	(68)	(7)	(456)
Charge for the year	(73)	–	(20)	(7)	(100)
As at 31 December 2010	(309)	(145)	(88)	(14)	(556)
Net book value					
As at 31 December 2011	51	–	18	12	81
As at 31 December 2010	124	–	38	19	181

4. Intangible assets

	Computer Software US $000
Cost	
As at 31 December 2010 and at 31 December 2011	147
Accumulated amortisation	
As at 31 December 2010 and 31 December 2011	(147)
Net book value	
As at 31 December 2010 and 31 December 2011	–

5. Available-for-sale financial assets

	2011 US $000	2010 US $000
Non-current assets		
Fixed income investments	53,815	25,827
Private equities	14,162	18,070
Financial and minority holdings	15,226	18,919
Other investments	5,549	5,620
	88,752	68,436
Current assets		
Fixed income investments	7,007	11,886
Public equity investments	2,900	5,826
Hedge funds	2,926	2,842
	12,833	20,554

For description of each of the above categories, refer to note 7.

Available-for-sale financial assets, comprising principally investments in debt and equity instruments are fair valued at least at each reporting date. For investments traded in active markets, fair value is determined by reference to Stock Exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying assets. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Available-for-sale financial assets are classified as non-current, unless they are expected to be realised within twelve months of the reporting date or unless they will need to be sold to raise operating capital.

The Group's portfolio is structured based on those investments which are considered to be long term, core investments and those which could be readily convertible to cash and are expected to be realised within normal operating cycle and form part of the Group's treasury function.

During 2011 for the purpose of annual impairment assessments and due to market conditions, management considered the impairment of certain available-for-sale financial assets. Impairment testing indicated that for those financial assets their carrying amount may not be recoverable.

The related charges in 2011, of USD 9.873m (2010 USD 6.330m), are included within loss on investments (note 27), and represent impairment losses arising due to:

	2011 US $000	2010 US $000
Significant fall in value	5,408	4,330
Prolonged fall in value	4,465	2,000
	9,873	6,330

Investment in SRS Charminar

Included in the Financial and minority holdings is the investment in SRS Charminar Investments Ltd ("SRS Charminar"), a private company incorporated in the Republic of Mauritius. Livermore invested USD 20m in SRS Charminar acquiring a 15% ownership stake. SRS Charminar through its wholly owned subsidiaries invested INR 5.2b (USD 132.1m at date of investment) which is equivalent to USD 95.8m as at 31 December 2011 (2010: 114.7m) in a real estate company in India ("investee company"). The investment in the investee company was in the form of Compulsorily Convertible Debentures ("CCDs"), that included a put option which was exercisable either if the investee company did not have an IPO within 3 years or if certain terms in the Investment Agreement were not met. The put option is secured by land which was valued at around USD 1.3 billion at the time of investment and guarantees a minimum return of approximately 30% IRR if exercised.

SRS believes that there had been material breaches of the terms of the Investment Agreement and that the funds invested in the investee company had been utilized in a manner contrary to the terms agreed. The material breaches were incurable in nature and therefore constituted Events of Default. Accordingly, SRS exercised their rights under the Put Option Agreement and issued a put option notice in January 2009 requiring the investee company and other counterparties to payback the CCDs.

Following a dispute on the grounds of the put option notice between the promoters and the investors, the parties agreed to invoke arbitration to be held in Mumbai. On 14 August 2009, the arbitration process was completed and the arbitrator ruled in favour of investors. The award entitles the investors to investment plus interest amounting to 30% IRR until 14 August 2009 and 18% IRR thereafter. Meanwhile, the investors have filed and won an interim order for injunction against the promoters and the investee company to prohibit sale, transfer or encumbering of the assets secured under the put option. Thereafter, the promoters have filed against the arbitral award and the injunction order. As of 31 December 2011, there was no change in status of these lands.

On 13 January 2011 the Company Law Board ("CLB") passed an order and allowed Infrastructure Leasing & Financial Services Limited ("IL&FS") to become 80% shareholder and control the management of the investee company. Since 2011 the investors and IL&FS have been in negotiations and the investors have filed an application with the CLB to order IL&FS to acknowledge and share their plan for satisfying the investors' claims or in the alternative recall the CLB order of 13 January 2011. The matter is still pending in court.

After the reporting period, SRS has reported that they have been able to work out a settlement with IL&FS and the investee company. However, the implementation of the proposed settlement is subject to certain conditions including receipt of appropriate and acceptable regulatory and court approvals.

Due to the legal complexity and the receipt of the regulatory and court approvals required for the implementation of the proposed settlement as well as the various counterparties involved, the outcome remains uncertain.

The carrying amount of the investment in SRS Charminar at 31 December 2011 is USD 14.7m (2010: USD 17.8m), which represents its estimated fair value. SRS Charminar's only holding is its investment in the investee company (through its wholly owned subsidiaries) and thus its fair value is wholly attributable to the above mentioned investment. The fair value is based on discounted cash flow expectations and approximates the 15% share of the original investment in the real estate company as translated to USD. Accordingly, the fair value movement of the investment is mainly due to the exchange rate fluctuations between INR and USD.

Also included in the Financial and minority holdings is the investment in SRS Private Investments, L.P. ("SRS Private") with a carrying amount at reporting date of USD 2.6m (2010: USD 3.1m) which is based on a net asset valuation (NAV). SRS Private through a fund has invested in various real estate projects in India as well as in SRS Charminar, and its investment in SRS Charminar as at 31 December 2011 amounts approximately to 21.2% (2010: 22.4%) of its net assets.

6. Financial at fair value through profit or loss

	2011 US $000	2010 US $000
Non-current assets		
Private equities	1,575	2,844
Real estate entities	1,454	1,763
	3,029	4,607
Current assets		
Fixed income investments	21,609	33,453
Public equity investments	7,372	5,878
Hedge funds	2,066	1,710
Other investments	271	-
	31,318	41,041

For description of each of the above categories, refer to note 7.

The Financial assets at fair value through profit or loss, comprising principally investments in debt and equity instruments, are fair valued at least at each reporting date.

The Group's portfolio is structured based on investments which are considered to be long term, core investments and those which could be readily convertible to cash and are expected to be realised within normal operating cycle and form part of the Group's treasury function.

7. Categories of financial assets at fair value

The Group categorise its financial assets at fair value as follows:

- Fixed income investments relate to fixed and floating rate bonds and investments in the loan market through CLOs.
- Private equities relate to investments in both high growth opportunities in emerging markets and deep value opportunities in mature markets. The company generally invests directly in prospects where it can exert significant influence.
- Financial and minority holdings relate to significant investments (of over USD 5m) which are strategic for the Company and are done in the form of equity purchases or convertible loans. Main investments under this category are in the fields of real estate and media.
- Hedge funds relate to investments in funds managed by sophisticated investment managers that pursue investment strategies with the goal of generating absolute returns.
- Public equity investments relate to investments in shares of companies listed on public stock exchanges.
- Real estate entities relate to investments in real estate projects.

8. Fair value measurements of financial assets and liabilities

The following table presents financial assets measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

Valuation of financial assets and liabilities

- Public equities, Credit Notes and Bonds are valued per their closing 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 closing 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, mainly on the basis of discounted cash flow techniques or valuations reported by third-party managers of such investments.
- 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.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	2011 US $000 Level 1	2011 US $000 Level 2	2011 US $000 Level 3	2011 US $000 Total	2010 US $000 Level 1	2010 US $000 Level 2	2010 US $000 Level 3	2010 US $000 Total
Assets								
Fixed income investments	28,616	53,815	–	82,431	45,339	25,827	–	71,166
Private equities	3,084	–	12,653	15,737	2,850	–	18,064	20,914
Financial and minority holdings	–	–	15,226	15,226	–	–	18,919	18,919
Public equity investments	10,272	–	–	10,272	11,704	–	–	11,704
Hedge funds	–	4,992	–	4,992	–	4,552	–	4,552
Real estate entities	–	–	1,454	1,454	–	–	1,763	1,763
Other investments	5,820	–	–	5,820	5,620	–	–	5,620
	47,792	58,807	29,333	135,932	65,513	30,379	38,746	134,638
Liabilities								
Interest rate swaps	–	8,515	–	8,515	–	8,723	–	8,723
	–	8,515	–	8,515	–	8,723	–	8,723

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

No financial assets or liabilities have been transferred between levels.

The Group's financial assets and liabilities classified in Level 3 use valuation techniques based on significant inputs that are not based on observable market data.

Financial assets within this level can be reconciled from beginning to ending balances as follows:

	Available-for-sale		At fair value through profit or loss		
	Financial and minority holdings US $000	Private equities US $000	Real estate US $000	Private equities US $000	Total US $000
At 1 January 2019	22,092	13,524	2,982	2,903	41,501
Purchases	–	1,965	–	–	1,965
Gains losses recognised in:					
• Profit or loss	(3,896)	(1,944)	(1,210)	(59)	(7,109)
• Other comprehensive income	–	1,734	–	–	1,734
Exchange difference	723	–	(9)	–	714
Settlements		(59)	–	–	(59)
At 1 January 2011	18,919	15,220	1,763	2,844	38,746
Sales	–	–	–	(1,651)	(1,651)
Purchases	–	141	–	516	657
Gains losses recognised in:					
• Profit or loss	(525)	(1,626)	(425)	(134)	(2,710)
• Other comprehensive income	(3,168)	(2,657)	–	–	(5,825)
Exchange difference	–	–	116	–	116
At 31 December 2011	15,226	11,078	1,454	1,575	29,333

A reasonable change in any individual significant input used in the level 3 valuations is not anticipated to have a significant change in fair values as above.

9. Investment property

	2011 US $000	2010 US $000
Valuation as at 1 January	119,018	106,333
Change in fair value	4,103	1,114
Exchange difference	(603)	11,571
As at 31 December	122,518	119,018

The investment property relates to Wyler Park property in Bern, Switzerland, which is used for earning rental income.

The investment property was valued by Wuest & Partners as at 31 December 2011 and 2010 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.

Wuest & Partners are independent qualified valuers with substantial relevant experience.

Wyler Park property investment loan is secured on the property itself.

The future minimum rental income under non-cancellable rental agreements, is receivable as follows:

	2011 US $000	2010 US $000
Less than 1 year	6,133	5,194
Between 1 and 5 years	26,986	20,922
Over 5 years	10,794	12,553
	43,913	38,669

Rental agreements are quoted in Swiss Francs. The equivalent USD amounts shown in the table above are based on the exchange rates as at 31 December 2011 and 31 December 2010 respectively.

10. Investment in associate

	2011 US $000	2010 US $000
As at 1 January	-	10,936
Share of loss for the year	-	(2,141)
Sales for the year	-	(3,939)
Exchange differences	-	(4,856)
As at 31 December	-	-

11. Details of Group undertakings

Details of the investments in which the Group has a controlling interest are as follows:

Name of Subsidiary	Place of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Livermore Properties Limited	British Virgin Islands	Ordinary shares	100%	Holding of investments
Livermore Management Limited	British Virgin Islands	Ordinary shares	100%	Holding of investments
Livermore Israel Investments Limited	Israel	Ordinary shares	100%	Holding of investments
Livermore Capital AG	Switzerland	Ordinary shares	100%	Administration services
Livermore Investments AG	Switzerland	Ordinary shares	100%*	Real Estate owner and management
Livermore Real Estate I AG	Switzerland	Ordinary shares	100%	Real Estate management, (Dormant)
Enaxor S.a.r.l	Luxembourg	Ordinary shares	100%	Holding of investment
Livermore Investments Cyprus Limited	Cyprus	Ordinary shares	100%	Administration services
Sandhirst Ltd	Cyprus	Ordinary shares	100%	Holding of investments

* Held by Enaxor S.a.r.l

12. Deferred tax

The Company is an international business company based in the British Virgin Islands (BVI) and, under its laws, is not subject to taxation. Deferred taxes relate to the temporary differences between carrying amounts and corresponding tax base of its subsidiaries, in Switzerland.

The deferred tax shown in the consolidated statement of financial position relates to the following items:

	2011 US $000	2010 US $000
Investment property – revaluation surplus	(3,538)	(2,271)
Derivative financial instruments – recognised carrying amount	1,423	1,746
Tax losses	2,603	2,324
Net deferred tax asset	488	1,799

The movement on the deferred taxation account is as follows:

	Investment property US $000	Derivative financial instruments US $000	Tax losses US $000	Total US $000
As at 1 January 2010	(1,332)	1,740	1,515	1,923
(Charged) / credited to profit or loss (note 32)	(763)	(176)	620	(319)
Exchange difference	(176)	182	189	195
As at 1 January 2011	(2,271)	1,746	2,324	1,799
(Charged) / credited to profit or loss (note 32)				
• timing differences	(1,485)	(165)	494	(1,156)
• change in tax rates	197	(152)	(202)	(157)
Exchange difference	21	(6)	(13)	2
As at 31 December 2011	(3,538)	1,423	2,603	488

The effective tax rates in Switzerland were reduced by 31 December 2011 from 23% to 21%.

The Group expects that future taxable profits will be available in the jurisdiction where the deferred tax assets occurred (Switzerland) so as to utilise the carrying amount of the deferred tax assets recognised as at the end of the year.

As at 31 December 2011 and 2010 there is no unrecognised deferred tax asset.

13. Trade and other receivables

	2011 US $000	2010 US $000
Accrued interest and dividend income	7,242	9,886
Other receivables	680	33
Prepayments	733	212
	8,655	10,131

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

Included within accrued interest and dividend income, is an amount of USD 7.2m (2010: USD 3.7m) which is neither past due nor impaired and has been received in the first four months following each reporting date.

The ageing analysis of the past due but not impaired amounts, of accrued interest and dividend income is as follows:

	2011 US $000	2010 US $000
Less that 3 months	-	-
Between 3 and 6 months	-	-
Between 6 and 12 months	-	-
More than 1 year	-	6,152
	-	6,152

The amounts due for more than one year for 2010 relate to accrued interest income receivable from SRS Charminar Investments Ltd.

14. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following at the reporting date:

	2011 US $000	2010 US $000
Cash at bank	2,060	3,294
	2,060	3,294
Bank overdrafts used for cash management purposes	(19,306)	(13,289)
Cash and cash equivalents for the purposes of the consolidated statement of cash flows	(17,246)	(9,995)

15. Share capital

Authorised share capital

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

Issued share capital	Number of shares	Share premium arising US $000
Ordinary shares with no par value		
As at 31 December 2010 and at 31 December 2011	304,120,401	215,499

Treasury shares	Number of shares	US $000
As at 1 January 2010	13,425,966	9,610
Additions	8,409,798	2,037
As at 1 January 2011	21,835,764	11,647
Additions	27,497,119	7,125
As at 31 December 2011	49,332,883	18,772

In the consolidated statement of financial position the amount included comprises of:

	2011 US $000	2010 US $000
Share premium	215,499	215,499
Treasury shares	(18,772)	(11,647)
	196,727	203,852

16. Share options

The Company has a share option scheme for acquiring ordinary shares of the Company.

Outstanding options	**Number of options**	**Average exercise price GBP**	**Average exercise price* USD**
As at 31 December 2010 and 31 December 2011	11,340,000	0.75	1.17

Exercisable options	**Number of options**	**Average exercise price GBP**	**Average exercise price* USD**
As at 1 January 2011	11,712,221	0.84	1.30
Exercisable during the year	166,667	0.30	0.47
Expired	(705,555)	1.90	2.95
At 1 January 2011	11,173,333	0.76	1.18
Exercisable during the year	166,667	0.30	0.47
As at 31 December 2011	11,340,000	0.75	1.17

Details of share options outstanding at 31 December 2011

Number of options	Grant date	Vesting date	Earliest exercise date	Expire date of exercise period	Exercise price GBP	Exercise Price* USD	Fair value at grant date USD
230,000	07/12/05	07/12/06	07/12/06	07/12/15	0.71	1.10	82,739
230,000	07/12/05	07/12/07	07/12/07	07/12/15	0.71	1.10	94,333
230,000	07/12/05	07/12/08	07/12/08	07/12/15	0.71	1.10	103,948
3,383,333	19/07/06	19/07/07	19/07/07	19/07/16	0.78	1.21	1,608,710
3,383,333	19/07/06	19/07/08	19/07/08	19/07/16	0.78	1.21	1,824,133
3,383,333	19/07/06	19/07/09	19/07/09	19/07/16	0.78	1.21	2,001,774
166,667	13/05/08	13/05/09	13/05/09	13/05/18	0.30	0.47	21,703
166,667	13/05/08	13/05/10	13/05/10	13/05/18	0.30	0.47	24,115
166,667	13/05/08	13/05/11	13/05/11	13/05/18	0.30	0.47	25,820
11,340,000							5,787,275

The fair value of options granted to employees was determined using the Binomial valuation model. The model takes into account a volatility rate of 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 an expected life of two years post date of vesting.

The options lapsed at the earliest of the expiry date of exercise period or the termination of the corresponding employee's service.

* The exercise prices as per the share option scheme are quoted in British Pounds. The indicative equivalent USD amounts shown in the table of details above as well as the average exercise prices are based on the exchange rates as at 31 December 2011.

17. Bank Loans

	2011 US $000	2010 US $000
Long term bank loan	84,316	84,722

The long term bank loan is related to Wyler Park property investment purchase and is secured on this property. The decrease in the loan amount from 2010 to 2011 represents the effects of currency translation from CHF to USD.

Interest is payable at 3M CHF Libor + 0.85%. The Group has fixed the variable element of interest to 3.3% using an interest rate swap (note 18). Consequently, the loan's effective interest rate is 4.15%.

The loan balance is repayable on 12 July 2014.

18. Derivative financial instruments

	2011 US $000	2010 US $000
Non-current liabilities		
Interest rate swaps	5,143	5,470
Current liabilities		
Interest rate swaps	3,372	3,253

During 2011 and 2010 the Group used forward currency contracts, however, no such derivatives were open at 31 December 2011 or 2010.

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion from floating rates to fixed rates as follows:

Notional contract amount	Underlying floating rate	Contract fixed rate	Contract termination date
CHF 79,135,000	3M CHF Libor	3.30%	30 July 2014
CHF 10,000,000	6M CHF Libor	3.255%	17 June 2014
CHF 10,000,000	6M CHF Libor	3.1675%	17 November 2014

The calculation of the fair value of swaps is based on discounted cash flows of future anticipated interest payments on the swap agreements in place compared with the discounted cash flows of anticipated interest payments at market swap interest rates at the reporting date.

The interest rate swap with CHF 79,135,000 notional amount relates to fixing the interest rate on the loan against Wyler Park at 3.3%.

For the year ended 31 December 2011 a fair value gain of USD 176,122 (2010: gain USD 497,175) has been recognised in the profit or loss in relation to all derivative financial instruments.

19. Bank Overdrafts

	2011 US $000	2010 US $000
Short term bank overdrafts	19,306	13,289

Short term bank overdrafts bear Libor + lender's margin and have an average interest rate of 2.03% (2010 1.23%).

The Group's bank overdraft facilities are secured by the Group's financial assets portfolio up to an amount, as at 31 December 2011, of USD 77m.

20. Short term bank loans

	2011 US $000	2010 US $000
Short term bank loans	8,935	17,128

Short term bank loans bear Libor + lender's margin and have an average interest rate of 1.64% (2010 1.96%). Their repayment period is usually one to three months and upon repayment date usually they are renewed.

The Group's short term bank loan facilities are secured by the Group's financial assets portfolio up to an amount, as at 31 December 2011, of USD 35m.

21. Trade and other payables

	2011 US $000	2010 US $000
Other payables and accrued expenses	1,961	1,159

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. All amounts fall due within one year.

22. Current tax payable

	2011 US $000	2010 US $000
Corporation Tax	122	163

23. Net asset value per share

Net asset value per share has been calculated by dividing the net assets attributable to ordinary shareholders by the closing number of ordinary shares (net of treasury 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 31 December 2011 and 31 December 2010.

	2011	2010
Net assets attributable to ordinary shareholders (US $000)	145,437	142,292
Closing number of ordinary shares in issue	254,787,518	282,284,637
Basic net asset value per share (USD)	0.57	0.50
Closing number of ordinary shares including the effect of potentially diluted shares	254,787,518	282,284,637
Diluted net assets value per share (US $)	0.57	0.50
Number of Shares		
Ordinary shares	304,120,401	304,120,401
Treasury shares	(49,332,883)	(21,835,764)
Closing number of ordinary shares in issue	254,787,518	282,284,637

The Share options do not impact the diluted net asset value per share for 2011 and 2010 as their exercise price was higher than the average market price of the Company's shares on the London Stock Exchange (AIM division) during the year ended 31 December 2011 and 2010.

24. Segment reporting

The Group's monitoring and strategic decision making process in relation to its investments is separated into two activity lines which are also identified as the Group's operating segments. These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

Segment information can be analysed as follows.

	Equity and debt instruments investment activities		Investment property activities		Total per financial statements	
	2011 US $000	2010 US $000	2011 US $000	2010 US $000	2011 US $000	2010 US $000
Segment results						
Investment income						
Interest and dividend income	18,891	10,490	-	-	18,891	10,490
Investment property revenue	-	-	5,684	4,734	5,684	4,734
(Loss) / gain on investments	(14,350)	(3,090)	4,103	1,114	(10,247)	(1,976)
Gain from investment in associate	-	495	-	-	-	495
Gross profit	4,541	7,895	9,787	5,848	14,328	13,743
Other income	3,000	-	-	-	3,000	-
Administrative expenses	(4,235)	(823)	(816)	(195)	(5,051)	(1,018)
Operating profit	3,306	7,072	8,971	5,653	12,277	12,725
Finance costs	(1,531)	(326)	(3,763)	(3,225)	(5,294)	(3,551)
Finance income	-	99	-	-	-	99
Profit before taxation	1,775	6,845	5,208	2,428	6,983	9,273
Taxation charge	(167)	(88)	(1,460)	(698)	(1,627)	(786)
Profit for year	1,608	6,757	3,748	1,730	5,356	8,487
Segment assets	145,599	149,001	124,135	120,060	269,734	269,061
Segment liabilities	31,628	34,361	92,669	92,408	124,297	126,769

The Group's interest and dividend income, investment property revenue and its investments are divided into the following geographical areas:

	Equity and debt instruments investment activities		Investment property activities		Total per financial statements	
	2011 US $000	2010 US $000	2011 US $000	2010 US $000	2011 US $000	2010 US $000
Investment Income						
Switzerland	72	700	9,787	5,848	9,859	6,548
Other European countries	(3,540)	4,130	–	–	(3,540)	4,130
United States	11,190	7,390	–	–	11,190	7,390
India	(1,429)	(4,573)	–	–	(1,429)	(4,573)
Asia	(1,752)	248			(1,752)	248
	4,541	7,895	9,787	5,848	14,328	13,743
Investments						
Switzerland	–	–	122,518	119,018	122,518	119,018
Other European countries	37,171	42,603	–	–	37,171	42,603
United States	70,681	55,629	–	–	70,681	55,629
India	24,670	31,061	–	–	24,670	31,061
Asia	3,410	5,345	–	–	3,410	5,345
	135,932	134,638	122,518	119,018	258,450	253,656

Investment income, comprising interest and dividend income, gains or losses on investments, and investment property revenue, is allocated on the basis of the customer's geographical location in the case of the investment property activities segment and the issuer's location in the case of the equity and debt instruments investment activities segment. Investments are allocated based on the issuer's location.

During 2011, 88% of the Group's rent relates to rental income from a single customer (SBB – Swiss national transport authority) in the investment property activities segment (2010: 80.5%).

25. Interest and dividend income

	2011 US $000	2010 US $000
Interest from investments	2,886	1,970
Dividend income	22,157	8,520
Interest receivable written off	(6,152)	-
	18,891	10,490

The Interest receivable has been written off as during the first half of the year since it has been regarded as irrecoverable.

26. Investment property income

	2011 US $000	2010 US $000
Gross rental income	6,159	5,196
Direct expenses	(475)	(462)
	5,684	4,734

All direct expenses relate to the generation of rental income.

27. Loss on investments

	2011 US $000	2010 US $000
Gain / (loss) on sale of investments	438	(573)
Investment property revaluation	4,103	1,114
Foreign exchange (loss) / gain	(456)	4,146
Loss due to impairment of available-for-sale instruments	(9,873)	(6,330)
Fair value losses on financial assets through profit or loss	(4,080)	(830)
Fair value gains on derivative instruments	(379)	497
	(10,247)	(1,976)

The investments disposed of during the year resulted in the following realised gains/(losses) (i.e. in relation to their original acquisition cost):

	2011 US $000	2010 US $000
Available-for-sale	(430)	(573)
At fair value through profit or loss	535	1,198
	105	625

28. Gain from investment in associate

	2011 US $000	2010 US $000
Atlas Estates Ltd	-	495
Share of loss for the year	-	(2,141)
Gain on disposal	-	9,790
Foreign exchange loss reclassified from translation reserve	-	(7,154)
	-	495

29. Other income

	2011 US $000	2010 US $000
Settlement of litigation	3,000	-

Other income relates to the settlement of the legal case between the Group and Uniplay International Ltd.

The related expenses of this case amounting to USD 0.794m are included in legal expenses (note 30).

30. Administrative expenses

	2011 US $000	2010 US $000
Legal expenses	1,989	626
Directors' fees and expenses	1,367	864
Share option expense	4	14
Professional and consulting fees	415	430
Other salaries and expenses	463	420
Office cost	298	283
Depreciation	100	148
Other operating expenses	493	378
Provision for legal and other cases – reversal	(224)	(2,248)
Audit fees	146	103
	5,051	1,018

Legal expenses include USD 0.794m of expenses related to the settlement of the Group's claim against Uniplay International Ltd. The Group received USD 3m as a result of the settlement (note 29).

Throughout 2011 the Group employed 6 staff (2010:7).

Other salaries and expenses include USD 31,406 of social insurance and similar contributions (2010: USD 34,019), as well as USD 12,247 of defined contributions plan costs (2010: USD 12,452).

31. Finance costs and income

	2011 US $000	2010 US $000
Finance costs		
Bank interest on investment property loan	3,763	3,225
Other bank interest	572	222
Bank custody fees	140	104
Foreign exchange loss	819	-
	5,294	3,551
Finance income		
Foreign exchange gain	-	99
Net finance costs	5,294	3,452

32. Taxation

	2011 US $000	2010 US $000
Current tax charge	324	169
Prior year tax charge	(10)	298
Deferred tax charge	1,313	319
	1,627	786
The tax charge for the year can be reconciled to the accounting profit as follows:		
Profit before tax	6,983	9,273
Effect of applicable corporation tax rates	1,213	611
Effect of income not subject to tax	(899)	(394)
Effect of expenses not deductible for tax purposes	90	94
Effect of current year losses	(355)	(259)
Prior year tax charge	(10)	298
Interest withholding tax	166	45
Property tax	109	72
Deferred tax charge	1,313	319
Tax for the year	1,627	786

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

33. Earnings per share

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

Diluted earnings per share is calculated after taking into consideration other potentially dilutive shares in existence during the year ended 31 December 2011 and the year ended 31 December 2010.

	2011	2010
Profit for the year attributable to ordinary shareholders of the parent (USD 000)	5,356	8,487
Weighted average number of ordinary shares in issue	267,345,907	286,552,752
Basic earnings per share (USD)	0.02	0.03
Weighted average number of ordinary shares including the effect of potentially dilutive shares	267,345,907	286,552,752
Diluted earnings per share (USD)	0.02	0.03

The Share options do not impact the diluted earnings per share for 2011 and 2010 as their exercise price was higher than the average market price of the Company's shares on the London Stock Exchange (AIM division) during the year ended 31 December 2011 and 2010 correspondingly.

34. Related party transactions

The Group is controlled by Groverton Management Ltd, an entity owned by Mr. Noam Lanir, which at 31 December 2011 held 60.60% (2010: 54.70%) of the company's voting rights.

	2011 US $000	2010 US $000
Amounts owed by key management	5,568	5,523
Amounts owed to / (by) Directors	60	(9)
Key management compensation		
Short term benefits		
Executive directors fees*	795	795
Executive directors reward payments	500	-
Non-executive directors fees	72	69
	1,367	864
Share option expense	4	14
	1,371	878

* These payments were made directly to companies to which they are related.

Loans with a balance at 31 December 2011 of USD 5.5m (31 December 2010: USD 5.5m) were made to key management during the year ended 31 December 2007 for the acquisition of shares in the Company and were renewed during the year 31 December 2010. Interest is payable on these loans at 6 month US LIBOR plus 0.25% per annum and the loans are secured on the shares acquired. The loans are repayable on the earlier of the employee leaving the Company or April 2013. These loans are classified as financial assets available for sale in the consolidated statement of financial position.

Noam Lanir, through an Israeli partnership, is the major shareholder of Babylon Limited, an Israel based Internet Services Company. The Group has also invested in Babylon and as of 31 December 2011 it held 2.786m shares at a value of USD 6.6m.

35. Provisions

Corporate guarantee

The Company provided a corporate guarantee to a bank in the amount up to €2.1m as part of a shareholders' guarantee required by a financing bank as condition to a loan facility provided to DTH-Boom. DTH-Boom is in a restructuring process and in breach of its loan covenants.

The guarantee has been accounted for as a financial guarantee contract and an appropriate amount has been provided for based on the management's best estimate.

A settlement agreement concerning the guarantee was reached during the first quarter of 2012 and the settlement is due to complete in the second quarter of 2012. The settlement amount is fully provided as at 31 December 2011.

Litigation

For litigation refer to note 36.

The movement in the provisions for the year is as follows:

	2011 US $000	2010 US $000
Legal and other cases		
As at 1 January	1,585	4,200
Amounts reversed	(224)	(2,248)
Settlements	(197)	-
Exchange differences	(22)	(367)
At 31 December	1,142	1,585

During the year the Group's management reversed an amount of USD 0.2m for the provisions made during 2010 based on the settlement agreement related to legal and other cases involving the Group.

36. Litigation

Ex employee vs Empire Online Ltd

In 2007 an ex employee of Empire Online Limited (the Company's former name) filed a law suit against one of its Directors and the Company in the Labor Court in Tel Aviv. According to the lawsuit the plaintiff claims compensation relating to the sale of all commercial activities of Empire Online Limited until the end of 2006, and the dissolution of the company and the terms of termination of his employment with Empire Online Limited.

Prior to the filing of the lawsuit in Israel, 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. Litigation was completed in Israel and a final decision is pending.

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

Secretline vs Livermore

In 2009, Secretline Investments Ltd. ("Secretline"), a supplier of DTH Boom, filed a claim against the Company and certain other DTH Boom shareholders in the District Court in Tel Aviv. The claim is related to guarantees provided by Livermore and certain other DTH Boom shareholders to Secretline to secure a payment from DTH Boom to Secretline. The guarantee has been accounted for as a financial guarantee contract.

The procedures were concluded during the first quarter of 2011 and there was a settlement during the same period, under which the Group paid an amount of USD 0.2m.

37. Commitments and contingencies

The Group has no capital or other commitments as at 31 December 2011.

38. Events after the reporting date

In January 2012, Livermore agreed to settle its guarantees to a financing bank in relation to its investment in DTH Boom. The settlement amount is fully provided as at 31 December 2011.

After the reporting period, the Manager of SRS Charminar has reported a finalization of settlement negotiations with IL&FS and the investee company which is subject to certain court and regulatory approvals.

After the reporting date and prior to publishing this report, Livermore had acquired an additional 1.039m share of the related company Babylon Ltd, an Internet software services provider based in Tel Aviv.

Following year end the Company purchased 24,589,824 additional shares to be held in treasury for a total cost of USD 5.926m.

39. Financial risk management objectives and policies

Background

The Group's financial instruments comprise available for sale financial assets, financial assets at fair value through profit or loss, derivatives, cash balances and receivables and payables that arise directly from its operations. For an analysis of financial assets and liabilities by category, refer to note 40.

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

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 foreign currency; and 2) where an investment has substantial exposure to non-US Dollar underlying assets or cash flows denominated in a foreign currency. The Group in general does not hedge its currency exposure. The Group discretionally and partially hedges against foreign currency movements affecting the value of the investment portfolio based on its view on the relative strength of certain currencies. Any hedging transactions represent economic hedges; the Group does not apply hedge accounting in any case. Management monitors the effect of foreign currency fluctuations through the pricing of the investments. The level of investments denominated in foreign currencies held by the Group at 31 December 2011 is the following:

	2011 US $000	2011 US $000	2011 US $000	2010 US $000	2010 US $000	2010 US $000
	Financial assets	Liabilities	Net value	Financial assets	Liabilities	Net value
British Pounds (GPB)	8,022	(3,914)	4,108	10,312	(4,014)	6,298
Euro	14,460	(8,649)	5,811	23,437	(16,255)	7,182
Swiss Francs (CHF)	43,033	(9,662)	33,371	43,928	(5,668)	38,260
Indian Rupee (INR)	16,459	-	16,459	26,206	(2)	26,204
Israel Shekels (ILS)	6,615	(3,780)	2,835	-	-	-
Others	27	(3,066)	(3,039)	1,297	(4,120)	(2,823)
Total	88,616	(29,071)	59,545	105,180	(30,059)	75,121

Also, some of the USD denominated investments are backed by underlying assets which are invested in non-USD assets. For instance, investments in certain emerging market private equity funds are denominated in USD but the funds in turn have invested in assets denominated in non-USD currencies.

A 10% increase of the following currency rates against the rate of United States Dollar (USD) at 31 December 2011 would have the following impact. A 10% decrease of the following currencies against USD would have an approximately equal but opposite impact.

	2011 US $000	2011 US $000	2010 US $000	2010 US $000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
British Pounds (GPB)	411	-	630	-
Euro	581	-	718	-
Swiss Francs (CHF)	3,337	-	3,826	-
Indian Rupee (INR)	1,645	-	2,620	-
Israel Shekels (ILS)	283	-	-	-
Total	6,257	-	7,794	-

The above analysis assumes that all other variables in particular, interest rates, remain constant. The analysis does not include the impact arising from the translation of foreign operations from their functional to the presentation currency.

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 84.3m (2010: USD 84.7m) 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 Group 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. The level of banking facilities utilised at 31 December 2011 was USD 28.2m (2010: USD 30.4m)

As at 31 December 2011 the Group had no financial liabilities that bore an interest rate risk, other than the previously disclosed bank facilities.

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.

The Group has fixed and floating rate financial assets including bank balances that bear interest at rates based on the banks floating interest rates. In particular, the fair value of the Group's fixed rate financial assets is likely to be negatively impacted by an increase in interest rates. The interest income of the Group's floating rate financial assets is likely to be positively impacted by an increase in interest rates.

The Group's interest bearing assets and liabilities are as follows:

	2011 US $000	2010 US $000
Financial assets – subject to:		
• fair value changes	22,413	35,348
• interest changes	62,078	40,101
Total	**84,491**	**75,449**
Financial liabilities – subject to:		
• interest changes	112,558	115,139
• both fair value and interest changes	8,515	8,723
Total	**121,073**	**123,862**

Changes in market interest rates will affect the valuation of fixed rate interest bearing instruments. A 1% (100 basis points) change in market interest rates would result in an estimated 1.65% change in the net asset value as at 31 December 2011 (2010: 2.25%)

Particularly an increase of 1% (100 basis points) in interest rates would have the following impact. An equivalent decrease would have an approximately equal but opposite impact.

	2011 US $000	2011 US $000	2010 US $000	2010 US $000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Financial assets				
• fair value changes	(855)	(61)	(1,580)	85
• interest changes	621	-	401	-
Financial liabilities				
• fair value changes	2,769	-	4,406	-
• interest changes	(69)	-	(90)	-
	2,466	(61)	3,137	85

The above analysis assumes that all other variables, in particular currency rates, remain constant.

Equity 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.

The Group had no single major financial instrument 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 equity price risk is low. The portfolio as a whole does not correlate exactly to any Index.

Management of risks is primarily achieved by having a diversified portfolio to spread the equity price risk. A 10% uniform change in the value of the Group's portfolio of financial instruments (excluding private equities and financial and minority holdings) would result in a 6.81% change in the net asset value as at 31 December 2011 (2010: 6.19%), and would have the following impact (either positive or negative, depending on the corresponding sign of the change):

	2011 US $000	2011 US $000	2010 US $000	2010 US $000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Available-for-sale financial assets	26	6,639	99	4,546
Financial assets at fair value through profit or loss	3,242	-	4,223	-
	3,268	6,639	4,322	4,546

Derivatives

The Investment Manager may use derivative instruments in order to mitigate market 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 and sub investment grade 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 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 mainly exposed to credit risk in respect of its interest bearing investments of USD 82.5m (2010: USD 72.2m). The Group's maximum credit risk exposure at 31 December 2011 is USD 92.4m (2010: USD 85.6m)

The fair values of the Group's investments in bonds and other debt instruments are also affected by the credit risk of those instruments. However, it is not practical to provide an analysis of the changes in fair values due to the credit risk impact for the year or previous periods, nor to provide any relevant sensitivity analysis.

The Group has no investment in sovereign debt as at 31 December 2011 or 2010.

At 31 December the credit rating distribution of the Group's asset portfolio subject to credit risk (bonds and other debt instruments, bank balances and receivables) was as follows:

Rating	2011 Amount US $000	Percentage	2010 Amount US $000	Percentage
AA	1,000	1%	5,692	7%
AA-	-	-	321	0%
A	8,598	9%	13,231	15%
A-	841	1%	6,161	7%
BBB	2,522	3%	5,735	7%
BBB+	9,100	10%	9,879	12%
BBB-	3,388	4%	-	-
B	2,343	2%	2,959	4%
BB	2,405	3%	2,750	3%
BB+	5,669	6%	5,993	7%
BB-	-	-	760	1%
C	192	0%	242	0%
CCC+	-	-	5,275	6%

Not Rated	56,355	61%	26,583	31%
	92,413	100%	85,581	100%

For past due financial assets refer to note 13.

Liquidity Risk

The major financial liability of the Group is the bank loan of CHF 79m (USD 84.3m) used for purchase of a real estate property, which has a maturity in 2014. The loan is collateralized by property valued at CHF 114.9m (USD 122.5m) in December 2011. 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 contractual cash outflows in relation to the Group's financial liabilities according to their maturity.

	Less than 1 year US $000	Between 1 and 2 years US $000	Between 2 and 5 years US $000	Over 5 years US $000
31 December 2011				
Borrowings	29,005	764	84,985	-
Derivative financial instruments	3,373	3,172	2,018	-
Other financial liabilities	2,803	-	-	-
Total	35,181	3,936	87,003	-

	Less than 1 year US $000	Between 1 and 2 years US $000	Between 2 and 5 years US $000	Over 5 years US $000
31 December 2010				
Borrowings	31,281	864	86,234	-
Derivative financial instruments	3,257	2,958	2,632	-
Other financial liabilities	2,447	-	-	-
Total	36,985	3,822	88,866	-

A significant proportion of the Group's portfolio is invested in mid-term private equity investments with low or no liquidity. The investments of the Group 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 2011, the Group had liquid investments totalling USD 99.7m, comprising of USD 2.0m in cash and cash equivalents, USD 53.8 in investments in loan market through CLOs, USD 28.6m in fixed income investments, USD 10.3m in public equities and USD 5.0m in hedge funds.

Management structures and manages 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 contractual cash inflows in relation to the Group's financial assets with a contractual maturity based on their maturity.

	Less than 1 year US $000	Between 1 and 2 years US $000	Between 2and 5 years US $000	Over 5 years US $000
31 December 2011				
Available-for-sale financial assets	-	5,333	-	55,489
Financial assets at fair value through profit or loss	473	-	3,010	19,080
	473	5,333	3,010	74,569

	Less than 1 year US $000	Between 1 and 2 years US $000	Between 2and 5 years US $000	Over 5 years US $000
31 December 2010				
Available-for-sale financial assets	4,645	5,275	-	27,794
Financial assets at fair value through profit or loss	-	-	1,497	31,956
Total	4,645	5,275	1,497	59,750

Capital Management

The Group considers its capital to be its issued share capital and of it's reserves.

Net debt to equity

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the balance between its net debt and equity.

Net debt to equity ratio is calculated using the following amounts as included on the consolidated statement of financial position, for the reporting periods under review:

	2011 US $000	2010 US $000
Cash at bank	(2,060)	(3,294)
Bank overdrafts	19,306	13,289
Bank loans	84,316	84,722
Short term bank loans	8,935	17,128
Net Debt	110,497	111,845
Total equity	145,437	143,236
Net debt to equity ratio	0.76	0.78

The decrease of the ratio in 2011 is mainly attributable to the profitability of the year that increased Group's equity. The Board believes that the ratio remains at an acceptable and manageable level.

Re-purchase of own shares

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

Under this policy, in 2011, the Company bought 27,497,119 (2010: 8,409,798) of its Ordinary shares at an average price of USD 0.26 (2010: USD 0.24) per share.

40. Financial assets and liabilities by IAS 39 category

Financial assets:	2011 US $000	2010 US $000
Non current assets		
Available-for-sale financial assets	88,752	68,436
Financial assets at fair value through profit or loss	3,029	4,607
Current assets		
Loans and receivables:		
Trade and receivables	7,922	9,919
Cash at bank	2,060	3,294
Available-for-sale financial assets	12,833	20,554
Financial assets at fair value through profit or loss	31,318	41,041

Financial liabilities:

	2011 US $000	2010 US $000
Non-current liabilities		
Financial liabilities at amortised cost:		
Bank loan	84,316	84,722
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	5,143	5,470
Current liabilities		
Financial liabilities at amortised cost:		
Bank overdrafts	19,306	13,289
Short term bank loans	8,935	17,128
Other financial liabilities	2,803	2,447
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	3,372	3,253

The carrying amount of the financial assets and liabilities at amortised cost approximates to their fair value.

Shareholder Information

Registrars

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

Capita Registrars
PXS
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 Livermore Investments Group Limited (the "Company") will be held at 10 Snow Hill, London, EC1A 2AL on 28 August 2012 at 10am for the purposes of the following:

To consider, and if thought fit, to pass the following resolutions, numbers 1 to 6 of which will be proposed as Resolutions of Members and numbers 7 and 8 of which will be proposed as Special Resolutions:

1. To receive and adopt the Report of Directors, the financial statements and the report of the Auditor for the year ended 31 December 2011.

2. To re-elect Richard Rosenberg, who is due to retire as Director in accordance with the Articles of Association of the Company.

3. To re-elect Noam Lanir, who is due to retire as Director in accordance with the Articles of Association of the Company.

4. To re-appoint Grant Thornton Cyprus as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which financial statements are laid before the Company.

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

6. 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 75,888,662 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 2013 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); 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.

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

   (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 11,383,299 of such ordinary shares.

and this power, unless renewed, shall expire at the end of the Annual General Meeting of the Company in 2013 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.

8. That, in accordance with the Articles of Association, the company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693 of the Companies Act 2006 (as amended)) on the AIM market of the London Stock Exchange plc of ordinary shares of no par value in the capital of the Company ("ordinary shares") provided that:

(a) the maximum number of ordinary shares hereby authorised to be purchased is 45,533,197;
(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.

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

By order of the Board

Chris Sideras
Company Secretary

Trident Chambers
PO Box 146
Road Town
Tortola
British Virgin Islands

30 June 2012

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, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 48 hours (not including weekends of banks holidays) 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 depository interests representing ordinary shares in the Company, a Form of Direction must be completed in order to appoint Capita IRG Trustees Limited, the Depository, 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 Company's Transfer Agent, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 72 hours (not including weekends or bank holidays) before the time fixed for the meeting or any adjourned meeting.

Completion of the Form of Direction will not prevent you from attending and voting in person. Depository Interest holders wishing to attend the meeting should contact the Depository on the above address or email custodymgt@capitaregistrars.com to request a Letter of Corporate Representation.

Corporate Directory

Secretary
Chris Sideras

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 (Cyprus) Ltd
41-49 Agiou Nicolaou Str
Nicosia
Cyprus

Solicitors
Travers Smith
10 Snow Hill
London
EC1A 2AL
England

Nominated Adviser & Broker
Matrix Corporate Capital LLP
One Vine Street
London
W1J 0AH
England

Principal Bankers

Leumi Bank
Dianastrasse 5
CH-8002
Zurich
Switzerland

Bank Hapoalim
18 Boulevard Royal
BP 703
L-2017
Luxembourg

FIBI Bank
Seestrasse 61
Zurich 8027
Switzerland

Credit Suisse AG
Seeefldstrasse 1
Zurich 8070
Switzerland

Livermore Investments Group Ltd.

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