LivermoreInvestments

Livermore Investments Group Limited

Annual Report & Consolidated Financial Statements
for the year ended 31 December 2019

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Highlights

- Net loss for the year was USD 1.1m (2018: net profit of USD 5.2m).
- Net Asset Value per share remains stable at USD 0.99 (2018: USD 1.00).
- At 30 December 2019, the Company announced an interim dividend of USD 6m (USD 0.0343 per share) to members on the register on 24 January 2020. The dividend was paid on 21 February 2020.
- CLO portfolio and warehouse generated USD 28.5m in distributions and USD 3.35m in net gains in 2019.

Chairman's and Chief Executive's Review

Introduction

We are pleased to announce the financial results for Livermore Investments Group Limited ("Livermore" or "the Company") for the year ended 31 December 2019. References to the Company hereinafter also include its consolidated subsidiaries (note 8).

The year-end NAV was USD 0.99 per share (2018 NAV: USD 1.00 per share). Net loss for the year was USD 1.1m (2018 Net profit: USD 5.2m).

The Company recorded net gains of USD 3.35m from its US CLO and warehousing portfolio. Interest and distribution income from the financial portfolio totalled USD 29.0m (2018: USD 31.5m). The Company ended the year with over USD 56m in cash at hand.

References to financial statements hereinafter are to the Company's consolidated financial statements.

Financial Review

The NAV of the Company at 31 December 2019 was USD 173.1m (2018: USD 174.3m). Net loss, during the year was USD 1.1m, which represents earnings / (Loss) per share of USD (0.006).
Operating expenses were USD 5.1m (2018: USD 8.9m).

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

	31 December 2019 US $m	31 December 2018 US $m
Shareholders' funds at beginning of year	174.3	175.4
Income from investments	29.0	31.5
Realised losses on investments	-	(0.1)
Unrealised losses on investments	(25.5)	(15.6)
Operating expenses	(5.1)	(8.9)
Net finance income	0.5	-
Tax charge	(0.1)	-
Increase in net assets from operations	(1.2)	6.9
Dividends paid	-	(8.0)
Shareholders' funds at end of year	173.1	174.3
Net Asset Value per share	US $0.99	US $1.00

Dividend & Buyback

At 30 December 2019, the Board announced an interim dividend of USD 6m (USD 0.0343 per share) to members on the register on 24 January 2020. The dividend was paid on 21 February 2020.
The Board of Directors will decide on the Company's dividend policy for 2020 based on profitability, liquidity requirements, portfolio performance, market conditions, and the share price of the Company relative to its NAV.

The Company has no shares in treasury.

Richard B Rosenberg
Chairman

Noam Lanir
Chief Executive Officer

19 May 2020

Review of Activities

Introduction and Overview

Overall 2019 was a strong year for most asset classes. Public equities, government bonds, fixed rate investment bonds and high yield bonds performed well. Floating rate instruments in the US, however, suffered as the US Federal Reserve began a series of rate cuts reducing their attractiveness. The trade tensions between the US and China also weighed on the US senior secured loan market sentiment. Through this all, the CLO and warehouse portfolio of the Company generated strong cash distributions of USD 28.5m in 2019. The volatility and idiosyncratic credit concerns in the US senior secured loan market, however, impacted the year-end valuations of CLO positions reducing the net gain on the CLO and warehousing portfolio to USD 3.35m (2018: USD 14m). The Company managed its CLO and warehousing portfolio actively and generated gains in a year that saw most investors in the CLO market experience some losses. Further, the Company focused on strengthening its liquidity and cash position throughout the year in expectation of late cycle behaviour in the credit markets.

In 2019, the Company reported NAV/share of USD 0.99 and net loss of USD 1.1m. Interest and distribution income amounted to USD 29.0m, of which, USD 28.5m was generated from the CLO and warehousing portfolio. The net return of the CLO and warehousing portfolio was USD 3.35m as mark-to-market changes contributed to a loss of USD 25.6m. Operating expenses amounted to USD 5.1m.

The Company's income in 2019 was derived mainly from its CLO portfolio distributions and warehouse carry. During the year, the CLO and warehousing portfolio generated USD 28.5m in income. CLO equity positions typically generate higher cash flow than their expected IRRs because it is expected that future defaults in the loans held by CLOs may erode the residual value over time. Thus, the performance of the Company's CLO portfolio is mainly through the cash flow generated on a regular basis.

During 2019, management worked with CLO managers and bankers to convert three warehouses in new issue CLOs. At the same time, the Company increased its cash position substantially ending the year with over USD 56m of cash at hand.

During the year, the Company invested an additional USD 50.2m in new issue and select secondary CLO equity and warehouse positions and disposed USD 61.2m of CLO equity and warehouse exposure.

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

Considering the strong liquidity position of Livermore, together with its strong foothold in the US CLO market as well as the robustness of its investment portfolio and the alignment of management's interests with those of its shareholders, management believes that the Company is well positioned to benefit from current market conditions.

Global Investment Environment

Global economic growth weakened in 2019, affecting mostly large economies and pronounced mostly in the industrial sector. Global trade in goods deteriorated due to a slump in global manufacturing and subdued investment activity as the trade disputes and tariffs between the US and China worsened. The political unrest caused by the UK's exit from EU, which was finally achieved at the end of January 2020, also had a dampening effect. Growth slowed in Europe, India, China and Russia. The emergence of the coronavirus towards the end of 2019 led to disruptions in China that started to spill over to the rest of the global economy. Consumer price inflation declined in most advanced economies compared with 2018, primarily as a result of lower increases in energy and food prices. Core inflation changed marginally in most countries. The unemployment rate dropped in most economies and labour market strengthened overall.

Financial conditions eased in second half of 2019 supported by accommodative actions by central banks and positive developments on political front, including progress on the US–China trade negotiations and diminished risks of a disorderly Brexit. Global equity prices moved higher later in the year, sovereign bond spreads in the European periphery narrowed, and emerging markets rebounded as well.

USA: Economic growth slowed somewhat in 2019 with GDP growth rate at 2.3% as compared to 3% in 2018. Consumer spending and residential investments in the US increased a moderate rate in the second half of 2019 whereas businesses fixed investments due to trade policy uncertainty and weak global growth. Lower oil prices curbed investment activity in the energy sector. Private consumption remained a driving force on the back of solid disposable income and upbeat consumer confidence. With mortgage rates declining, construction investment also recovered from the contraction in 2018. Overall capacity utilisation remained good. The labour market continued to strengthen and the labour force participation rate also increased. Wage gains remained moderate but at an above level from last year. The unemployment rate moved down from 3.9% at the end of 2018 to 3.5% in December 2019.

In the US, annual average headline inflation fell to 1.8% in 2019 while core rate remained steady at 2.2%. The Federal Reserve's preferred price inflation measure, personal consumption expenditure (PCE) deflator, which excludes volatile energy and food prices, weakened in the first half of the year but picked up again later in the year. In December it was 1.6%, slightly below the Federal Reserve's target of 2%.

The slowdown in economic growth and inflationary pressures, coupled with heightened risks prompted the Federal Reserve to change the course of its monetary policy. In the second half of 2019, the FOMC lowered the target range a cumulative 75 basis points, bringing it to the current range of 1.5 to 1.75 % undoing the increases made in 2018 to counter the possibility of a more pronounced weakening in growth.

Euro Area: Economic activity weakened in the euro area. Real GDP rose by 1.2% on an annual average basis, its lowest value recorded since the sovereign debt crisis in 2013. There was modest growth in equipment investments and exports. Trade tensions and regulatory changes in the automotive industry particularly impacted Germany as overall capacity utilization declined. Despite this backdrop, consumption in the euro area remained supportive due to a robust labour market with the unemployment rate falling to 7.4% and wage growth picking up somewhat.

European headline inflation declined to 1.2%, having at times been pushed above 2% in 2018 by higher energy prices whereas core inflation hovered around 1.0%.

Considering the economic and inflation conditions, the European Central Bank (ECB) lowered its deposit rate by 0.1 percentage points in September taking it further into negative territory (minus 0.5%). It also announced its intention to maintain key rates at their present or lower levels until inflation dynamics are sufficiently robust. Further, the ECB decided to restart asset purchases from November, having previously left its holdings unchanged since the end of 2018. Net asset purchases are expected to end shortly before the ECB raises its key rates again.

Japan: Japan's GDP grew at 0.8% supported by the solid performance of the services sector. Overall production capacity utilisation remained good. The development of GDP growth over the course of the year was influenced by special factors such as exceptional public holidays in May, a powerful typhoon in October and an increase in the consumption tax as of 1 October. Fiscal policy measures partially cushioned the curbing economic impact of the higher consumption tax. Labour market conditions remained favourable and the unemployment rate declined to its lowest level at 2.2%.
Headline inflation in Japan decreased to 0.5%, while core inflation rose to 0.4%. The free education programme introduced to stabilise the economy largely offset the inflation effect of the higher consumption tax. Medium-term inflation expectations also persisted significantly below the Bank of Japan's target of 2%.

The Bank of Japan maintained the target for 10-year government bond yields at around 0% and its short-term deposit rate at – 0.1%. The Bank of Japan intends to maintain interest rates at a low level for as long as progress towards its inflation target of 2% remains uncertain.

China: GDP growth in China was at 7.1%, weaker than 2018. This was due to weaker manufacturing output owing to trade tensions with the US which imposed additional tariffs on more than two-thirds of imports from China by the end of the year. The modest domestic demand for vehicles and weaker demand for information and communications technology (ICT) sector weighed on industrial activity. Growth remained robust in the services sector.

Headline inflation in China rose to 2.9%, whereas core inflation fell to 1.6%.
The People's Bank of China left its policy rate unchanged. However, it cut commercial banks' reserve requirement ratios in several steps with the aim of reducing financing costs for businesses and boosting lending. The government launched fiscal policy measures to support the economy including tax cuts for households and companies and increased infrastructure spending.
Brazil, India and Russia: Economic growth remained lacklustre in Brazil but did not weaken any further compared to 2018, while India and Russia both recorded declines. There were problems at a few banks in India that led to a tightening in credit conditions. GDP growth in India fell well below potential at 5.3% and government lowered the corporate tax rate to provide support to the economy. Headline inflation in Brazil was at 3.7%, largely unchanged from 2018. In India, headline inflation of 3.7% was somewhat lower year-on-year, while the core rate was markedly weaker. Russia recorded a rise in headline inflation of 4.5% driven by the increase in the value added tax and the depreciation of the rouble.

Policy rate cuts were made by the central banks of India (by 1.35 percentage points to 5.15%), Russia (by 1.25 percentage points to 6.5%), and Brazil (by 2.0 percentage points to 4.5%)

Commodities
Commodity prices declined over the year, albeit with marked fluctuations. Early 2019 saw recovery in oil prices as OPEC restrained supply but lowered again due to modest economic growth worldwide. Prices of Brent Crude at the end of 2019 stood at approximately USD 66 per barrel. The lower oil prices curbed investment activity in the energy sector. Gold prices rallied. Industrial metals prices declined on average due to US tariffs on China and slowdown in manufacturing industries.

Equities

The equity market rebounded in early 2019 due to the Federal Reserve's shift to policy easing. The rally stalled mid-year due to concerns about global economic growth. Emerging markets rebounded as well. The Information Technology sector topped in gains. Demand concerns and lower prices held back energy whereas debate in the US over drug prices weighed on healthcare. Industrials did well despite low manufacturing demand. The financial sector slightly underperformed the MSCI world as flat or inverted yield curves dented earnings.

Loan Market

Overall, 2019 delivered strong returns across most major asset classes. The Credit Suisse Leverage Loan Index6 ("CSLLI") generated a return of 8.17%, while the S&P 500 Index and Merrill Lynch High Yield Master II Index7 ("MLHYI") generated returns of 31.49% and 14.41%, respectively. U.S. high yield funds saw a net inflow of $18.8 billion for 2019 due to reduction in demand for floating rate exposure as US interest rates trended lower. According to S&P Capital IQ, total institutional loan issuance was $309.4 billion, down 29% from 2018, while total institutional loans outstanding stood at $1.2 trillion as of December 31, 2019. During 2019, the loan market grew 4% from the $1.15 trillion outstanding as of December 31, 2018. For many corporate borrowers in the leveraged loan market, both top-line revenue and EBITDA grew during 2019, though at a slower pace than 2018. Interest coverage ratios remained strong as many corporate borrowers over the last several years were able to take advantage of the strong demand for loans and more flexible terms to refinance their existing debt. They were also able to extend loan maturity dates.

CLO Market

After a strong performance in early 2019 across the CLO market, a divergence based on credit quality emerged during 2019, as high- and low-quality assets became increasingly bifurcated. A few one-off credit events in certain borrowers raised idiosyncratic risk in the markets and credits rated B3/B or lower faced increased attention, and investors exhibited a preference for higher quality issuers. This trend reversed itself late in the year, with many investors believing the sell off in B3/B loans was overdone.

2019 was another strong year for CLO issuance. According to S&P Capital IQ, total new US CLO issuance in 2019 was $118 billion, with a modest 8% decline from 2018's record-breaking $129 billion of new issuance. Refinancing and reset volumes fell markedly as the cost of debt remained relatively high compared to 2017 and 2018. In early 2020, however, the market saw a sharp tightening for most classes of CLO debt versus year end levels and several deals refinanced their cost of debt to lower levels.

The par-weighted default rate finished 2019 at 1.39%, falling from 1.63% at the end of 2018 and significantly lower than the 2.9 long-term default rate, according to S&P LCD.

Sources: Board of Governors of the Federal Reserve System, European Central Bank (ECB), Swiss National Bank, Bloomberg, Morgan Stanley

Livermore's Strategy

The financial portfolio is focused on fixed income instruments which generate regular cash flows and include exposure mainly to senior secured and usually broadly syndicated US loans and to a limited extent emerging market debt through investments in CLOs. This part of the portfolio is geographically focused on the US.

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.

Financial portfolio

The Company manages a financial portfolio valued at USD 101.2m as at 31 December 2019, which is invested mainly in fixed income and credit related securities.

The following is a table summarizing the financial portfolio as of year-end 2019

Name	2019 Book Value US $m	2018 Book Value US $m
Investment in the loan market through CLOs	98.4	97.1
Open Warehouse facilities	-	38.4
Hedge Funds	-	1.1
Perpetual Bonds	1.1	1.1
Other Public Equities	1.7	1.5
Invested Total	**101.2**	**139.2**
Cash	**56.5**	**26.2**
Total	**157.7**	**165.4**

Senior Secured Loans and Collateralized Loan Obligations (CLO):
US senior secured loans are a floating rate asset class with a senior secured claim on the borrower and with overall low volatility and low correlation to the equity market. CLOs are managed portfolios invested into diversified pools of senior secured loans and financed with long term financing.

Following a sharp sell-off in late Q4 2018, the US senior secured loan market recovered significantly in Q1 2019. However due to an uncertain growth outlook and some "idiosyncratic" credit issues with low recovery prospects, the loan market declined and the CLO market followed suit. Further, rate reductions by the US Federal Reserve resulted in lower demand for floating rate instruments and outflows from retail funds continued throughout the year. The trend reversed somewhat towards the end of the year as the US Federal Reserve indicated stopping further rate cuts and the trade tensions with China seemed closer to resolution.

At the same time, however, earnings continued to stay relatively strong for most borrowers in the US senior secured market, albeit at a lower growth rate than the prior year. Default rates also continued to stay below historical average levels (1.39% at the end of 2019 as compared to 1.63% at the end of 2018 and significantly lower than the 2.9% long-term default rate, according to S&P LCD). In addition, the near to mid-term outlook remained benign due to looser covenants and few near-term loan maturities. While default rates can stay low, we expect price volatility to stay at higher levels than prior years.

After a strong recovery in early 2019, the CLO market saw a divergence based on credit quality as high- and low-quality loans became increasingly bifurcated as the market focused on the increased B3 rated assets in the loan market and CLO portfolios. Despite higher liability costs, 2019 saw strong new CLO issuance although the amount of refinancing and reset activity diminished sharply from 2018. According to S&P Capital IQ, total new US CLO issuance in 2019 was $118 billion as compared to $129 billion of new issuance in 2018. In early 2020, however, the market saw a sharp tightening for most classes of CLO debt versus year end levels and several deals refinanced their cost of debt to lower levels.

The Company's CLO and warehousing portfolio generated cash flow of USD 28.5m and a net return of about USD 3.35m in 2019. The Company converted three warehouses into CLOs and generated about USD 6.275m in carry during the year. While CLO distributions remained strong, prices of CLO equity and mezzanine tranches and liquidity remained poor. Management took some advantage of the lower prices and lack of liquidity to purchase some long reinvestment period and clean CLO equity positions in Q4 of 2019.

At the same time, the Company evaluated the impact of higher loan price volatility and the late cycle behaviour in the credit markets and focused on reducing risk and improving its liquidity and cash position. As of year-end 2019, the Company had USD 56.5m in cash and no debt. Further, about 91% of the portfolio by market value was invested in CLOs with over two years of reinvestment period remaining.

As of the end of the year 2019, all of the Company's US CLO equity positions were passing their Overcollateralization (OC) tests and remained robust. Management continues to actively monitor the CLO portfolio and position it towards longer reinvestment periods through recycling old CLOs into new or refinancing them with extended reinvestment periods, as well as conducting relative value and opportunistic trading.

While default rates continue to stay below historical averages and only a small percentage of the loans in the Company's CLO portfolio matures before 2021, management expects credit markets to remain volatile in the near future. Although management maintains a positive view on the CLO portfolio, its near to mid-term performance may be negatively impacted by a strong pull back in the US or European economy or geo-political events that could result in a spike in defaults.

The Company's CLO portfolio is divided into the following geographical areas:

	2019 Amount US $000	Percentage	2018 Amount US $000	Percentage
US CLOs	98,418	100.00%	97,081	100.00%
	98,418	100%	97,081	100%

Private Equity Funds
The other private equity investments held by the Company are incorporated in the form of Managed Funds (mostly closed end funds) mainly in Israel and the emerging economies. The investments of these funds into their portfolio companies were mostly done in 2008 and 2009. The Company expects material exits of portfolio companies from funds to materialize over the next couple of years.

The following summarizes the book value of the private equity funds as at year-end 2019

Name	Book Value US $m
Evolution Venture (Israel)	3.4
Elephant Capital (India)	0.7
Panda Capital (China)	0.3
Da Vinci (Russia)	0.1
Other investments	1.7
Total	**6.2**

Evolution Venture: Evolution is an Israel focused Venture Capital fund. It invests in early stage technology companies. Its main asset is its investment in a virtualization technology company, which continues to perform well.

Elephant Capital: India-focused private equity fund, which was AIM quoted (Ticker: ECAP). The fund delisted from the LSE/AIM market in order to reduce costs given the small size of the remaining fund. Livermore owns 9.9% of the delisted fund.

Da Vinci: The fund is primarily focused on Russia and CIS countries and is primarily invested in the Moscow Exchange and a Ukrainian coal company.

The following table reconciles the review of activities to the Company's financial assets as of 31 December 2019

Name	2019 Book Value US $m
Financial Portfolio	101.2
Private Equity Funds	6.2
Total	**107.4**
Financial assets at fair value through profit or loss (note 4)	101.2
Financial assets at fair value through other comprehensive income (note 5)	6.2
Total	**107.4**

Events after the reporting date

Details of materials events after the reporting date are disclosed in note 26 to the financial statements.

Litigation

At the time of this Report, there is one matter in litigation that the Company is involved in. Further information is provided in note 24 to the financial statements.

Report of the Directors

The Directors submit their annual report and audited financial statements of the Company for the year ended 31 December 2019.

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 Company'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 64), Non-Executive Director, Chairman of the Board
Richard joined the Company 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.

Noam Lanir (age 53), Founder and Chief Executive Officer
Noam founded the Company in July 1998, to develop a specialist online marketing operation. Noam has led the growth and development of the Company's operations over the last twenty years which culminated in its IPO in June 2005 on AIM. 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. He is also a major benefactor of a number of charitable organisations.

Ron Baron (age 52), Executive Director and Chief Investment Officer
Ron was appointed as Executive Director and Chief Investment Officer on 10 August 2007. Ron has led the establishment and development of Livermore's investment platform as a leading specialized house in the credit space. Ron also 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 investment activity. Prior to this he spent five years as a commercial lawyer advising banks and large corporations on corporate transactions, including buy-outs and privatisations. Ron has over 18 years of experience as an investment manager with particular focus on the US credit market and CLOs. He holds an MBA from INSEAD Fontainebleau and an LLB (LAW) and BA in Economics from Tel Aviv University. Ron is also the founder and owner of the Israel Cycling Academy a non-profit professional cycling team.

Augoustinos Papathomas (age 57), Non-Executive Director
Augoustinos joined the Board in February 2019. He is a trained and qualified UK Chartered Accountant. He is the senior Partner of APP Audit and APP Advisory in Cyprus with over 30 years of experience in assurance, taxation and advisory for local and international clients. He is also an insolvency practitioner with experience in many liquidations and receiverships. Augoustinos has served as a director in various bodies and organisations and currently he is the chairman of the Famagusta Chamber of Commerce and Industry in Cyprus.

Directors' responsibilities in relation to the financial statements

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

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company, and its financial performance and cash flows for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions, and at any time enable the financial position of the Company to be determined with reasonable accuracy and enable them to ensure that the 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 Company 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 Company'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 24 April 2020 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
Groverton Management Ltd	133,936,588	76.62
Ron Baron	25,456,903	14.56

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% 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 23 to the financial statements.

Corporate Governance Statement

Introduction

The Company recognises the importance of the principles of good Corporate Governance and the Board is pleased to accept its commitment to such high standards throughout the year.

The Board Constitution and Procedures

The Company is controlled through the Board of Directors, which comprised one Non-Executive Director until the appointment of a new Non-Executive Director in February 2019 and two Executive Directors. The Chief Executive's responsibility is to focus on co-ordinating the company's business and implementing Company 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 Company, 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 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. This committee had one member until the appointment of a new Non-Executive Director in February 2019. 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. This committee had one member until the appointment of a new Non-Executive Director in February 2019. The duties of the Committee include monitoring the auditor's performance and reviewing accounting policies and financial reporting procedures.

The Quoted Company Alliance (QCA) Code

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). The QCA Code was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". The Directors anticipate that whilst the Company will continue to comply with the QCA Code, given the Group's size and plans for the future, it will also endeavour to have regard to the provisions of the UK Corporate Governance Code as best practice guidance to the extent appropriate for a company of its size and nature. To see how the Company addresses the key governance principles defined in the QCA Code please refer to the table listed on the Company's website, which was last reviewed and updated in February 2020.

A complete index of the disclosures required by the QCA Code, including those on the Company's website, can be found at http://www.livermore-inv.com/CorporateGovernance.

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 Company's performance. The Board will be available at the Annual General Meeting to answer questions from shareholders.

Internal Control

The Board is responsible for ensuring that the Company has in place a system of internal 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 Company operates a sound system of internal control, which is designed to ensure that the risk of misstatement or loss is kept to a minimum.

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

The Board undertakes a review of its internal controls on an ongoing basis.

Going Concern

The Directors have reviewed the current and projected financial position of the Company, making reasonable assumptions about interest and distribution income, future trading performance, valuation projections and debt requirements. On the basis of this review, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and accounts.

Independence of Auditor

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

- a review of non-audit related services provided to the Company and related fees;
- discussion with the auditor of a written report detailing all relationships with the Company and any other parties which could affect independence or the perception of independence;
- a review of the auditor's own procedures for ensuring independence of the audit firm and partners and staff involved in the audit, including the rotation of the audit partner;
- obtaining written confirmation from the auditor that it is 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 2019 were as follows:

Directors' Emoluments

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

					Total emoluments	
Director	Date of agreement	Fees US $000	Benefits US $000	Reward payments US $000	2019 US $000	2018 US $000
Richard Barry Rosenberg	10/06/05	57	-	25	82	131
Noam Lanir	10/06/05	400	45	300	745	945
Ron Baron	01/09/07	350	-	1,100	1,450	4,654
Augoustinos Papathomas	01/02/19	30	-	-	30	-

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

Directors' Interests

Interests of Directors in ordinary shares

	Notes	As at 31 December 2019		As at 31 December 2018	
		Number of Ordinary Shares	Percentage of ordinary share capital	Number of Ordinary Shares	Percentage of ordinary share capital
Noam Lanir	a)	133,936,588	76.620%	133,936,588	76.620%
Ron Baron		25,456,903	14.560%	25,456,903	14.560%
Richard Barry Rosenberg		15,000	0.01%	15,000	0.01%

Notes:

a) Noam Lanir has his interest in ordinary shares by virtue of the fact that he owns directly or indirectly all of the issued share capital of Groverton Management Limited. Further information is provided in note 23 to the financial statements.

Remuneration Policy

The Company's policy has been designed to ensure that the Company has the ability to attract, retain and motivate executive Directors and other 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 Company's stated purpose to maximize long-term shareholder value
- the remuneration structure will reflect a just system of rewards for the participants
- the overall quantum of all potential remuneration components will be determined by the exercise of informed judgement of the independent remuneration committee, taking into account the success of the Company and the competitive global market
- a significant personal shareholding will be developed in order to align executive and shareholder interests
- the assessment of performance will be quantitative and qualitative and will include exercise of informed judgement by the remuneration committee within a framework that takes account of sector characteristics and is approved by shareholders
- the committee will be proactive in obtaining an understanding of shareholder preferences
- remuneration policy and practices will be as transparent as possible, both for participants and shareholders
- the wider scene, including pay and employment conditions elsewhere in the Company, 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 Company operates, and include economic recession, declining corporate profitability, higher corporate default rates and lower than historical recoveries, rising inflation and interest rates and excessive stock-market speculation.

The Company's portfolio is exposed to interest rate changes, credit risk, liquidity risk and volatility particularly in the US. 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 emerging markets are exposed to governmental and regulatory risks.

The mitigation of these risks is achieved by following micro and macroeconomic trends and changes, regular monitoring of underlying assets and price movements and investment diversification. The Company also engages from time to time in certain hedging activities to mitigate these risks.

In March 2020, the World Health Organisation recognised that coronavirus (COVID-19) was in the state of a pandemic. The Company continues to monitor the COVID-19 pandemic situation closely, with a focus on the impact on the Company's CLO and US senior secured loan portfolios. The spread of the virus, government policy responses and changing demand patterns are expected to have a negative impact on the operations and earnings of some of the borrowers in the CLO portfolio. The Company has been in close contact with managers of its individual CLO positions and is tracking the level of rating downgrades of underlying loans to CCC+/Caa rating and a worsening default outlook. A significant concentration of CCC+/Caa rated loans can turn off the distributions to the equity and lower mezzanine tranches of CLOs and would result in significant drop in the market values of those CLO portfolio constituents. The full extent of the impact will depend on the length and severity of the crisis and is expected to vary widely between sectors and companies.

The Company has been positioned very conservatively for several months with high liquidity and cash reserves (in excess of USD 60m as of 31 March 2020) and a CLO portfolio that consists largely of CLOs with long reinvestment periods, which should benefit somewhat from the volatility in the market. The Company has no debt.

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 Company's portfolio has a significant exposure to senior secured loans of US companies and therefore has a concentration risk to this asset class.

A periodic internal review is performed to ensure transparency of Company activities and investments. All service providers to the Company 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 currently invested in USD denominated assets, movements in other currencies are expected to have a limited impact on the business.

On the asset side, the Company's exposure to interest rate risk is limited to the interest-bearing deposits and portfolio of bonds and loans in which the Company invests. Currently, the Company is primarily invested in sub-investment grade corporate loans through CLOs, which exposes the Company to credit risk (defaults and recovery rates, loan spreads over base rate) as well as liquidity risks in the CLO market.

Management monitors liquidity to ensure that sufficient liquid resources are available to the Company. The Company'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. Further information on Financial risk management is provided in note 27 of the financial statements.

Share Capital

There was no change in the authorised share capital during the year to 31 December 2019. The authorised share capital is 1,000,000,000 ordinary shares with no par value.

Related party transactions

Details of any transactions of the Company with related parties during the year to 31 December 2019 are disclosed in note 23 to the financial statements.

By order of the Board of Directors

Chief Executive Officer
19 May 2020

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

Opinion

We have audited the consolidated financial statements of Livermore Investments Group Limited (the ''Company'') and its subsidiaries Livermore Investments Cyprus Limited and Livermore Capital AG (the ''Group''), which are presented in pages 32 to 68 and comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the ''Auditor's Responsibilities for the Audit of the Consolidated Financial Statements'' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Uncertain Outcome of a Legal Claim

We draw attention to note 24 of the consolidated financial statements which describes the uncertainty outcome of a legal claim against one of the custodian banks that the Group and the Company uses on its behalf. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Investments' valuation Level 3

Refer to note 7 of the consolidated financial statements.

The Key audit matter

The Group has financial assets of $12m classified within fair value hierarchy at level 3, as disclosed in note 7. The fair value of level 3 financial assets is generally determined either based on third party valuations, or when not available based on adjusted Net Asset Value (NAV) calculations using inputs from third parties.

Due to the use of significant judgments by the Directors, the existence of unobservable inputs and the significant total value of financial assets within the Level 3 hierarchy, we consider the valuation of these investments as a key audit matter.

How the matter was addressed in our audit

Our audit work included, but was not restricted to:

- discussing and obtaining an understanding of the valuation methodologies applied by the directors and assessing their appropriateness for each investment;
- obtaining third party confirmations indicating the NAV/Fair value of the investments and comparing to clients' records; and evaluating the independent professional valuer's competence, capabilities and objectivity;
- in cases where the valuations have been performed by the directors, evaluating the reasonableness of the underlying assumptions and verifying the inputs used; as from reliable third – party sources; and
- considering the adequacy of consolidated financial statement disclosures in relation to the valuation methodologies used for each class of level 3 financial assets.

Key observations

We concluded that the judgements and estimates used by the management in determining the Fair value of investments were reasonable and the disclosures made in relation to these matters in the consolidated financial statements were appropriate.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Highlights, Chairman's and Chief Executive's Review, Review of Activities, Report of the Directors, Corporate Governance Statement, Remuneration report, Review of the Business and Risks, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors 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, 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.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report, including the opinion, has been prepared for and only for the Group'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.

The engagement partner on the audit resulting in this independent auditor's report is Mrs Froso Yiangoulli.

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

Nicosia, 19 May 2020

Livermore Investments Group Limited

Consolidated Statement of Financial Position as at 31 December 2019

	Note	2019 US $000	2018 US $000
Assets			
Non-current assets			
Property, plant and equipment		45	21
Right-of-use assets		329	–
Financial assets at fair value through profit or loss	4	98,418	97,081
Financial assets at fair value through other comprehensive income	5	6,204	6,387
Investments in subsidiaries	8	5,787	5,205
		110,783	108,694
Current assets			
Trade and other receivables	9	8,251	3,168
Financial assets at fair value through profit or loss	4	2,837	41,067
Financial assets at fair value through other comprehensive income	5	–	1,117
Cash and cash equivalents	10	56,499	26,214
		67,587	71,566
Total assets		178,370	180,260
Equity			
Share capital	11	–	–
Share premium	11	169,187	169,187
Other reserves		(20,598)	(20,279)
Retained earnings		24,491	25,425
Total equity		173,080	174,333
Liabilities			
Non-current liabilities			
Lease liability		248	–
Current liabilities			
Trade and other payables	13	4,907	5,927
Lease liability – current portion		83	–
Current tax payable		52	–
		5,042	5,927
Total liabilities		5,290	5,927
Total equity and liabilities		178,370	180,260
Net asset value per share			
Basic and diluted net asset value per share (US $)	15	0.99	1.00

These financial statements were approved by the Board of Directors on 19 May 2020.

The notes 1 to 28 form part of these consolidated financial statements.

Livermore Investments Group Limited
Consolidated Statement of Profit or Loss for the year ended 31 December 2019

	Note	2019 US $000	2018 US $000
Investment income			
Interest and distribution income	17	29,028	31,541
Changes in value of investments	18	(25,358)	(17,380)
		3,670	14,161
Operating expenses	19	(5,132)	(8,973)
Operating (loss) / profit		(1,462)	5,188
Finance costs	20	(18)	(245)
Finance income	20	550	233
(Loss) / profit before taxation		(930)	5,176
Taxation charge	21	(151)	(14)
(Loss)/ profit for the year		(1,081)	5,162
(Loss) / earnings per share			
Basic and diluted (loss)/earnings per share (US $)	22	(0.006)	0.03

The (loss) / profit for the year is wholly attributable to the owners of the parent.

The notes 1 to 28 form part of these consolidated financial statements.

Livermore investments Group Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2019

	2019 US $000	2018 US $000
(Loss) / profit for the year	(1,081)	5,162
Other comprehensive income:		
Items that will be reclassified subsequently to profit or loss		
Foreign exchange gains from translation of subsidiaries	9	12
Items that are not reclassified subsequently to profit or loss		
Financial assets designated at fair value through other comprehensive income		
• fair value (losses) / gains	(181)	313
• capital return	-	1,400
Total comprehensive (loss) / income for the year	(1,253)	6,887

The total comprehensive (loss) / income for the year is wholly attributable to the owners of the parent.

The notes 1 to 28 form part of these consolidated financial statements.

Livermore Investments Group Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2019

	Note	Share capital US $000	Share premium 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 2018		–	169,187	77	–	(38,055)	44,236	175,445
Dividends		–	–	–	–	–	(7,999)	(7,999)
Transfer on expiry of options		–	–	(77)	–	–	77	–
Transactions with owners		–	–	(77)	–	–	(7,922)	(7,999)
Profit for the year		–	–	–	–	–	5,162	5,162
Other comprehensive income:								
Financial assets at fair value through OCI								
• fair value gains		–	–	–	–	313	–	313
• capital return		–	–	–	–	1,400	–	1,400
Foreign exchange gains on								
Translation of subsideiaries		–	–	–	12	–	–	12
Transfer of realised losses		–	–	–	–	16,051	(16,051)	–
Total comprehensive income for the year		–	–	–	12	17,764	(10,889)	6,887
Balance at 31 December 2018		–	169,187	–	12	(20,291)	25,425	174,333
Loss for the year		–	–	–	–	–	(1,081)	(1,081)
Other comprehensive income:								
Financial assets at fair value through OCI – fair value losses		–	–	–	–	(181)	–	(181)
Foreign exchange gains on translation of subsidiaries		–	–	–	9	–	–	9
Transfer of realised gains		–	–	–	–	(147)	147	–
Total comprehensive loss for the year		–	–	–	9	(328)	(934)	(1,253)
Balance at 31 December 2019		–	169,187	–	21	(20,619)	24,491	173,080

The notes 1 to 28 form part of these consolidated financial statements.

Livermore Investments Group Limited
Consolidated Statement of Cash Flows for the year ended 31 December 2019

	Note	2019 US $000	2018 US $000
Cash flows from operating activities			
(Loss) / profit before tax		(930)	5,176
Adjustments for			
Depreciation		98	8
Interest expense	20	18	30
Interest and distribution income	17	(29,028)	(31,541)
Bank interest income	20	(437)	(233)
Changes in value of investments	18	25,358	17,380
Exchange differences	20	(113)	215
		(5,034)	(8,965)
Changes in working capital			
(Increase) / decrease in trade and other receivables		(5,391)	2,576
(Decrease) / increase in trade and other payables		(1.020)	1,950
Cash flows from operations		(11,445)	(4,339)
Interest and distributions received		29,756	31,748
Tax paid		(98)	(14)
Net cash from operating activities		18,213	27,295
Cash flows from investing activities			
Acquisition of investments		(50,200)	(120,027)
Proceeds from sale of investments		62.273	91,623
Proceeds from capital return		-	1,400
Net cash used in investing activities		12,073	(27,004)
Cash flows from financing activities			
Lease liability payments		(96)	-
Interest paid		(18)	(30)
Dividends paid		-	(7,999)
Net cash used in financing activities		(114)	(8,029)

	Note	2019 US $000	2018 US $000
Net decrease in cash and cash equivalents		30,172	(7,738)
Cash and cash equivalents at the beginning of the year		26,214	34,175
Exchange differences on cash and cash equivalents		113	(215)
Translation differences on foreign operations' cash and cash equivalents			(8)
Cash and cash equivalents at the end of the year	10	56,499	26,214

The notes 1 to 28 form part of these consolidated financial statements.

Notes on the Consolidated 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 Company changed to investment activities on 1 January 2007. Before that the principal activity of the Company 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. During 2019 the Company became a tax resident in the Republic of Cyprus.
1.6. The registered office of the Company is located at Trident Chambers, PO Box 146, Road Town, Tortola, British Virgin Islands.

2. Basis of preparation

The consolidated financial statements ("the financial statements") of Livermore Investments Group Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements have been prepared on an accrual basis (other than for cash flow information) using the significant accounting policies and measurement bases summarised in note 3, and also on a going concern basis.

The financial information is presented in US dollars because this is the currency in which the Company primarily operates (i.e. the Company's functional currency).

References to the Company hereinafter also include its consolidated subsidiaries (note 8).

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

3. Accounting Policies

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

3.1. **Adoption of new and revised IFRS**

As from 1 January 2019, the Company adopted any applicable new or revised IFRS and relevant amendments which became effective, and also were endorsed by the European Union.

The Company has applied IFRS 16 'Leases' since its date of initial application, being 1 January 2019. IFRS 16 replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-

Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').
The Company recognised on 1 January 2019 a right-of-use asset and a related lease liability in connection with a former operating lease, with a remaining lease term at that date of 5 years. The right-of-use asset at that date has been measured at USD 411,041 equal to the lease liability, without including any initial direct costs. For a second former operating lease that has a short-term lease term, the Company elected to recognise the lease expense on a straight-line basis over the lease term.

IFRS 16 has been applied using the modified retrospective approach. No adjustment to opening retained earnings occurred. Prior periods have not been restated.

The adoption of the above at 1 January 2019, including IFRS 16, did not have any material effect on the financial statements.

The following IFRS (including relevant amendments and interpretations) had been issued by the date of authorisation of these financial statements but are not yet effective, or have not yet been endorsed by the EU, for the year ended 31 December 2019:

	Endorsed by the EU	Effective date (IASB)
• Amendment to IFRS 3: "Definition of a Business"	No	1 January 2020
• Amendments to IFRS 9, IAS 39 and IFRS17: "Interest Rate Benchmark Reform"	Yes	1 January 2020
• Amendment to IFRS 10, and IAS 28: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	No	to be determined
• IFRS 14: "Regulatory Deferral Accounts"	No	1 January 2016
• IFRS 17: "Insurance Contracts"	No	1 January 2021
• Amendment to IAS 1: "Classification of Liabilities as Current or Non-current"	No	1 January 2022
• Amendments to IAS 1 and IAS 8: "Definition of Material"	Yes	1 January 2020
• Amendments to References to the Conceptual Framework in IFRS Standards	Yes	1 January 2020

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

3.2. Investments in subsidiaries and basis of consolidation
Subsidiaries are entities controlled either directly or indirectly by the Company.

Control is achieved where the Company is exposed, or has right, to variable returns from its involvement with a subsidiary and has the ability to affect those returns through its power over the subsidiary.

The Directors have determined that Livermore meets the definition of an investment entity, as this is defined in IFRS 10 "Financial Statements". As per IFRS 10 an investment entity is an entity that:

(a) obtains funds from one or more investors for the purpose of providing those investors with investment management services;
(b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
(c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

An investment entity is exempted from consolidating its subsidiaries, unless any subsidiary which is not itself an investment entity mainly provides services that relate to the investment entity's investment activities. The financial statements consolidate the Company and its subsidiaries providing such services (note 8 shows further details of the consolidated and unconsolidated subsidiaries).

Investments in unconsolidated subsidiaries are initially recognised at their fair value and subsequently measured at fair value through profit or loss. Subsequently, any gains or losses arising from changes in their fair value are included in profit or loss for the year.

Dividends and other distributions from unconsolidated subsidiaries are recognised as income when the Company's right to receive payment has been established.

A subsidiary that is not an investment entity itself and which provides services that relate to the Company's investment activities is consolidated rather than included within the investments in subsidiaries measured at fair value through profit or loss.

The financial statements of the consolidated subsidiaries are prepared using uniform accounting policies. Where necessary, adjustments are made to the financial statements of consolidated subsidiaries to bring their accounting policies into line with those used by the Company. All consolidated subsidiaries have a reporting date of 31 December.

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

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

3.3. Current assets are those which, in accordance with IAS 1 Presentation of Financial Statements are:

- expected to be realised within the Company's 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 equivalents not restricted in their use.

All other assets are non-current.

3.4. Interest and distribution income

- Interest income is recognised based on the effective interest method.
- Distribution income is recognised on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

3.5. Foreign currency

The financial statements of the Company are presented in USD, which is the currency of the primary economic environment in which it operates (its functional currency).

Transactions in foreign currencies 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 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 as part of the fair value gain or loss except for differences arising on the re-translation of non-monetary financial assets designated at fair value through other comprehensive income 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 consolidated subsidiaries that have a functional currency different from US dollars are translated into the presentation currency as follows:

(a) assets and liabilities are translated at the closing rate at the reporting date;
(b) 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
(c) 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

3.6. Taxation

Current tax is the tax currently payable based on taxable profit for the year in accordance with the tax laws applicable and enacted.

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.

3.7. Equity instruments

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

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 received.

3.8. Financial assets

Financial assets are recognised when the Company 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 Company 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 Company transfers substantially all the risks and rewards of ownership of the asset, or if the Company neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

The Company classifies its financial assets in the following measurement categories:

(a) those to be measured at fair value (either through other comprehensive income, or through profit or loss), and
(b) those to be measured at amortised cost.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets at fair value through profit or loss

The Company classifies the following financial assets at fair value through profit or loss:

(a) equity investments that are held for trading;
(b) other equity investments for which the Directors have not elected to recognise fair value gains and losses through other comprehensive income; and
(c) debt investments that do not qualify for measurement at either amortised cost or at fair value through other comprehensive income.

All financial assets within this category are measured at their fair value, with changes in value recognised in the profit or loss when incurred.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (OCI) comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss.

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payments is established.

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised based on the effective interest rate method.

The classification of debt instruments depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Impairment
The Company assesses the expected credit losses associated with its assets carried at amortised cost, on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables only, the Company applies the simplified approach permitted by IFRS 9, which permits expected lifetime losses to be recognised from initial recognition of the receivables.

Write offs
The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3.9. Financial liabilities
Financial liabilities are recognised when the Company 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 transaction 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.

3.10. Cash and cash equivalents
Cash comprises cash in hand and on demand deposits 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.

Any bank overdrafts are considered to be a component of cash and cash equivalents, since they form an integral part of the Company's cash management.

3.11. Segment reporting
In making investment decisions, Management assesses individual investments and then, in analysing their performance, it receives and uses information for each investment product

separately rather than based on any segmental information. Given that, Management regards that the Company's activities fall under a single operating segment.

3.12. 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 Company'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 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 judgements

(i) Classification of financial assets

Management exercises significant judgement in determining the appropriate classification of the financial assets of the Company. The Directors determine the appropriate classification of the Company's financial assets based on Livermore's business model. An entity's business model refers to how an entity manages its financial assets in order to generate cash flows, considering all relevant and objective evidence. The factors considered include the contractual terms and characteristics which are very carefully examined, and also the Company's intentions and expected needs for realisation of the financial assets.

All investments (except from certain equity instruments that are designated at fair value through other comprehensive income) are classified as financial assets at fair value through profit or loss, because this reflects more fairly the way these assets are managed by the Company. The Company'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 Company's Board of Directors and other key management personnel.

(ii) Consolidation of subsidiaries

Management exercised significant judgment in determining which of the subsidiaries that are not investment entities themselves, provide services that relate to the Company's investment activities and therefore need to be consolidated rather than included within the investments in subsidiaries measured at fair value through profit or loss.

Estimation uncertainty

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the bases used for financial assets and liabilities are disclosed 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 (level 3), management uses its best estimates which may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Further information on level 3 valuations of financial assets is provided in note 7.2.

4. Financial assets at fair value through profit or loss

	2019 US $000	2018 US $000
Non-current assets		
Fixed income investments (CLOs)	98,418	97,081
	98,418	97,081
Current assets		
Fixed income investments	1,127	39,590
Public equity investments	1,710	1,477
	2,837	41,067

For description of each of the above categories, refer to note 6.

The above investments represent financial assets that are mandatorily measured at fair value through profit or loss.

The Company treats its investments in the loan market through CLOs as non-current investments as the Company generally intends to hold such investments over a period longer than twelve months.

5. Financial assets at fair value through other comprehensive income

	2019 US $000	2018 US $000
Non-current assets		
Private equities	6,204	6,387
Current assets		
Hedge funds	–	1,117

For description of each of the above categories, refer to note 6.

The above investments are non-trading equity investments that have been designated at fair value through other comprehensive income.

6. Financial assets at fair value

The Company allocates its non-derivative financial assets at fair value (notes 4 and 5) as follows:

- Fixed income investments relate to fixed and floating rate bonds, perpetual bank debt, investments in the loan market through CLOs, and investments in open warehouse facilities.
- Private equities relate to investments in the form of equity purchases 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 influence. Main investments under this category are in the fields of real estate.
- Public equity investments relate to investments in shares of companies listed on public stock exchanges.
- Hedge funds relate to equity investments in funds managed by sophisticated investment managers that pursue investment strategies with the goal of generating absolute returns.

7. Fair value measurements of financial assets and liabilities

The table in note 7.2 presents financial assets and liabilities 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 that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

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

7.1 Valuation of financial assets

- Fixed Income Investments and Public Equity Investments are valued per their closing market prices on quoted exchanges, or as quoted by market maker. Investments in open warehouse facilities that have not yet been converted to CLOs, are valued based on an adjusted net asset valuation.

  The Company values the CLOs based on the valuation reports provided by market makers. CLOs are typically valued by market makers using discounted cash flow models. The key assumptions for cash flow projections include default and recovery rates, prepayment rates and reinvestment assumptions on the underlying portfolios (typically senior secured loans) of the CLOs.

  Default and recovery rates: The amount and timing of defaults in the underlying collateral and the amount and timing of recovery upon a default are key to the future cash flows a CLO will distribute to the CLO equity tranche. All else equal, higher default rates and lower recovery rates typically lead to lower cash flows. Conversely, lower default rates and higher recoveries lead to higher cash flows.

  Prepayment rates: Senior loans can be pre-paid by borrowers. CLOs that are within their reinvestment period may, subject to certain conditions, reinvest such prepayments into other loans which may have different spreads and maturities. CLOs that are beyond their reinvestment period typically pay down their senior liabilities from proceeds of such pre-payments. Therefore, the rate at which the underlying collateral prepays impacts the future cash flows that the CLO may generate.

Reinvestment assumptions: A CLO within its reinvestment period may reinvest proceeds from loan maturities, prepayments, and recoveries into purchasing additional loans. The reinvestment assumptions define the characteristics of the loans that a CLO may reinvest in. These assumptions include the spreads, maturities, and prices of such loans. Reinvestment into loans with higher spreads and lower prices will lead to higher cash flows. Reinvestment into loans with lower spreads will typically lead to lower cash flows.

Discount rate: The discount rate indicates the yield that market participants expect to receive and is used to discount the projected future cash flows. Higher yield expectations or discount rates lead to lower prices and lower discount rates lead to higher prices for CLOs.

- Private Equities are valued using market valuation techniques as determined by the Directors, mainly on the basis of valuations reported by third-party managers of such investments. Real Estate entities are valued by independent qualified property valuers with substantial relevant experience on such investments. Underlying property values are determined based on their estimated market values.

- Hedge 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.

- Investments in subsidiaries are valued at fair value as determined on an adjusted net asset valuation basis.

7.2 Fair value hierarchy

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:

	2019 US $000 Level 1	2019 US $000 Level 2	2019 US $000 Level 3	2019 US $000 Total	2018 US $000 Level 1	2018 US $000 Level 2	2018 US $000 Level 3	2018 US $000 Total
Assets								
Fixed income investments	1,127	98,418	–	99,545	1,100	97,081	38,490	136,671
Private equities	–	–	6,204	6,204	–	–	6,387	6,387
Public equity investments	1,710	–	–	1,710	1,477	–	–	1,477
Hedge funds	–	–	–	–	–	1,117	–	1,117
Investments in subsidiaries	–	–	5,787	5,787	–	–	5,205	5,205
	2,837	98,418	11,991	113,246	2,577	98,198	50,082	150,857
Liabilities	–	–	–	–	–	–	–	–

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting year.
No financial assets or liabilities have been transferred between different levels.

Financial assets within level 3 can be reconciled from beginning to ending balances as follows:

	At fair value through OCI	At fair value through profit or loss	Investments in subsidiaries	
	Private equities US $000	Fixed Income investments US $000	US $000	Total US $000
As at 1 January 2018	7,129	25,515	5,426	38,070
Purchases	–	75,000	–	75,000
Settlement	(1,055)	(62,500)	–	(63,555)
Gains / (losses) recognised in:				
– Profit or loss	–	475	(221)	254
– Other comprehensive income	313	–	–	313
As at 1 January 2019	6,387	38,490	5,205	50,082
Purchases	–	23,000	–	23,000
Settlement	(33)	(60,500)	–	(60,533)
Gains / (losses) recognised in:				
– Profit or loss		(990)	582	(408)
– Other comprehensive income	(150)	–	–	(150)
As at 31 December 2019	6,204	–	5,787	11,991

The above gains and losses recognised can be allocated as follows:

	At fair value through OCI	At fair value through profit or loss	Investments in subsidiaries	
	Private equities US $000	Fixed Income investments US $000	US $000	Total US $000
2018				
Profit or loss				
- Financial assets held at year-end	-	990	(221)	769
- Financial assets not held at year-end	-	(515)	-	(515)
Other comprehensive income				
- Financial assets held at year-end	313	-	-	313
Total gains / (losses) for 2018	313	475	(221)	567

	At fair value through OCI	At fair value through profit or loss	Investments in subsidiaries	
	Private equities US $000	Fixed Income investments US $000	US $000	Total US $000
2019				
Profit or loss				
- Financial assets held at year-end	-	-	582	582
- Financial assets not held at year-end	-	(990)	-	(990)
Other comprehensive income				
- Financial assets held at year-end	(150)	-	-	(150)
Total gains / (losses) for 2019	(150)	(990)	582	(558)

The Company has not developed any quantitative unobservable inputs for measuring the fair value of its level 3 financial assets at 31 December 2019 and 2018. Instead the Company used prices from third-party pricing information without adjustment.

Fixed income investments within level 3 represent open warehouses that have been valued based on their net asset value. The net asset value of a warehouse is primarily driven by the fair value of its underlying loan asset portfolio (as determined by the warehouse's manager) plus received and accrued interest less the nominal value of the financing and accrued interest on the financing. In all cases, due to the nature and the short life of a warehouse, the carrying amounts of the warehouses' underlying assets and liabilities are considered as representative of their fair values.

Private equities within level 3 represent investments in private equity funds. Their value has been determined by each fund manager based on the funds' net asset value. Each fund's net asset value is primarily driven by the fair value of its underlying investments. In all cases, considering that such investments are measured at fair value, the carrying amounts of the funds' underlying assets and liabilities are considered as representative of their fair values.

Investments in subsidiaries have been valued based on their net asset position. The main assets of the subsidiaries represent investments measured at fair value and receivables from the Company itself. Their net asset value is considered as a fair approximation of their fair value.

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.

8. Investments in subsidiaries

	2019 US $000	2018 US $000
Unconsolidated subsidiaries		
As at 1 January	5,205	5,426
Fair value gain / (loss)	582	(221)
As at 31 December	5,787	5,205

Details of the investments in which the Company has a controlling interest as at 31 December 2019 are as follows:

Name of Subsidiary	Place of incorporation	Holding	Voting rights and shares held	Principal activity
Consolidated subsidiaries				
Livermore Capital AG	Switzerland	Ordinary shares	100%	Administration services
Livermore Investments Cyprus Limited	Cyprus	Ordinary shares	100%	Administration services Under liquidation- see below
Unconsolidated subsidiaries				
Livermore Properties Limited	British Virgin Islands	Ordinary shares	100%	Holding of investments
Mountview Holdings Limited	British Virgin Islands	Ordinary shares	100%	Investment vehicle
Sycamore Loan Strategies Ltd	Cayman Islands	Ordinary shares	100%	Investment vehicle
Livermore Israel Investments Ltd	Israel	Ordinary shares	100%	Holding of investments
Sandhirst Limited	Cyprus	Ordinary shares	100%	Holding of investments

Livermore Investments Cyprus Ltd during the period ceased its activities, and as a result has been deconsolidated by 30 June 2019. The Directors' intention is to dissolve it after the reporting date. The fair value and the net asset value (no assets or liabilities) at 30 June 2019 is nil, therefore upon deconsolidation no amount has been added to the investment in subsidiaries.

9. Trade and other receivables

	2019 US $000	2018 US $000
Financial items		
Accrued interest and distribution income	80	1
Amounts due by related parties (note 23)	8,091	3,104
	8,171	3,105
Non-Financial items		
Prepayments	71	60
VAT receivable	9	3
	8,251	3,168

For the Company's receivables of a financial nature, no lifetime expected credit losses and no corresponding allowance for impairment have been recognised, as their default rates have been determined to be close to 0%.

No receivable amounts have been written-off during either 2019 or 2018.

10. Cash and cash equivalents

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

	2019 US $000	2018 US $000
Demand deposits	41,499	26,214
Short-term fixed deposits	15,000	-
Cash at bank	56,499	26,214

11. 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 US $000
Ordinary shares with no par value		
As at 31 December 2019 and 2018	174,813,998	169,187

12. Share options

The Company had a share option scheme under which it granted share options to employees for acquiring ordinary shares of the Company. The options lapsed at the earliest of the expiry date of exercise period or the termination of the corresponding employee's service. The last tranche of options lapsed unexercised during 2018.

13. Trade and other payables

	2019 US $000	2018 US $000
Financial items		
Trade payables	23	44
Amounts due to related parties (note 23)	4,468	5,488
Accrued expenses	416	395
	4,907	5,927

14. Dividend

At 30 December 2019, the Board announced an interim dividend of USD 6m (USD 0.0343 per share) to members on the register on 24 January 2020. The dividend was paid on 21 February 2020.

15. 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 in issue during the relevant financial periods.

	2019	2018
Net assets attributable to ordinary shareholders (USD 000)	173,080	174,333
Closing number of ordinary shares in issue	174,813,998	174,813,998
Basic net asset value per share (USD)	0.99	1.00

The diluted net asset value per share equals the basic net asset value per share since no potentially dilutive shares exist as at 31 December 2019 and 2018.

16. Segment reporting

The company's activities fall under a single operating segment.

The Company's investment income and its investments are divided into the following geographical areas:

Investment Income	2019 US $000	2018 US $000
Other European countries	(463)	(217)
United States	5,096	15,411
India	(171)	(89)
Asia	(792)	(944)
	3,670	14,161
Investments		
Other European countries	2,215	2,209
United States	100,235	138,310
India	716	712
Asia	10,080	9,626
	113,246	150,857

Investment income, comprising interest and distribution income as well as gains or losses on investments, is allocated on the basis of the issuer's location. Investments are also allocated based on the issuer's location.

The Company has no significant dependencies, in respect of its investment income, on any single issuer.

17. Interest and distribution income

	2019 US $000	2018 US $000
Interest from investments	695	101
Distribution income	28,333	31,440
	29,028	31,541

Interest and distribution income is analysed between different categories of financial assets, as follows:

	2019			2018		
	Interest from investments US $000	Distribution income US $000	Total US $000	Interest from investments US $000	Distribution income US $000	Total US $000
Financial assets at fair value through profit or loss						
Fixed income investments	695	28,002	28,697	75	29,728	29,803
Public equity investments	–	331	331	–	868	868
	695	28,333	29,028	75	30,596	30,671
Financial assets at fair value through other comprehensive income						
Private equities	–	–	–	–	844	844
Financial assets at amortised cost						
Loan receivable (note 23)	–	–	–	26	–	26
	695	28,333	29,028	101	31,440	31,541

The Company's distribution income derives from multiple issuers. The Company does not have concentration to any single issuer.

18. Changes in value of investments

	2019 US $000	2018 US $000
Fair value losses on financial assets through profit or loss	(25,940)	(17,159)
Fair value gain / (loss) on investment in subsidiaries	582	(221)
	(25,358)	(17,380)

The investments disposed of had the following cumulative (i.e. from the date of their acquisition up to the date of their disposal) financial impact in the Company's net asset position:

	Disposed in 2019			Disposed in 2018		
	Realised (losses)/ gains*	Cumulative distribution or interest	Total financial impact	Realised (losses)/ gains*	Cumulative distribution or interest	Total financial impact
Financial assets at fair value through profit or loss	US $000	US $000	US $000	US $000	US $000	US $000
Fixed income investments	(9,926)	19,839	9,913	(7,703)	31,875	24,172
Public equities	–	–	–	622	1	623
	(9,926)	19,839	9,913	(7,081)	31,876	24,795
Financial assets at fair value through OCI						
Private equities	147	301	448	(16,051)	1,777	(14,274)
	(9,779)	20,140	10,361	(23,132)	33,653	10,521

** difference between disposal proceeds and original acquisition cost*

19. Operating expenses

	2019 US $000	2018 US $000
Directors' fees and expenses	2,307	5,730
Other salaries and expenses	202	156
Professional fees	1,360	1,896
Legal expenses	18	27
Bank custody fees	111	104
Office costs	221	382
Depreciation	98	8
Other operating expenses	726	588
Audit fees	89	82
	5,132	8,973

Throughout 2019 the Company employed 4 members of staff (2018: 4). Two of those members are the Company's executive Directors.

Other salaries and expenses include USD 10,708 of social insurance and similar contributions (2018: USD 13,445), as well as USD 4,898 of defined contributions plan costs (2018: USD 3,252).

20. Finance costs and income

	2019 US $000	2018 US $000
Finance costs		
Bank interest expense	18	30
Foreign exchange loss	–	215
	18	245
Finance income		
Bank interest income	437	233
Foreign exchange gain	113	–
	550	233

21. Taxation

	2019 US $000	2018 US $000
Current tax charge	151	14

The Company is a British Virgin Islands (BVI) international business company and until early 2019 was not subject to corporation tax, under the BVI laws. During 2019 the Company became a tax resident in the Republic of Cyprus and since then it is subject to taxation under the tax law and regulations in Cyprus.

The current tax charge relates to the results of the Company for 2019, as explained above, and the Company's consolidated subsidiaries in Switzerland and Cyprus (note 8).

22. (Loss) / earnings per share

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

	2019	2018
(Loss) / profit for the year attributable to ordinary shareholders of the parent (USD 000)	(1,081)	5,162
Weighted average number of ordinary shares outstanding	174,813,998	174,813,998
Basic earnings per share (USD)	(0.006)	0.03

The diluted (loss) / earnings per share equals the basic (loss) / earnings per share since no potentially dilutive shares were in existence during 2019 and 2018.

23. Related party transactions

The Company is controlled by Groverton Management Ltd, an entity owned by Noam Lanir, which at 31 December 2019 held 76.62% (2018: 76.62%) of the Company's voting rights.

	2019 US $000	2018 US $000	
Amounts receivable from unconsolidated subsidiaries			
Sandhirst Ltd	161	104	(1)
Amounts receivable from key management			
Loan receivable	1,000	-	(2)
Amounts receivable from parent company			
Loan receivable	6,930	3,000	(3)
Amounts payable to unconsolidated subsidiaries			
Livermore Israel Investments Ltd	(3,522)	(3,522)	(4)
Amounts payable to other related party			
Loan payable	(149)	(149)	(5)
Amounts payable to key management			
Directors' current accounts	(7)	(1,105)	(4)
Other key management personnel	(790)	(712)	(6)
	(797)	(1,817)	
Key management compensation			
Short term benefits			
Executive Directors' fees	795	795	(7)
Executive Directors' reward payments	1,400	4,804	
Non-executive Directors' fees	87	60	
Non-executive Directors' reward payments	25	71	
Other key management fees	890	1,084	(8)
	3,197	6,814	

(1) The amounts receivable from unconsolidated subsidiaries and any Director's current accounts with debit balances are interest free, unsecured, and have no stated repayment date.
(2) A loan with a balance at 31 December 2019 of USD 1m was made during the year to a key management employee and a Company's Director. The loan is free of interest, is unsecured and is repayable on demand. This loan is included within trade and other receivables (note 9).
(3) A loan with a balance at 31 December 2019 of USD 6.93m was made to the Company's parent, Groverton Management Ltd. The loan is free of interest, is unsecured and is repayable on demand. This loan is included within trade and other receivables (note 9).
(4) The amounts payable to unconsolidated subsidiaries and Director's current accounts with credit balances are interest free, unsecured, and have no stated repayment date.
(5) A loan with a balance at 31 December 2019 of USD 0.149m (31 December 2019: USD 0.149m) has been received from a related company (under common control), Chanpak Ltd. The loan is free of interest, is unsecured and is repayable on demand. This loan is included within trade and other payables (note 13).
(6) The amount payable to other key management personnel relates to payments made on behalf of the Company for investment purposes and accrued consultancy fees.
(7) These payments were made directly to companies which are related to the Directors.
(8) Other key management fees are included within professional fees (note 19).

No social insurance and similar contributions nor any other defined benefit contributions plan costs were incurred for the Company in relation to its key management personnel in either 2019 or 2018.

Noam Lanir, through an Israeli partnership, is the major shareholder of Babylon Ltd, an Israel based Internet Services Company. The Company as of 31 December 2019 held a total of 1.941m shares at a value of USD 1.199m (2018: 0.618m shares at a value of USD 0.845m) which represents 4% of its effective voting rights. The investment in Babylon Ltd is held through the Company's subsidiary Livermore Israel Investments Ltd.

24. Litigation

Fairfield Sentry Ltd vs custodian bank and beneficial owners

One of the custodian banks that the Company used faces a contingent claim up to USD 2.1m, and any interest as will be decided by a US court and related legal fees, with regards to the redemption of shares in Fairfield Sentry Ltd, which were bought in 2008 at the request of Livermore and on its behalf. If the claim proves to be successful Livermore will have to compensate the custodian bank since the transaction was carried on Livermore's behalf. The same case was also filed in BVI where the Privy Council ruled against the plaintiffs.

As a result of the surrounding uncertainties over the existence of any obligation for Livermore, as well as for the potential amount of exposure, the Directors cannot form an estimate of the outcome for this case and therefore no provision has been made.

No further information is provided on the above case as the Directors consider it could prejudice its outcome.

25. Commitments

The Company has expressed its intention to provide financial support to its subsidiaries, where necessary, to enable them to meet their obligations as they fall due.

Other than the above, the Company has no capital or other commitments as at 31 December 2019.

26. Events after the reporting date

In March 2020, the World Health Organisation recognised that coronavirus (COVID-19) was in the state of pandemic. The Company continues to monitor the COVID-19 pandemic situation closely, with a focus on the impact on the Company's CLO and US senior secured loan portfolios. The spread of the virus, government policy responses and changing demand patterns are expected to have a negative impact on the operations and earnings of some of the borrowers in the CLO portfolio. The Company has been in close contact with managers of its individual CLO positions and is tracking the level of rating downgrades of underlying loans to CCC+/Caa rating and a worsening default outlook. A significant concentration of CCC+/Caa rated loans can turn off the distributions to the equity and lower mezzanine tranches of CLOs and would result in significant drop in the market values of those CLO portfolio constituents. The full extent of the impact will depend on the length and severity of the crisis and is expected to vary widely between sectors and companies.

The Company has been positioned very conservatively for several months with high liquidity and cash reserves (in excess of USD 60m as of 31 March 2020) and a CLO portfolio that consists largely of CLOs with long reinvestment periods, which should benefit somewhat from the volatility in the market. The Company has no debt.

In 2020 the Company invested an amount of USD 15m to a warehouse facility. Livermore's investment amount plus net carry amounting to a total of USD 16.5m became receivable in March 2020.

There were no other material events after the end of the reporting year, which have a bearing on the understanding of these financial statements.

27. Financial risk management objectives and policies

Background

The Company's financial instruments comprise financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets and liabilities at amortised cost that arise directly from its operations. For an analysis of financial assets and liabilities by category, refer to note 28.

Risk objectives and policies

The objective of the Company is to achieve growth of shareholder value, 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 Company.

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 Company in general does not hedge its currency exposure. The Company 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 Company 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 financial instruments denominated in foreign currencies held by the Company at 31 December 2019 is the following:

	2019 US $000	2019 US $000	2019 US $000	2018 US $000	2018 US $000	2018 US $000
	Financial assets	Financial liabilities	Net value	Financial assets	Financial liabilities	Net value
British Pounds (GBP)	2,850	(138)	2,712	2,690	(140)	2,550
Euro	537	(62)	475	482	(27)	455
Swiss Francs (CHF)	3,592	(129)	3,463	3,507	(50)	3,457
Israel Shekels (ILS)	5,153	(3,522)	1,631	5,814	(3,522)	2,292
Total	12,132	(3,851)	8,281	12,493	(3,739)	8,754

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 2019 would have the following impact. A 10% decrease of the following currencies against USD would have an approximately equal but opposite impact.

	2019 US $000	2019 US $000	2018 US $000	2018 US $000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
British Pounds (GBP)	200	72	184	71
Euro	47	-	46	-
Swiss Francs (CHF)	346	-	346	-
Israel Shekels (ILS)	163	-	229	-
Total	756	72	805	71

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

Interest rate risk

The Company is exposed to interest rate risk on its interest-bearing instruments which are affected by changes in market interest rates.

As at 31 December 2019 the Company had no financial liabilities that bore an interest rate risk.

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 Company 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 Company's fixed rate financial assets is likely to be negatively impacted by an increase in interest rates. The interest income of the Company's floating rate financial assets is likely to be positively impacted by an increase in interest rates.

The Company has exposure to US bank loans through CLO equity tranches as well as through warehousing facilities. An investment in the CLO equity tranche or first loss tranche of a warehouse represents a leveraged investment into such loans. As these loans (assets of a CLO) and the liabilities of a CLO are floating rate in nature (typically 3 month LIBOR as the base rate), the residual income to CLO equity tranches and warehouse first loss tranches is normally linked to the floating rate benchmark and thus normally do not carry substantial interest rate risk.

The Company's financial assets and liabilities affected by interest rate changes are as follows:

	2019 US $000	2018 US $000
Financial assets – subject to:		
• fair value changes	1,128	1,100
• interest changes	56,499	26,214
Total	**57,627**	**27,314**

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.

	2019 US $000	2019 US $000	2018 US $000	2018 US $000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Financial assets				
• fair value changes	(2)	-	(160)	-
• interest changes	565	-	262	-
	563	-	102	-

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

Market price risk

By the nature of its activities, most of the Company'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 Company had no single major financial instrument that in absolute terms and as a proportion of the portfolio could result in a significant reduction in the NAV and share price. Due to the very low exposure of the Company 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 market price risk. The Company mainly has investments in CLO equity tranches as well as first loss tranches of warehouse facilities. Investments in the equity tranche of US CLOs represent a levered exposure to senior secured corporate loans in the US, and are thus subject to many risks including but not limited to lack of liquidity, credit or default risk, and risks related to movements in market prices as well as the variations of risk premium in the market.

Prices of these CLO investments may be volatile and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including but not limited to changes in prevailing credit spreads and yield expectations, interest rates, underlying portfolio credit quality and market expectations of default rates on non-investment grade loans, general economic conditions, financial market conditions, legal and regulatory developments, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors that constitute the underlying portfolio.

A 10% uniform change in the value of the Company's portfolio of financial assets (excluding level 3 investments) would result in a 5.85% change in the net asset value as at 31 December 2019 (2018: 7.99%), and would have the following impact (either positive or negative, depending on the corresponding sign of the change):

	2019 US $000	2019 US $000	2018 US $000	2018 US $000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Financial assets at fair value through other comprehensive income	-	-	-	112
Financial assets at fair value through profit or loss	10,125	-	13,815	-
	10,125		13,815	112

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 and would not materially impact the portfolio returns if a large market movement did occur.

Credit Risk

The Company invests in a wide range of securities with various credit risk profiles including investment grade securities and sub investment grade positions. The investment manager mitigates the credit risk via diversification across issuers. However, the Company is exposed to a migration of credit rating, widening of credit spreads and default of any specific issuer.

The Company 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 Company is mainly exposed to credit risk in respect of its fixed income investments (mainly CLOs) and to a lesser extend in respect of its financial assets at amortised cost, and other instruments held for trading (perpetual bonds).

The Company's maximum credit risk exposure at 31 December 2019 is as follows:

	2019 US $000	2018 US $000
Financial assets:		
At amortised cost		
• Trade and other receivables	8,172	3,105
• Cash at bank	56,499	26,214
	64,671	29,319
Financial assets at fair value through profit or loss	99,545	136,671
	164,126	**165,990**

No collaterals are held by the Company itself in relation to the Company's financial assets subject to credit risk.

The fair values of the above financial assets at fair value through profit or loss 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 Company has exposure to US senior secured loans and to a lesser degree emerging market loans through CLO equity tranches as well as warehouse first loss tranches. These loans are primarily non-investment grade loans or interests in non-investment grade loans, which are subject to credit risk among liquidity, market value, interest rate, reinvestment and certain other risks. It is anticipated that these non-investment grade loans generally will be subject to greater risks than investment grade corporate obligations.

A non-investment grade loan or debt obligation or an interest in a non-investment grade loan is generally considered speculative in nature and may become a defaulted security for a variety of reasons. A defaulted security may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted security. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted security. Bank loans have historically experienced greater default rates than has been the case for investment grade securities.

The Company has no investment in sovereign debt as at 31 December 2019 or 2018.

At 31 December the credit rating distribution of the Company's asset portfolio subject to credit risk was as follows:

Rating	2019 Amount US $000	Percentage	2018 Amount US $000	Percentage
AA	48,143	29.3%	18,632	11.2%
A	6,433	3.9%	2,703	1.6%
A-	-	-	3,570	2.2%
B	874	0.5%	2,073	1.2%
BB+	1,127	0.7%	1,101	0.7%
BBB	1,936	1.2%	1,309	0.8%
B-	4,239	2.6%	-	-
Not Rated	101,464	61.8%	136,602	82.3%
	164,189	100%	165,990	100%

Included within "not rated" amounts are investments in loan market through CLOs (equity tranches) of USD 98.417m and open warehouses of USD 0.0m (2018: CLOs of USD 97.080m and open warehouses of USD 38.490m).

The modelled IRRs on the CLO portfolio as well as the warehouse first loss tranches are in low teens percentage points.

Liquidity Risk

The following table summarizes the contractual cash outflows in relation to the Company's financial liabilities according to their maturity.

	Carrying amount US $000	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 2019					
Trade and other payables	4,907	4,907	-	-	-
Total	4,907	4,907	-	-	-

	Carrying amount US $000	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 2018					
Trade and other payables	5,927	5,927	-	-	-
Total	5,927	5,927	-	-	-

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

There is currently no exchange traded market for CLO securities and they are traded over-the-counter through private negotiations or auctions subject to market conditions. Currently the CLO market is liquid, but in times of market distress the realization of the investments in CLOs through sales may be below fair value.

Warehouse facilities are private negotiated financing facilities and are not traded and have no active market. The Company, however, can opt to terminate such facility.

Management takes 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.

At 31 December 2019, the Company had liquid investments totalling USD 157.7m, comprising of USD 56.5m in cash and cash equivalents, USD 98.4m in investments in loan market through CLOs, USD 1.1m in other fixed income investments, USD 1.7m in public equities. Management structures and manages the Company'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 Company's treasury function.

Capital Management

The Company considers its capital to be its issued total equity (i.e. its share capital and all of its reserves).

The Company 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:

	2019 US $000	2018 US $000
Cash at bank	(56,499)	(26,214)
Net Debt	(56,499)	(26,214)
Total equity	173,080	174,333
Net debt to equity ratio	(0.33)	(0.15)

28. Financial assets and liabilities by class

	Note	2019 US $000	2018 US $000
Financial assets:			
Financial assets at amortised cost	9,10	64,750	29,382
Financial assets at fair value through profit or loss	4	101,255	138,148
Financial assets designated at fair value through other comprehensive income	5	6,204	7,504
		172,209	175,034
Financial liabilities:			
Financial liabilities at amortised cost	13	4,907	5,927

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:

Link Asset Services
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone: 0871 664 0300
Facsimile: 020 8639 2342

Change of Address

Shareholders can change their address by notifying Link Asset Services 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 Link Asset Services.

Lost Share Certificate

If your share certificate is lost or stolen, you should immediately contact Link Asset Services on 0871 664 0300who 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 Link Asset Services on 0871 664 0300.

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

Corporate Directory

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Chris Sideras

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