Livermore Investments Group Limited

Annual Report & Consolidated Financial Statements for the year ended 31 December 2016

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Highlights

- Net Asset Value per share increased 16.8% to USD 0.90 (December 2015: USD 0.77).
- In addition, the Company returned USD 22.9m to shareholders in 2016 by distributing a dividend of USD 0.0858 per share and buying back 17,475,585 shares at an average price of GBP 0.34.
- Successfully sold its Wyler Park property in Bern in 2016. The investment generated a total return of 122% on the investment amount.
- CLO portfolio performed strongly generating over 41% gains in 2016.

Chairman's and Chief Executive's Review

Introduction

We are pleased to announce the consolidated financial results for Livermore Investments Group Limited ("Livermore" or "the Company") and its subsidiaries (together "the Group") for the year ended 31 December 2016.

The year-end NAV was USD 0.90 per share after payment of a USD 15m dividend, USD 0.0858 per share (2015 NAV: USD 0.77 per share). Further, the Company bought back 17,475,585 shares in the year for a total cost of USD 7.86m. Net profit, including discontinued operations, for the year was USD 34.0m (2015 Net loss: USD 4.7m).

Following the successful refinancing and lease extension with SBB of its Wyler Park property in Bern, the Company took advantage of strong demand for properties offering stable yields in the market and sold the property in October 2016 generating a total return of 122% on invested capital.

The Company recorded gains from the sale of the Wyler Park property and a solid performance from the financial portfolio as the CLO market recovered sharply after management took advantage of low prices earlier in the year. Interest and dividend income from the financial portfolio totalled USD 26.3m (2015: USD 25.7m).

Financial Review

The NAV of the Group at 31 December 2016 was USD 157.2m (2015: USD 148.6m). Net profit, including discontinued operations, during the year was USD 34m, which represents earnings per share of USD 0.19.

Administrative expenses, including discontinued operations, excluding provisions were USD 8.2m (2015: USD 5.2m).

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

	31 December 2016		**31 December 2015**
	US $m		**US $m**
Shareholders' funds at beginning of year	148.6		160.0
	_________		_________
Income from investments	30.4		30.9
Disposal of Wyler Park	7.6		-
Other income	-		0.1
Realised gains / (losses) on investments	0.3		(2.5)
Loss on impairment of investments	-		(31.7)
Unrealised gains on investments	(2.9)		8.4
Unrealised exchange profit / (losses)	1.7		(0.4)
Administration costs	(8.2)		(5.2)
Net finance costs	(1.2)		(2.5)
Tax credit / (charge)	3.8		(2.0)
	_________		_________
Increase / (decrease) in net assets from operations	31.5		(4.9)
Purchase of own shares	(7.9)		(1.5)
Dividends paid	(15.0)		(5.0)
	_________		_________
Shareholders' funds at end of year	157.2		148.6
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Net Asset Value per share	*US $0.90*		*US $0.77*

Dividend & Buyback

For the year ended 31 December 2016, the Board announced an interim dividend of USD 15m (USD 0.0858 per share) to members on the register on 6 January 2017. The dividend was paid on 27 January 2017.

During 2016, the Company bought back 17,475,585 shares to be held in treasury for a total cost of USD 7.86m. As at 31 December 2016, the Company held 129,306,403 shares in treasury.

Richard B Rosenberg Chairman	Noam Lanir Chief Executive Officer

25 May 2017

Review of Activities

Introduction and Overview

The Company had a very strong performance in 2016, demonstrating the knowledge and skills of the management team to create value as well as the resilience of the portfolio. Despite a tough start from a global economy and financial markets perspective, the Company generated a 16.8% increase in Net Asset Value per share in 2016. The success in 2016 came headwinds in the energy and commodity markets and unexpected geo-political events such as "Brexit" and the US election results.

During the year, significant effort was put into actively managing the CLO portfolio as well as negotiating the sale of the Wyler Park property. Active CLO portfolio management included several secondary purchases when the markets mispriced credit risk earlier in the year as well as engaging with CLO managers to manage risky loans and taking advantage of the weak US Leveraged Loan market to increase spread on the underlying collateral. Further, management converted its existing warehouse into a CLO and the warehouse generated a 23% return over its 10 months' life.

The Wyler Park sale was accomplished as a sale of shares of the company holding the Wyler Park asset generating a total return of 122% on invested capital. The sale generated USD 57.2m in net cash to the Company.

In 2016, the Group generated interest and dividend income of USD 26.3m and investment property income of USD 4.5m. The Group reported NAV/share of USD 0.90 after a dividend of USD 0.0858/share (2015: USD 0.77) and net profit of USD 34m. Administrative expenses amount to USD 8.2m (2015: USD 5.2m) and finance costs were USD 1.2m (2015: USD 2.5m).

The Group 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 members have 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 Group is well positioned to benefit from current market conditions.

Global Investment Environment

The moderate global economic recovery continued in 2016. Following subdued growth in the first half of the year, the global economy gained momentum primarily stimulated by developments in the US. Favourable financing conditions, robust economic growth in China and the stabilisation of commodity prices contributed to the slight upturn in global manufacturing. The economic situation in many commodity exporting countries, however, remained challenging. Oil and commodity prices recovered somewhat over the course of the year.

Inflation, as measured by the CPI, remained below central bank targets in most advanced economies. Compared to 2015, however, annual inflation recorded a slight increase in most cases, predominantly due to higher energy prices. In the euro area, inflation dropped to an average of 0.2%, remaining well short of the ECB's price stability objective of 'below, but close to 2%'. In the US, inflation reached 2.1% in December 2016, its highest level since June 2014, and averaged 1.3% in 2016, following virtual price stagnation in the previous year.

Economic growth in the US averaged 1.6% in 2016, down significantly over the previous year. The strength of the US dollar and rising credit risk premia dampened investment and exports. Furthermore, investment activity in the energy and mining sector continued to decline due to low oil and commodity prices. In the second half of the year, however, the US economy gained momentum driven by private consumption. The labour market edged closer to full employment with the unemployment rate down to 4.7% by the end of the year.

In the euro area, GDP advanced by 1.7% in 2016, having grown by 2.0% the previous year. The expansionary monetary policy of the European Central Bank (ECB) continued to bolster economic developments. The economy picked up in all euro area countries and was broad based, with Germany remaining the driving force. Low energy prices and favourable financing conditions contributed to domestic demand, while exports expanded slightly thanks to the weak euro. Employment continued to gain momentum and the unemployment rate dropped below 10%.

Japan's moderate economic recovery continued in 2016, with GDP advancing by 1.0%. However, the substantial appreciation of the yen in the first half of 2016 weighed significantly on the Japanese economy. Consequently, the government launched a comprehensive economic stimulus package and postponed the next consumption tax increase. The labour market continued to improve and the unemployment rate registered a further decline, dropping to 3.1% by December.

Switzerland's economy gained some momentum in 2016, sustaining its recovery from the sharp appreciation of the Swiss franc at the beginning of 2015. GDP was up by 1.3%, following growth of 0.8% in the previous year whereas the situation on the labour market continued to stabilise.

Disappointing manufacturing indicators in China at the beginning of the year raised concerns about the country's growth outlook, leading to turbulence on the international financial markets. Monetary and fiscal stimulus measures subsequently helped to stabilise the economy. GDP growth averaged 6.7% in 2016.

The Indian economy developed favourably overall. GDP grew slightly above potential (around 7%) in the first three quarters. In addition, the government made some headway with important reform packages, such as the nationwide harmonisation of the goods and services tax. In November, the government carried out a surprise currency reform aimed at curtailing the shadow economy, but bottlenecks in the supply and distribution of new banknotes put a considerable damper on economic growth.

In view of low core inflation, central banks in many countries maintained their expansionary monetary policies. One exception was the US, where inflation had come in close to target. Given the favourable labour market situation and satisfactory inflation development, the US Federal Reserve raised the target range for its policy rate by 0.25 percentage points to between 0.5% and 0.75% in December. The ECB, by contrast, introduced further substantial easing measures lowering its deposit rate by 0.1 percentage points to – 0.4%, and the main refinancing rate by 0.05 percentage points to 0%. Furthermore, it increased its monthly asset purchases and pledged to purchase corporate bonds for the first time. Persistently low inflation induced the Bank of Japan to adopt negative rates and yield curve control policies.

Global financial markets started the year on the back foot as concerns over China's growth and capital flight issues took hold and the market digested the US Federal Reserve's expectation of multiple rate hikes in 2016. Already high credit risk premia and the downslide in oil and commodity markets did not help the situation. However, the financial markets recovered sharply from March onwards as the ECB and the Bank of Japan instituted additional easing measures and data out of China was supportive.

The S&P 500 Index dropped 11.5% but recovered sharply and ended the year 9.8% higher than the start of the year whereas the EuroStoxx 50 Index recovered to almost flat levels after dropping 18.5% earlier in the year. The yields on the US treasury bonds ended marginally higher at 2.444% versus 2.2694% at the start of the year as expectations of expansionary fiscal policies took hold with the election of a new US President. However, German and Euro area government bond yields declined on account of lower interest rates and additional monetary policy easing. Credit spreads recovered sharply in response to better growth prospects, recovery in energy and commodity markets, and additional monetary policy easing. US High yield and Leveraged Loan markets generated total returns of 17.5% and 9.88% as measured by the Bloomberg Barclays US Corporate High Yield Total Return Index and the Credit Suisse Leveraged Loan Index respectively.

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 and trading activity

The Group manages a financial portfolio valued at USD 103.3m as at 31 December 2016, which is invested mainly in fixed income and credit related securities.

The following is a table summarizing the financial portfolio as of year-end 2016

Name	2016 Book Value US $m	2015 Book Value US $m
Investment in the loan market through CLOs	81.8	66.0
Open Warehouse facilities	17.3	5.0
Hedge Funds	1.0	1.0
Perpetual Bonds	1.2	1.8
Other Public Equities	2.0	2.9
Invested Total	**103.3**	**76.7**
Cash	**60.4**	**25.8**
Total	**163.7**	**102.5**

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.

With the energy and commodity complex continuing to trade at very low levels, 2016 had a difficult start for the credit and US Leveraged Loan and CLO market. US senior secured loans offered wide spreads and very attractive risk-return characteristics. By mid-March, however, the credit markets and US Leveraged Loan markets started a strong recovery as investors saw the value and concerns about defaults and economic growth diminished. The US Leveraged Loan market returned an impressive 9.88% in 2016 as measured by the Credit Suisse Leveraged Loan Index, the highest annual return since 2010.

As expected, CLO managers also took advantage of the weaker loan market earlier in the year and invested in higher spreads and lower priced loans to add value. In addition, with the specialized experience of management, the Company bought strong performing CLO equity positions at deep discount, while the existing portfolio continued to outperform the market - highlighting management's strong selection and origination expertise. Further, as spreads in the debt markets tightened, management worked with its CLO managers and refinanced a few of its positions to lower the cost of financing in those CLOs.

The Group's CLO portfolio generated a return of approximately 40% in 2016 and continued to generate strong cash flows aggregating USD 26.0m in 2016. In addition, the Group converted its warehouse into a CLO and generated a 23% cash return during the 10 month warehousing period. In the second half of the year, the Company invested in the first-loss tranche of three new warehouse facilities with long tenures and no mark-to-market triggers. Management successfully converted these warehouses into new issue CLOs in 2017 as it expects cost of CLO financings to decline materially given the demand for floating rate secured debt. As of the end of the year 2016, all of the Group'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 with better quality loans and conduct relative value as well as opportunistic trading.

Looking into the near future, management believes that default rates should continue to stay below historical averages as only 4.4% of the US Leveraged Loan market matures before 2019 and the new US Government expects to increase economic growth. Management continues to focus on sectors such as Retail, Healthcare and Energy that are expected to undergo shifts due to technology or regulation.

While management maintains a positive view on the CLO portfolio, mid-long 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. Despite positive developments in the overall health of the US economy, we acknowledge the continued below trend growth globally as well as headwinds relating to the potential monetary tightening in the US, weak commodity markets and geopolitical risks.

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

	2016 Amount **US $000**	Percentage	2015 Amount **US $000**	Percentage
US CLOs	78,725	96.28%	60,401	91.6%
Global Credit CLOs	2,495	3.05%	4,780	7.2%
European CLOs	548	0.67%	765	1.2%
	81,768	100%	65,946	100%

Private Equity Funds

The other private equity investments held by the Group are incorporated in the form of Managed Funds (mostly closed end funds) mainly in the emerging economies of India and China. The investments of these funds into their portfolio companies were mostly done in 2008 and 2009. The Group expects material exits of portfolio companies from funds to materialize between 2017 and 2020. During the reporting period distributions of USD 0.2m were received from SRS Private.

The following summarizes the book value of the private equity funds as at year-end 2016

Name	Book Value US $m
Evolution Venture (Israel)	1.9
SRS Private (India)	1.3
Elephant Capital (India)	0.6
Da Vinci (Russia)	0.4
Panda Capital (China)	0.3
Other investments	1.0
India Blue Mountains (India)	-
Total	**5.5**

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

SRS Private Fund: SRS Private is a private equity fund focused on real estate in India. The fund has invested in residential and mixed use projects in India as well as directly in certain real estate companies. The assets are primarily located in and around major cities of India such as Mumbai and Hyderabad. In 2016, the fund distributed USD 0.2m from proceeds of its investment in SRS Charminar.

Elephant Capital: India-focused private equity fund, which is AIM quoted (Ticker: ECAP). During the period, 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. As of August 2016, the fund reported an unaudited NAV of 0.36 pence per share.

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.

Panda Capital: Panda Capital is a China-based private equity fund focused on early-stage industrial operations in China. The fund's main investment is in a bamboo flooring company in China, which provides an innovative low cost alternative to hardwood flooring in shipping containers. The manager is in the process of building up operational capacity for product manufacturing.

India Blue Mountains: India Blue Mountains was a hotel and hospitality development fund that has been reorganized into three separate companies each holding a hotel development in India in Mumbai, Pune and Goa. Once developed, all hotels will be managed by the Accor Group (Novotel brands). Accor has also invested equity and holds a 26% stake in all of the hotels. The Pune hotel is now operational.

Given the high debt load on the individual assets, as well as delays and underperformance, net asset values for the properties held under the SPVs have been reduced to nil.

The following table reconciles the review of activities to the Group's financial assets as of 31 December 2016

Name	2016 Book Value US $m
Financial Portfolio	103.3
Private Equity Funds	5.5
Total	**108.8**
Financial assets at fair value through profit or loss (note 5)	102.1
Financial assets at fair value through other comprehensive income (note 6)	6.7
Total	**108.8**

Events after the reporting date

The three warehouse facilities that the Company invested in, during 2016, were converted to CLOs in May 2017. For two out of the three warehouses, with a carrying amount as at 31 December 2016 of USD 11.185m, the company invested an additional amount of USD 15.5m during 2017 (before their conversion). For these two warehouses, Livermore's investment amount plus net carry amounting to USD 28.1m became receivable in May 2017. For the other one, with a carrying amount as at 31 December 2016 of USD 6.066m, the Company invested an additional amount of USD 3m during 2017 (before its conversion). For that warehouse, the amount to be received has not yet been determined, however it is expected that it will exceed Livermore's investment amount. There were no other material events after the end of the reporting year, which have a bearing on the understanding of these consolidated financial statements.

Litigation

At the time of this Report, there is one matter in litigation that the Group is involved in. Further information is provided in note 33 to the consolidated financial statements.

Report of the Directors

The Directors submit their annual report and audited consolidated financial statements of the Group for the year ended 31 December 2016.

The Board's objectives

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

The Board of Directors

Richard Barry Rosenberg (age 61), Non-Executive Director, Chairman of the Board

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

Noam Lanir (age 50), Founder and Chief Executive Officer

Noam founded the Group in July 1998, to develop a specialist online marketing operation. Noam has led the growth and development of the Group's operations over the last eighteen 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 49), 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 16 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 a LLB (LAW) and BA in Economics from Tel Aviv University.

Directors' responsibilities in relation to the consolidated financial statements

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

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

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

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions, and at any time enable the financial position of the Group to be determined with reasonable accuracy and enable them to ensure that the consolidated financial statements comply with the applicable law and International Financial Reporting Standards as adopted by the European Union. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to the Auditor

In so far as the Directors are aware:

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

Substantial Shareholdings

As at 23 April 2017 the Directors are aware of the following interests in 3 per cent or more of the Company's issued ordinary share capital:

	Number of Ordinary Shares	***% of issued ordinary share capital***	***% of voting rights****
Groverton Management Ltd	133,936,588	44.04	76.62
RB Investments GmbH	25,456,903	8.37	14.56
Merrill Lynch Pierce, Fenner & Smith, Inc	9,329,051	3.07	5.34

* after consideration of treasury shares (note 15).

Save as disclosed in this report and in the remuneration report, the Company is not aware of any person who is interested directly or indirectly in 3% 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 31 to the consolidated financial statements.

Corporate Governance Statement

Introduction

The Company recognises the importance of the principles of good Corporate Governance and the Board is pleased to accept its commitment to such high standards throughout the year. As an AIM quoted company, Livermore is not required to follow the provisions of the UK Corporate Governance Code (the "Code").

The Board Constitution and Procedures

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

A formal schedule of matters is reserved for consideration by the Board, which meets approximately four times each year. The Board is responsible for implementation of the investing strategy as described in the circular to shareholders dated 6 February 2007 and adopted pursuant to shareholder approval at the Company's EGM on 28 February 2007. It reviews the strategic direction of the Group, its codes of conduct, its annual budgets, its progress towards achievement of these budgets and any capital expenditure programmes. In addition, the Directors have access to advice and services of the Company Secretary and all Directors are able to take independent professional advice if relevant to their duties. The Directors receive training and advice on their responsibilities as necessary. All Directors, submit themselves to re-election at least once every three years.

Board Committees

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

Remuneration Committee

The Remuneration Committee comprises of the Non-Executive Chairman of the Board and a Non-Executive Director. Following the resignation of one of the Non-Executive Directors, this committee has one member until a new Non-Executive Director is appointed. The Remuneration Committee considers the terms of employment and overall remuneration of the Executive Directors and key members of Executive management regarding share options, salaries, incentive payments and performance related pay. The remuneration of Non-Executive Directors is determined by the Board.

Audit Committee

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

Communication with Investors

The Directors are available to meet with shareholders throughout the year. In particular the Executive Directors prepare a general presentation for analysts and institutional shareholders following the interim and preliminary results announcements of the Company. The chairman, Richard Rosenberg, is available for meetings with shareholders throughout the year. The Board endeavours to answer all queries raised by shareholders promptly.

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

Internal Control

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

The Group operates a sound system of internal control, which is designed to ensure that the risk of mis-statement or loss is kept to a minimum.

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

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

Going Concern

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about interest and dividend income, future trading performance, valuation projections and debt requirements. On the basis of this review, the Directors have a reasonable expectation that the Company and the Group have 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 2016 were as follows:

Directors' Emoluments

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

Director	Date of agreement	Fees US $000	Benefits US $000	Reward payments US $000	Total emoluments 2016 US $000	2015 US $000
Richard Barry Rosenberg	10/06/05	60	-	50	110	91
Noam Lanir	10/06/05	400	45	500	945	445
Ron Baron	01/09/07	350	-	3,628	3,978	1,878

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

Directors' Interests

Interests of Directors in ordinary shares

	Notes	As at 31 December 2016			As at 31 December 2015		
		Number of Ordinary Shares	Percentage of ordinary share capital	Percentage of *voting rights*	Number of Ordinary Shares	Percentage of ordinary share capital	Percentage of *voting rights*
Noam Lanir	a)	133,936,588	44.041%	76.620%	151,412,173	49.787%	78.740%
Ron Baron	b)	25,456,903	8.371%	14.560%	25,456,903	8.371%	13.240%
Richard Barry Rosenberg		15,000	0.005%	0.01%	15,000	0.005%	0.01%

Notes:

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

b) In 2007, loans of USD 5.523m were made to RB Investments GMBH, a company owned by Ron Baron, for the acquisition of shares in the Company. Interest was payable on these loans at 6 month US LIBOR plus 0.25% per annum and the loans were secured on the shares acquired. The loans were repayable on the earlier of the employee leaving the Company or April 2013. In December 2012 the Board decided to renew the outstanding amount of these loans for a period of another five years. Based on the Board's decision, the outstanding amount will be reduced annually on a straight line over five years, as long as the key management employee remains with the Company. The relevant reduction in the loan amount for the year was USD 1.128m. The loans together with their related accrued interest of USD 0.117m were classified as "other assets" and are included under trade and other receivables (note 13).

Another loan of USD 2.500m was made during the year, for the acquisition of shares in the Company. Interest is payable on the loan at 6 month US LIBOR plus 0.25% per annum and the loan is secured on the shares acquired. The loan is repayable on the earlier of the employee leaving the Company or April 2020. The loan is included within trade and other receivables (note 13).

Interests of Directors in share options

	No of options at 31 December 2016	Date of grant	Exercise price, GBP	Exercise Price*, US $	Vesting period of options
Richard Barry Rosenberg	500,000	13/05/08	0.30	0.37	Vested

The options are exercisable up to 10 years after the date of grant. No options were exercised during the year ended 31 December 2016.

* The exercise prices as per the share option scheme are quoted in British Pounds. The indicative equivalent USD amounts shown in the table above are based on the exchange rates as at 31 December 2016.

Share Option Scheme

The Company's remuneration committee (the "Committee") is responsible for administering the Share Option Scheme. Options to acquire Shares in the Company may be granted under the Share Option Scheme to any employee or director of the Company or of other Group entities.

The option exercise price per Ordinary Share is determined by the Committee but will be no less than market value of the Ordinary Shares on the dealing day immediately preceding the date of grant. The options are subject to continuous service conditions but are not subject to any performance criteria.

The Share Option Scheme will terminate ten years after it was adopted by the Company, or earlier in certain circumstances.

Remuneration Policy

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

The following key principles guide its policy:

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

Review of the Business and Risks

Risks

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

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

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

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

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

A periodic internal review is performed to ensure transparency of Group activities and investments. All service providers to the Group are regularly reviewed. The mitigation of the risks related to investments is effected by investment restrictions and guidelines and through reviews at Board Meetings.

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

On the asset side, the Group's exposure to interest rate risk is limited to the interest bearing deposits and portfolio of bonds and loans in which the Group invests.

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

Further information on Financial risk management is provided in note 36 of the consolidated financial statements.

Share Capital

There was no change in the authorised share capital during the year to 31 December 2016. The authorised share capital is 1,000,000,000 ordinary shares with no par value.

Related party transactions

Details of any transactions of the Group with related parties during the year to 31 December 2016 are disclosed in note 31 to the consolidated financial statements.

By order of the Board of Directors

Chief Executive Officer

25 May 2017

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Livermore Investments Group Limited (the "Company") and its subsidiaries (together with the Company the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended, and the 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 2016 and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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' Code of Ethics for Professional Accountants (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 audit opinion.

Emphasis of Matter

We draw attention to note 33 to the consolidated financial statements, which describes the existence of a material uncertainty over the outcome of a legal case against one of the custodian banks that the Group uses and Livermore as the beneficial owner. Our opinion is not modified in respect of this matter.

Grant Thornton

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

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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How the matter was addressed
Material uncertainty over legal case (see Emphasis of matter paragraph)	
As disclosed in note 33, one of the custodian banks that the Company uses, faces a contingent claim with regards to the redemption of shares which were bought in 2008 at the request of Livermore and on its behalf. Due to the potential amount of exposure and the material uncertainty over the existence of any obligation for the Company and its outcome, the legal case has been identified as a key audit matter.	We obtained written updates on the status of the case as well as the estimate for the potential outcome of the legal case from the legal advisors of the custodian bank. We have also searched public records over the internet to identify any developments in relation to the case. We have considered the adequacy of disclosures and discussed with Management the developments and surrounding uncertainties in relation to the case.
Investments' existence and activity	
As presented on the statement of financial position and in note 8, the Company has financial assets measured at fair value of $114m. These financial assets are held either through custodian banks or directly by the Company. Since these investments make up the majority of the financial assets of the Company we considered their existence and activity as a key audit matter.	For investments held through custodian banks we have confirmed the existence and ownership of investments by: • tracing significant investment activity to custodian statements. • requesting and obtaining custodian letters confirming the holding of each investment as at the reporting date. For other significant investments we have requested and obtained direct confirmations from fund managers for the Company's holding.

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

Investments' valuation - Level 3

The Company has financial assets of $28m classified within fair value hierarchy as level 3, as disclosed in note 8. 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 judgement, 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.

In assessing the valuation of level 3 financial assets we have:

- discussed the valuation methodologies applied with Management and assessed their appropriateness for each investment.
- where applicable, reviewed third party valuations and assessed the method as well as the qualifications and independence of the valuer.
- In a single case where the valuation has been performed by Management, evaluated the reasonableness of the underlying assumptions and verified that the inputs used are from reliable third-party sources.
- evaluated the adjusted NAV calculations performed by Management and assessed the inputs used.
- considered the adequacy of disclosures in relation to the valuation methodologies used for each class of level 3 financial assets.

Implementation of IFRS9 "Financial Instruments"

Livermore has elected to apply IFRS 9 "Financial Instruments" as issued in July 2014, earlier than its effective date as described in note 3 of the consolidated financial statements.

The application of IFRS 9 was considered a key audit matter since it had a material impact on the financial statements.

We have reviewed and assessed:

- the appropriateness and adequacy of the relevant accounting policies.
- the proper classification and measurement of financial assets and liabilities.
- the adequacy of disclosures in relation to the application of IFRS 9.

We have also recalculated the financial impact on the transition to IFRS 9.

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

Disposal of Livermore Investment AG

Following the disposal of Livermore Investment AG (refer to note 23), the investment property activities of the Group discontinued.

In addition to the above, upon the discontinuance of its investment property activities, Livermore met the definition of an investment entity, as this is defined in IFRS 10 "Consolidated Financial Statements".

Since the above disposal had a pervasive effect on the consolidated financial statements we considered it to be a key audit matter.

We have evaluated whether Management has properly applied the requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" by:

- recalculated the gain on the disposal and verify that the calculation is in line with the terms of sale contract.
- ensuring that the results and cash flows of the discontinued operations have been properly presented and adequate disclosures have been made.

We have evaluated whether Livermore meets the definition of an investment entity in accordance with the criteria set by IFRS 10.

We have also evaluated the transition to an investment entity by:

- assessing relevant accounting policies applied and disclosures made.
- confirming that the consolidation of subsidiaries ceased upon the date of change in status.
- assessing the recognition and measurement of the investments in subsidiaries as well as the amounts receivable from or payable to subsidiaries as at the date of change in status.

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, the Shareholder Information, the Notice of Annual General Meeting and the Corporate Directory 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.

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

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.

The Board of Directors is 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 ISA, 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.

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

- 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 Board of Directors 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 the Board of Directors 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 the Board of Directors, 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.

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

Other Matter

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

The engagement partner on the audit resulting in this independent auditor's report is Mr Nicos Mouzouris.

Nicos Mouzouris
Certified Public Accountant and Registered Auditor
for and on behalf of

Grant Thornton (Cyprus) Ltd
Certified Public Accountants and Registered Auditors

Limassol, 25 May 2017

Livermore Investments Group Limited

Consolidated Statement of Financial Position as at 31 December 2016

	Note	2016	2015
Assets		**US $000**	**US $000**
Non-current assets			
Property, plant and equipment		-	26
Available- for-sale financial assets	4	-	78,464
Financial assets at fair value through profit or loss	5	81,769	1,533
Financial assets at fair value through other comprehensive income	6	5,634	-
Investment property	9	-	123,324
Investments in subsidiaries	11	5,252	-
Trade and other receivables	13	2,513	1,128
		95,168	204,475
Current assets			
Trade and other receivables	13	5,427	4,490
Available- for-sale financial assets	4	-	2,683
Financial assets at fair value through profit or loss	5	20,318	8,268
Financial assets at fair value through other comprehensive income	6	1,039	-
Current tax asset		-	6
Cash at bank	14	60,383	25,770
		87,167	41,217
Total assets		182,335	245,692
Equity			
Share capital	15	-	-
Share premium and treasury shares	15	169,187	177,053
Other reserves		(39,842)	2,631
Retained earnings		27,829	(31,047)
Total equity		157,174	148,637
Liabilities			
Non-current liabilities			
Bank loans	18	-	75,003
Deferred tax	12	-	3,937
Provisions	32	-	385
		-	79,325
Current liabilities			
Bank loans	18	-	1,407
Bank overdrafts	19	1,160	13,208
Trade and other payables	20	8,616	2,770
Provisions	32	385	128
Dividend payable	21	15,000	-
Derivative financial instruments	17	-	217
		25,161	17,730
Total liabilities		25,161	97,055
Total equity and liabilities		182,335	245,692
Net asset value per share			
Basic and diluted net asset value per share (US $)	22	0.90	0.77

These consolidated Financial Statements were approved by the Board of Directors on 25 May 2017. The notes 1 to 37 form part of these consolidated financial statements.

Livermore Investment Group Limited

Consolidated Statement of Profit or Loss for the year ended 31 December 2016

	Note	2016 US $000	2015 US $000
Continuing operations			
Investment income			
Interest and dividend income	25	26,334	25,675
Profit / (loss) on investments	26	1,695	(33,955)
Gross profit / (loss)		28,029	(8,280)
Other income		-	35
Administrative expenses	27	(7,888)	(4,749)
Operating profit / (loss)		20,141	(12,994)
Finance costs	28	(218)	(1,114)
Profit / (loss) before taxation		19,923	(14,108)
Taxation charge	29	(38)	(15)
Profit / (loss) for the year from continuing operations		19,885	(14,123)
Discontinued operation			
Profit for the year on discontinued operations	23	14,091	9,364
Profit / (loss) for the year		33,976	(4,759)
Earnings per share			
Basic and diluted earnings per share (US $)			
- From continuing operations	30	0.11	(0.07)
- On discontinued operations	30	0.08	0.05
		0.19	(0.02)

The profit / (loss) for the year (both from continuing and discontinued operations) is wholly attributable to the owners of the parent.

The notes 1 to 37 form part of these consolidated financial statements.

Livermore Investment Group Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2016

	Note	2016 US $000	2015 US $000
Profit / (loss) for the year		33,976	(4,759)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Available for sale financial assets – fair value losses		-	(34,906)
Foreign exchange gains / (losses) from translation of subsidiaries		190	(314)
		34,166	(39,979)
Items that are not reclassified subsequently to profit or loss			
Financial assets designated at fair value through other comprehensive income – fair value losses		(4,301)	-
Reclassification to profit or loss			
Available for sale financial assets			
- Reclassification to profit or loss due to disposals	26	-	3,459
- Reclassification to profit or loss due to impairment	26	-	31,726
Foreign exchange losses reclassified on disposal of subsidiary	23	1,538	-
		1,538	35,185
Total comprehensive income for the year		31,403	(4,794)

The total comprehensive income for the year is wholly attributable to the owners of the parent.

The notes 1 to 37 form part of these consolidated financial statements.

Livermore Investment Group Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2016

	Note	Share capital	Share premium	Treasury Shares	Share option reserve	Translation reserve	Investments revaluation reserve	Retained earnings	Total
		US $000	US $000	US $000	US $000	US $000	US $000	US $000	US $000
Balance at 1 January 2015		-	215,499	(36,902)	5,777	(1,414)	(1,426)	(21,560)	159,974
Purchase of own shares		-	-	(1,544)	-	-	-	-	(1,544)
Dividends		-	-	-	-	-	-	(4,999)	(4,999)
Transfer on expiry of options	16	-	-	-	(271)	-	-	271	-
Transactions with owners		-	-	(1,544)	(271)	-	-	(4,728)	(6,543)
Loss for the year		-	-	-	-	-	-	(4,759)	(4,759)
Other comprehensive income:									
Available-for-sale financial assets									
- Fair value losses		-	-	-	-	-	(34,906)	-	(34,906)
- Reclassification to profit or loss due to disposals	26	-	-	-	-	-	3,459	-	3,459
- Reclassification to profit or loss due to impairment	26	-	-	-	-	-	31,726	-	31,726
Foreign exchange losses arising from translation of subsidiaries		-	-	-	-	(314)	-	-	(314)
Total comprehensive income for the year		-	-	-	-	(314)	279	(4,759)	(4,794)
Balance at 31 December 2015		-	215,499	(38,446)	5,506	(1,728)	(1,147)	(31,047)	148,637
Adjustment on initial application of IFRS 9	3.1	-	-	-	-	-	(34,471)	34,471	-
As restated		-	215,499	(38,446)	5,506	(1,728)	(35,618)	3,424	148,637
Purchase of own shares		-	-	(7,866)	-	-	-	-	(7,866)
Dividends		-	-	-	-	-	-	(15,000)	(15,000)
Transfer on expiry of options	16	-	-	-	(5,429)	-	-	5,429	-
Transactions with owners		-	-	(7,866)	(5,429)	-	-	(9,571)	(22,866)
Profit for the year		-	-	-	-	-	-	33,976	33,976
Other comprehensive income:									
Financial assets at fair value through OCI- Fair value losses		-	-	-	-	-	(4,301)	-	(4,301)
Foreign exchange gains arising from translation of subsidiaries		-	-	-	-	190	-	-	190
Foreign exchange losses reclassified on disposal of subsidiary	23	-	-	-	-	1,538	-	-	1,538
Total comprehensive income for the year		-	-	-	-	1,728	(4,301)	33,976	31,403
Balance at 31 December 2016		-	215,499	(46,312)	77	-	(39,919)	27,829	157,174

The notes 1 to 37 form part of these consolidated financial statements.

Livermore Investments Group Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2016

	Note	2016 US $000	2015 US $000
Cash flows from operating activities			
(Loss) / profit before tax		19,923	(13,731)
Adjustments for			
Depreciation		7	16
Provision charge	32	-	513
Interest expense	28	216	267
Interest and dividend income	25	(26,334)	(25,675)
Gain / (Loss) on investments	26	(1,695)	33,955
Exchange differences		(243)	558
		(8,126)	(4,097)
Changes in working capital			
Decrease in trade and other receivables*		24,486	17,053
Increase in trade and other payables*		4,251	649
Cash flows from operations		20,611	13,605
Interest and dividends received		26,561	25,969
Settlement of litigation	32	(128)	-
Tax paid		(39)	(18)
Net cash from operating activities		47,005	39,556
Cash flows from investing activities			
Proceeds from disposal of subsidiary – net of cash and cash equivalents disposed	23	31,752	-
Acquisition of investments		(37,039)	(32,415)
Proceeds from sale of investments		14,462	13,679
Settlement of derivative		(148)	2,332
Acquisition of associate	10	-	(7,500)
Capital return of associate		-	8,183
Net cash used for investing activities		9,027	(15,721)
Cash flows from financing activities			
Purchase of own shares	15	(7,866)	(1,544)
Interest paid		(331)	(390)
Dividends paid		-	(4,999)
Net cash used for financing activities		(8,197)	(6,933)
Net increase / (decrease) in cash and cash equivalents:			
- from continuing operations		47,835	16,902
- of discontinued operations	23	826	2,332
Cash and cash equivalents at the beginning of the year		12,562	(6,548)
Exchange differences on cash and cash equivalents		(245)	(124)
Cash and cash equivalent of subsidiaries, removed on change in investment entity status	2.1	(1,755)	-
Cash and cash equivalents at the end of the year	14	59,223	12,562

*other than movements on change in investment entity status

The notes 1 to 37 form part of these consolidated financial statements.

Notes on the Financial Statements

1. General Information

Incorporation, principal activity and status of the Company

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

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

1.3. The principal activity of the 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. 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 of Livermore Investments Group Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and on a going concern basis. The consolidated financial statements have been prepared on 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 assumption.

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

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

2.1. Investment entity status

On 28 October 2016, Livermore disposed to a third party the 100% of the shares of its subsidiary Livermore Investments AG in Switzerland, and as a result discontinued its investment property activities that constituted an operating segment of the Group (notes 23 and 24). The Directors have determined that since the discontinuance of its investment property activities, Livermore meets the definition of an investment entity, as this is defined in IFRS 10 "Consolidated 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.

In accordance with IFRS 10, 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. In Livermore's situation, none of its subsidiaries provides such services.

Given the above, these financial statements consolidate the Company's subsidiaries up to 28 October 2016. As of that date, the subsidiaries have been de-consolidated, and recognised as Investments in subsidiaries at their fair value as at 28 October 2016 (note 11). No material gains or losses occurred on this transition.

3. Accounting Policies

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

3.1. Adoption of new and revised IFRS

As from 1 January 2016, the Company adopted all the new or revised IFRS and relevant amendments which became effective and also were endorsed by the European Union, and are relevant to its operations.

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

In addition to the above, the Company has elected to apply IFRS 9 “Financial Instruments” as issued in July 2014, earlier than its effective date, because the new accounting policies reflect better the Company’s business model and provide more reliable and relevant information for its users to assess the amounts and timing of future cash flows.

IFRS 9 replaces IAS 39 ''Financial Instruments: Recognition and Measurement''. The new standard introduces extensive changes to IAS 39’s guidance on the classification and measurement of financial assets and introduces a new ‘expected credit loss’ model for the impairment of financial assets.

The date of the initial application of IFRS 9 is 1 January 2016. In accordance with the transitional provisions in IFRS 9 (par 7.2.15), comparative figures have not been restated, and therefore are presented in accordance with the previously applied policies in accordance with IAS 39.

The most significant impact of the adoption of IFRS 9, was on the classification and measurement of the Company’s financial assets. The Directors have reviewed the classification and measurement of the Company’s financial assets based on the new criteria that consider the assets’ contractual cash flows and the business model in which they are managed, and determined that:

- Financial assets previously classified as “financial assets at amortised cost”, shall remain in this same category.
- Financial assets previously classified as “financial assets at fair value through profit or loss”, shall remain in this same category.
- Financial assets previously classified as “available-for-sale” shall be reclassified as “financial assets at fair value through profit or loss”. However, the Directors on initial application date have made an irrevocable election to designate certain equity investments that are not held for trading, which were previously classified as “available-for-sale”, as “financial assets at fair value through other comprehensive income”.

The impact of the adoption of IFRS 9 is summarized as follows:

	31 December 2016 US $000	**1 January 2016 US $000**
Reclassification out of Available-for-sale financial assets	(95,566)	(81,147)
Reclassification to Financial assets at fair value through profit or loss	85,429	67,196
Designated as Financial assets at fair value through other comprehensive income	10,137	13,951
Net assets impact	-	-
Adjustment to Retained earnings	34,832	34,471
Adjustment to Investments revaluation reserve	(34,832)	(34,471)
Equity impact	-	-

Also, the profit or loss for the year 2016 is higher by USD 3.669m (representing an increase of USD 0.02 on basic and diluted earnings per share for 2016) due to the adoption of IFRS 9. This is mostly attributable to the fact that the additional fair value losses recognised in profit or loss are less than the impairment losses on available-for-sale financial assets that would have been recognised based on IAS 39.

The adoption of IFRS 9 did not have any significant impact on the Company's financial liabilities.

The following Standards, Amendments to Standards and Interpretations had been issued by the date of authorisation of these consolidated financial statements but are not yet effective (nor early adopted), or have not yet been endorsed by the EU, for the year ended 31 December 2016:

	Endorsed by the EU	*Effective (IASB) for annual periods beginning on or after*
• IFRS 14: "Regulatory Deferral Accounts"	No	1 January 2016
• IFRS 15: "Revenue from Contracts with Customers"	Yes	1 January 2018
• IFRS 16: "Leases"	No	1 January 2019
• IFRIC 22: "Foreign Currency Transactions and Advance Consideration"	No	1 January 2018
• Annual Improvements to IFRS 2014–2016 Cycle	No	1 January 2017 / 2018
• Amendment to IFRS 2: "Classification and Measurement of Share-based Payment Transactions"	No	1 January 2018
• Amendments to IFRS 4: "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	No	1 January 2018
• 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
• Clarifications to IFRS 15: "Revenue from Contracts with Customers"	No	1 January 2018
• Amendment to IAS 7: "Disclosure Initiative"	No	1 January 2017
• Amendment to IAS 12: "Recognition of Deferred Tax Assets for Unrealised Losses"	No	1 January 2017
• Amendment to IAS 40: "Transfers of Investment Property"	No	1 January 2018

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

3.2. Basis of consolidation (policy applied up to 28 October 2016 – refer to note 2.1)

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries. 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 financial statements of all the Group companies are prepared using uniform accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All 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 subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

3.3. Investments in subsidiaries (policy applied since 28 October 2016 – refer to note 2.1)

Subsidiaries are entities controlled either directly or indirectly by the Company.

Investments in 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 subsidiaries are recognised as income when the Company's right to receive payment has been established.

A subsidiary 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.

3.4. Investments in associates and joint ventures

An associate is an entity over which the Company is able to exert significant influence but not control.

A joint venture is an arrangement that the Company controls jointly with one or more other investors, and over which the Company has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investments in associates and joint ventures are measured at fair value through profit or loss in accordance with IAS 39, based on the exemption available by IAS 28 "Investments in Associates and Joint Ventures" for entities that are venture capital organisations or similar entities.

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

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

- expected to be realised within normal operating cycle, via sale or consumption, or
- held primarily for trading, or
- expected to be realised within 12 months from the reporting date, or
- cash and cash equivalent not restricted in their use.

All other assets are non-current.

3.6. Investment property income

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

3.7. Interest and dividend income

- Interest income is recognised based on the effective interest method.
- Dividend 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.

3.8. Foreign currency

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

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

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

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

(i) assets and liabilities are translated at the closing rate at the reporting date; and

(ii) income and expenses and also cash flows are translated at an average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the items are translated at the rates prevailing at the dates of the transactions); and

(iii) exchange differences arising are recognised in other comprehensive income within the translation reserve. Such translation exchange differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

3.9. Taxation

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

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

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

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

3.10. Investment property

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

3.11. Equity instruments

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

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

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

3.12. Share Options

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

The Company issues equity-settled share based payments to certain employees. The fair value of share-based payments to employees at grant date is measured using the Binomial pricing model.

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

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

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

3.13. Borrowing costs

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

No borrowing costs have been capitalised for either 2016 or 2015.

3.14. Financial assets (policy applied as from 1 January 2016 – refer to note 3.1)

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.

The classification 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.

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.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. 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.

3.15. Financial assets (policy applied until 31 December 2015 – refer to note 3.1)

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

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

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

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

Loans and receivables

- **Trade and other receivables**

  Trade and other receivables are initially recognised at their fair value which normally is their original transaction value, and are subsequently measured at their amortised cost. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. Where the time value of money is significant receivables are discounted to present value.

Financial assets at fair value through profit or loss

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

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. Financial assets within this category are measured at fair value, with changes in fair value recognised in other comprehensive income, within the investments revaluation reserve. Unquoted equity investments for which the fair value cannot be reliably measured are stated at cost less impairment. Gains and losses arising from investments classified as available-for-sale are recognised in the profit or loss when they are sold or when the investment is impaired.

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

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

3.16. 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.

Derivative financial liabilities

The Company's financial liabilities also include financial derivative instruments.

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

3.17. 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.

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.

3.18. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

No provision is made for possible claims or where an obligation exists but it is not possible to make a reliable estimate.

Costs associated with claims made by the Company are charged to the profit or loss as they are incurred.

3.19. Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and:

(a) represents a separate major line of business or geographical area of operations;
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

The results from discontinued operations are presented in a single amount in the profit or loss with further analysis in the notes. This amount comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of relevant assets. The comparative disclosures for discontinued operations relate to the operations that have been discontinued during the current reporting period.

3.20. Segment reporting

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

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

3.21. 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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

Critical accounting judgements

(i) Impairment of financial assets at amortised cost

The allowance for impairment on related party receivables (note 13) is based on assumptions about risk of default and expected loss rates for expected lifetime losses. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used.

The Company assesses at each reporting date whether financial assets at amortised cost are impaired. If impairment has occurred, this loss is recognised in profit or loss.

(ii) Classification of financial assets

The 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 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.

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 8. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

3.22. Comparatives

The comparative figures in the consolidated statement of profit or loss and the consolidated statement of cash flows have been restated for the effect of discontinued operations.

4. Available-for-sale financial assets

	2016 US $000	2015 US $000
Non-current assets		
Fixed income investments (CLO Income Notes)	-	65,946
Private equities	-	12,518
	-	78,464
Current assets		
Public equity investments	-	1,619
Hedge funds	-	1,064
	-	2,683

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

During 2015, due to market conditions, management considered the impairment of certain available-for-sale financial assets. Impairment testing indicated that for those financial assets their carrying amount may not be recoverable.

The related impairment charges in 2015 of USD 31.726m are included within loss on investments (note 26), and represent impairment losses arising due to:

	2016 US $000	2015 US $000
Significant fall in value	-	11,119
Prolonged fall in value	-	1,490
Significant and prolonged fall in value	-	19,117
	-	31,726

5. Financial assets at fair value through profit or loss

	2016 US $000	2015 US $000
Non-current assets		
Fixed income investments (CLO Income Notes)	81,769	-
Private equities	-	330
Real estate entities	-	1,203
	81,769	1,533
Current assets		
Fixed income investments	18,368	6,655
Public equity investments	1,950	1,613
	20,318	8,268

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

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.

6. Financial assets at fair value through other comprehensive income

	2016 US $000	2015 US $000
Non-current assets		
Private equities	5,634	-
Current assets		
Hedge funds	1,039	-

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

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

7. Financial assets at fair value

The Company allocates its non-derivative financial assets at fair value (notes 4, 5 and 6) 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.
- Hedge funds relate to equity investments in funds managed by sophisticated investment managers that pursue investment strategies with the goal of generating absolute returns.
- Public equity investments relate to investments in shares of companies listed on public stock exchanges.
- Real estate entities relate to investments in real estate projects.

8. Fair value measurements of financial assets and liabilities

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities 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.

Valuation of financial assets and liabilities

- 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 affect 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 discounted cash flow techniques or valuations reported by third-party managers of such investments.
- 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.
- Real Estates 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.
- Derivative instruments are valued at fair value as provided by counter parties (banks) of the derivative agreement.
- Investments in subsidiaries are valued at fair value as determined on an adjusted net asset valuation basis.

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:

	2016 US$000 Level 1	2016 US$000 Level 2	2016 US$000 Level 3	2016 US $000 Total	2015 US$000 Level 1	2015 US$000 Level 2	2015 US$000 Level 3	2015 US $000 Total
Assets								
Fixed income investments	1,117	81,769	17,251	100,137	1,634	65,946	5,021	72,601
Private equities	-	-	5,634	5,634	-	-	12,848	12,848
Public equity investments	1,951	-	-	1,951	3,232	-	-	3,232
Hedge funds	-	1,038	-	1,038	-	1,064	-	1,064
Real estate entities	-	-	-	-	-	-	1,203	1,203
Investments in subsidiaries	-	-	5,252	5,252	-	-	-	-
	3,068	82,807	28,137	114,012	4,866	67,010	19,072	90,948
Liabilities								
Forward contract	-	-	-	-	-	217	-	217
	-	-	-	-	-	217	-	217

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

No financial assets or liabilities have been transferred between levels, except from a certain equity instrument that was delisted and therefore transferred from Level 1 to Level 3 in 2016.

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

	At fair value through OCI	Available-for-sale		At fair value through profit or loss			Derivative financial instruments	Investments in subsidiaries	
	Private equities	Private equities	Other investments	Real estate	Private equities	Fixed Income investments	Total return swap		Total
	US $000	US $000	US $000	US $000	US $000	US $000	US $000	US $000	US $000
As at 1 January 2015	-	17,157	-	1,476	330	-	1,125	-	20,088
Purchases	-	-	-	-	-	5,000	-	-	5,000
Settlement	-	(59)	-	-	-	-	(1,332)	-	(1,391)
(Losses) / gains recognised in:									
-Profit or loss	-	(4,177)	-	104	-	21	207	-	(3,845)
-Other comprehensive income	-	(403)	-	-	-	-	-	-	(403)
Exchange difference	-	-	-	(377)	-	-	-	-	(377)
As at 1 January 2016	-	12,518	-	1,203	330	5,021	-	-	19,072
Transfer on initial application of IFRS 9 (note 3.1)	12,848	(12,518)	-	-	(330)	-	-	-	-
Change in investment entity status (note 2.1)	-	-	-	(1,288)	-	-	-	5,567	4,279
Transfer from Level 1	369	-	-	-	-	-	-	-	369
Purchases	-	-	-	-	-	17,000	-	-	17,000
Settlement	(3,308)	-	-	-	-	(6,062)	-	-	(9,370)
(Losses) / gains recognised in:									
-Profit or loss	-	-	-	-	-	1,292	-	(315)	977
-Other comprehensive income	(4,275)	-	-	-	-	-	-	-	(4,275)
Exchange difference	-	-	-	85	-	-	-	-	85
As at 31 December 2016	5,634	-	-	-	-	17,251	-	5,252	28,137

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

	At fair value through OCI	Available-for-sale		At fair value through profit or loss			Derivative financial instruments	Investments in subsidiaries	
	Private equities	Private equities	Other investments	Real estate	Private equities	Fixed Income investments	Forward contract		Total
2015	**US $000**	**US $000**	**US $000**	**US $000**	**US $000**	**US $000**	**US $000**	**US $000**	**US $000**
Profit or loss									
-Financial assets held at year-end	-	(4,177)	-	104	-	21	-	-	(4,052)
-Financial assets not held at year-end	-	-	-	-	-	-	207	-	207
	-	(4,177)	-	104	-	21	207	-	(3,845)
Other comprehensive income									
-Financial assets held at year-end	-	(403)	-	-	-	-	-	-	(403)
Total (losses) / gains for 2015	-	(4,580)	-	104	-	21	207	-	(4,248)
2016	**US $000**	**US $000**	**US $000**	**US $000**	**US $000**	**US $000**	**US $000**	**US $000**	**US $000**
Profit or loss									
-Financial assets held at year-end	-	-	-	-	-	1,292	-	(315)	977
Other comprehensive income									
-Financial assets held at year-end	(4,275)	-	-	-	-	-	-	-	(4,275)
Total (losses) / gains for 2016	(4,275)	-	-	-	-	1,292	-	(315)	(3,298)

The Company has not developed any quantitative unobservable inputs for measuring the fair value of its level 3 financial assets at 31 December 2016 and 2015. Instead the Company used prices from third-party pricing information without adjustment.

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

9. Investment property

	2016 US $000	2015 US $000
Valuation as at 1 January	123,324	116,609
Fair value (loss) / gain	(102)	7,819
Additions	102	-
Exchange difference	1,439	(1,104)
Disposal (note 23)	(124,763)	-
As at 31 December	-	123,324

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

Fair valuation

The investment property is the Group's only non-financial asset measured at fair value on a recurring basis, and its fair value is classified within the fair value hierarchy as level 3.

The investment property was valued by the independent professional valuers Wüest & Partners as at 31 December 2015 on the basis of open market value in accordance with the appraisal and valuation guidelines of the Royal Institute of Certified Surveyors, and the European Group of Valuers' Associations.

The significant inputs and assumptions are developed in close consultation with management.

The fair values of investment property were estimated using the discounted cash-flow (DCF) method. With this method, the current market value of a property is determined as the total of all projected future net earnings (before interest, taxes, depreciation and amortization) discounted to present-day equivalents. These net earnings are discounted individually for each property with due allowance for specific opportunities and threats, and with adjustment in line with market conditions and risks.

Future rental income

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

	2016 US $000	2015 US $000
- Less than 1 year	-	5,629
- Between 1 and 5 years	-	23,050
- Over 5 years	-	36,879
	-	65,558

Rental agreements are quoted in Swiss Francs. The equivalent USD amounts shown in the table above are based on the exchange rates as at 31 December 2015.

10. Investments in associate and joint venture

	2016 US $000	2015 US $000
As at 1 January	-	-
Additions	-	7,500
Capital return	-	(8,183)
Fair value gain	-	683
As at 31 December	-	-

Name of investee	Type of investment	Place of incorporation	Proportion of voting rights held	Principal activity
Silvermore Ltd	Joint venture	Cayman Islands	50%	Investment Holding (dormant)

During 2015 , the Group invested in a 25% interest in Highbridge Loan Management Warehouse 7-2015 Ltd (a company incorporated in Cayman Islands), through its subsidiary Mountview Holdings Ltd, until Highbridge was converted into a CLO. After the conversion into a CLO the entity ceased to be an associate of the Company.

11. Investments in subsidiaries

	2016 US $000	2015 US $000
As at 1 January	-	-
Additions (note 2.1)	5,567	-
Fair value loss	(315)	-
As at 31 December	5,252	-

Details of the investments in which the Company has a controlling interest as at 31 December 2016 are as follows:

Name of Subsidiary	Place of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Livermore Properties Limited	British Virgin Islands	Ordinary shares	100%	Holding of investments
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
Livermore Capital AG	Switzerland	Ordinary shares	100%	Administration services
Livermore Investments Cyprus Limited	Cyprus	Ordinary shares	100%	Administration services
Sandhirst Limited	Cyprus	Ordinary shares	100%	Holding of investments

Silvermore 2 Ltd and Enaxor S.a.r.l. were dissolved during the year. The shares of Sandhirst Limited which were previously held by Enaxor S.a.r.l. were transferred upon the liquidation of the latter to the Company.

Livermore Investments AG was sold during 2016 (note 23).

There are no restrictions in receiving any amounts from any subsidiary, including cash dividends or repayments of loans and advances.

12. Deferred tax

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

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

	2016 US $000	2015 US $000
Investment property – revaluation surplus	-	6,362
Tax losses	-	(2,425)
Net deferred tax liability	-	3,937

The movement on the deferred taxation account is as follows:

	Investment property US $000	Derivative financial instruments US $000	Tax losses US $000	Total US $000
As at 1 January 2015	(5,805)	47	3,486	(2,272)
(Charged) / credited to profit or loss (note 23)				
- timing differences	(895)	(46)	(913)	(1,854)
Exchange difference	338	(1)	(148)	189
As at 1 January 2016	(6,362)	-	2,425	(3,937)
(Charged) / credited to profit or loss (note 23)				
- timing differences	-	-	(380)	(380)
Exchange difference	(77)	-	28	(49)
Reversal on disposal of subsidiary (note 23)	6,439	-	(2,073)	4,366
As at 31 December 2016	-	-	-	-

As at 31 December 2016 and 2015 there is no unrecognised deferred tax asset.

13. Trade and other receivables

	2016 US $000	2015 US $000
Financial items		
Accrued interest and dividend income	65	304
Amounts due by related parties (note 31)	9,634	2,514
Other receivables	-	272
Allowance for impairment	(2,940)	-
	6,759	3,090
Non-Financial items		
Other assets (note 31)	1,128	2,256
Prepayments	53	272
	7,940	5,618
Allocated as:		
Current assets	5,427	4,490
Non-current assets (note 31(2) and 31(3))	2,513	1,128
	7,940	5,618

Allowance for impairment

The allowance relates to amounts due by subsidiaries (note 31), which are regarded as credit-impaired and have been assessed on an individual basis. The Directors in determining that these amounts are credit-impaired have considered that the specific subsidiaries are in net liability position without prospects currently of generating adequate profits and cash flows to become able to repay in full the amounts due to the Company. Their recoverable amount has been determined based on an adjusted net asset valuation basis, which the Directors regard as approximation to the present value of the estimated future cash inflows from those subsidiaries.

	2016 US $000	2015 US $000
As at 1 January	-	-
Addition (note 2.1)	2,818	-
Charge for the year	122	-
As at 31 December	2,940	-

For the remaining receivables of financial nature, there are no lifetime expected losses. Therefore no corresponding allowance for impairment has been recognised.

No receivable amounts have been written-off during either 2016 or 2015.

14. Cash and cash equivalents

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

	2016 US $000	2015 US $000
Cash at bank	60,383	25,770
Bank overdrafts used for cash management purposes	(1,160)	(13,208)
Cash and cash equivalents	59,223	12,562

15. Share capital

Authorised share capital

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

Issued share capital	**Number of shares**	**Share premium arising US $000**
Ordinary shares with no par value		
As at 31 December 2015 and 31 December 2016	304,120,401	215,499

Treasury shares	**Number of shares**	**US $000**
As at 1 January 2015	108,830,818	36,902
Additions	3,000,000	1,544
As at 1 January 2016	111,830,818	38,446
Additions	17,475,585	7,866
As at 31 December 2016	129,306,403	46,312

In the consolidated statement of financial position the amount included as share premium and treasury shares comprises of:

	2016 US $000	2015 US $000
Share premium	215,499	215,499
Treasury shares	(46,312)	(38,446)
	169,187	177,053

16. Share options

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

Outstanding options	**Number of options**	**Average exercise price GBP**	**Average exercise price* USD**
As at 1 January 2015	11,340,000	0.75	1.18
Options expired	(690,000)	0.71	1.05
As at 31 December 2015	10,650,000	0.76	1.12
Options expired	(10,150,000)	0.78	0.96
As at 31 December 2016	500,000	0.30	0.37

Exercisable options	**Number of options**	**Average exercise price GBP**	**Average exercise price* USD**
As at 1 January 2015	11,340,000	0.75	1.18
Options expired	(690,000)	0.71	1.05
As at 31 December 2015	10,650,000	0.76	1.12
Options expired	(10,150,000)	0.78	0.96
As at 31 December 2016	500,000	0.30	0.37

Details of share options outstanding at 31 December 2016

Number of options	**Grant date**	**Vesting date**	**Earliest exercise date**	**Expiry date of exercise period**	**Exercise price GBP**	**Exercise Price* USD**	**Fair value at grant date USD**
166,667	13/05/08	13/05/09	13/05/09	13/05/18	0.30	0.37	21,703
166,667	13/05/08	13/05/10	13/05/10	13/05/18	0.30	0.37	24,115
166,666	13/05/08	13/05/11	13/05/11	13/05/18	0.30	0.37	25,820
500,000							71,638

** The exercise prices as per the share option scheme are quoted in British Pounds. The indicative equivalent USD amounts shown in the table of details above as well as the average exercise prices are based on the exchange rates as at 31 December 2016.*

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

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

17. Derivative financial instruments

	2016 US $000	2015 US $000
Current liabilities		
Forward contract	-	217

Forward contracts

The Group uses forward foreign exchange contracts to mitigate exchange rate exposure arising from forecast transactions between USD and CHF. As at the reporting date the outstanding forward agreements are as follows:

Notional contract amount	Foreign exchange currency	Contract exchange rate	Contract termination date
USD 5,000,000	CHF	0.9965	19 February 2016
USD 5,000,000	CHF	0.9988	19 February 2016
USD 10,000,000	CHF	1.0096	19 February 2016
USD 5,000,000	CHF	1.0234	19 February 2016

Forward contracts are considered by the Management as economic hedge arrangements but have not been designated as hedging instruments for accounting purposes and their fair value changes are recognised in the profit or loss. The calculation of the fair value of forward contracts is based on the contractual cash flows of future anticipated net settlement using the foreign exchange rates prevailing at the reporting date.

For the year ended 31 December 2016 a net fair value gain of USD 0.069m (2015: USD 0.991) has been recognised in the profit or loss in relation to all derivative financial instruments.

18. Bank loans

	2016 US $000	2015 US $000
		-
As at 1 January	76,410	78,092
Additions	-	78,822
Interest charge	923	1,278
Repayments of principal	(1,138)	(79,751)
Repayments of interests	(923)	(1,278)
Exchange difference	936	(541)
Refinancing fees	-	(212)
Amortization of refinancing fees	79	-
Disposal (note 23)	(76,287)	-
As at 31 December	-	76,410
<u>Allocated as:</u>		
Current bank loans	-	1,407
Non-current bank loans	-	75,003
	-	76,410

The bank loan relates to Wyler Park investment property purchase (note 9) and was secured on this property.

19. Bank overdrafts

	2016 US $000	2015 US $000
Bank overdrafts	1,160	13,208

Bank overdrafts bear Libor + lender's margin and have an average interest rate of 3.49% (2015: 1.78%).

The Company's bank overdraft facilities are secured by the Company's financial assets portfolio up to an amount, as at 31 December 2016, of USD 31.8m.

The Company's bank overdraft undrawn facilities at 31 December 2016 amount to USD 30.6m.

20. Trade and other payables

	2016 US $000	2015 US $000
Financial items		
Trade payables	6	444
Amounts due to related parties (note 31)	3,233	1,377
Accrued expenses	2,327	386
	5,566	2,207
Non-financial items		
Employee benefits accrued	3,050	-
Prepayment from tenants	-	510
VAT payable	-	53
	8,616	2,770

21. Dividend payable

	2016 US $000	2015 US $000
Dividend payable	15,000	-

At 15 December 2016, the Board announced an interim dividend of USD 15m (USD 0.0858 per share) to members on the register on 6 January 2017. The dividend was paid on 27 January 2017.

22. Net asset value per share

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

Diluted net asset value per share is calculated after taking into consideration the potentially dilutive shares in existence as at 31 December 2016 and 31 December 2015.

	2016	2015
Net assets attributable to ordinary shareholders (USD 000)	157,174	148,637
Closing number of ordinary shares in issue	174,813,998	195,289,583
Basic net asset value per share (USD)	0.90	0.77
Net assets attributable to ordinary shareholders (USD 000)	157,174	148,637
Dilutive share options – exercise amount	185	221
Net assets attributable to ordinary shareholders including the	157,359	148,858

effect of potentially diluted shares (USD 000)		
Closing number of ordinary shares in issue	174,813,998	192,289,583
Dilutive share options	500,000	500,000
Closing number of ordinary shares including the effect of potentially diluted shares	175,313,998	192,789,583
Diluted net asset value per share (USD)	0.90	0.77
Number of Shares		
Ordinary shares	304,120,401	304,120,401
Treasury shares	(129,306,403)	(111,830,818)
Closing number of ordinary shares in issue	174,813,998	192,289,583

The Share options (note 16) granted on 13 May 2008 have a dilutive effect on the net asset value per share, given that their exercise price is lower than the net asset value per Company's share at 31 December 2016 and 2015. All other share options do not impact the diluted net asset value per share for 2015 (expired in 2016) as their exercise price was higher than the net asset value per share at 31 December 2015.

Repurchase of own shares

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

In 2016, the Company bought an additional 17,475,585 of its Ordinary shares at an average price of USD 0.45 per share. In 2015, the Company bought 3,000,000 of its Ordinary shares at an average price of USD 0.51 per share (note 31).

23. Discontinued operations

The discontinued operations relate to the investment property (Wyler Park) activities that constituted an operating segment of the Group (note 24). These activities were carried out through the Group's subsidiary, Livermore Investments AG in Switzerland, of which 100% of shares were disposed to a third party on 28 October 2016.

23.1 Profit or loss

Details of profit or loss items of the discontinued operations are as follows:

	2016 US $000	2015 US $000
Gross rental income	4,459	5,634
Direct expenses	(423)	(407)
Other operating expenses	(278)	(406)
Investment property revaluation	(102)	7,819
Bank interest on investment property loan	(1,004)	(1,340)
Gain on disposal of subsidiary (note 23.2)	7,563	-
Profit before taxation on discontinued operations	10,215	11,300
Taxation credit / (charge) (note 23.3)	3,876	(1,936)
Profit for the year on discontinued operations	14,091	9,364

23.2 Gain on disposal of subsidiary

	2016 US $000	2015 US $000
Cash consideration received	31,758	-
Net assets at disposal date		
- investment property	(124,763)	-
- cash and cash equivalents	(6)	-
- other assets	(1,075)	-
- Bank loan	76,287	-
- other liabilities	26,900	-
Foreign exchange losses reclassified from translation reserve	(1,538)	-
Gain on disposal of subsidiary	7,563	-

23.3 Taxation

Taxation credit / (charge) on the discontinued operations is analysed as follows:

	2016 US $000	2015 US $000
Tax on ordinary activities	(110)	(82)
Deferred taxation (note 12)	3,986	(1,854)
Taxation credit / (charge)	3,876	(1,936)

23.4 Cash flows

Details of the cash flows of the discontinued operations are as follows:

	2016 US $000	2015 US $000
Operating activities	2,975	4,831
Investing activities	(102)	-
Financing activities	(2,061)	(2,481)
Translation differences on foreign operations' cash and cash equivalents	14	(18)
Net cash from discontinued operations	826	2,332

24. Segment reporting

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

Segment information can be analysed as follows:

Segment results	Equity and debt instruments investment activities 2016 US $000	2015 US $000	Investment property activities *(discontinued – note23.1)* 2016 US $000	2015 US $000	Total per financial statements 2016 US $000	2015 US $000
Investment income						
Interest and dividend income	26,334	25,675	-	-	26,334	25,675
Investment property income	-	-	4,036	5,227	4,036	5,227
Gain / (loss) on investments	1,695	(33,955)	(102)	7,819	1,593	(26,136)
Gross profit / (loss)	28,029	(8,280)	3,934	13,046	31,963	4,766
Other income	-	35	-	-	-	35
Administrative expenses	(7,692)	(4,510)	(478)	(645)	(8,170)	(5,155)
Operating profit / (loss)	20,337	(12,755)	3,456	12,401	23,793	(354)
Finance costs	(212)	(1,109)	(1,008)	(1,345)	(1,220)	(2,454)
Profit / (loss) before taxation	20,125	(13,864)	2,448	11,056	22,573	(2,808)
Taxation (charge) / credit	(5)	-	3,844	(1,951)	3,839	(1,951)
Profit / (loss) for year	20,120	(13,864)	6,292	9,105	26,412	(4,759)
Segment assets	182,335	121,104	-	124,588	182,335	245,692
Segment liabilities	25,161	15,681	-	81,374	25,161	97,055

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

	Equity and debt instruments investment activities 2016 US $000	2015 US $000	Investment property activities *(discontinued – note 23.1)* 2016 US $000	2015 US $000	Total per financial statements 2016 US $000	2015 US $000
Investment Income						
Switzerland	-	-	3,884	13,046	3,884	13,046
Other European countries	330	(22)	-	-	330	(22)
United States	27,850	(5,950)	-	-	27,850	(5,950)
India	102	(2,235)	-	-	102	(2,235)
Asia	(203)	(73)			(203)	(73)
	28,079	(8,280)	3,884	13,046	31,963	4,766
Investments						
Switzerland	726		-	123,324	726	123,324
Other European countries	3,341	5,089	-	-	3,341	5,089
United States	100,399	72,030	-	-	100,399	72,030
India	2,022	10,004	-	-	2,022	10,004
Asia	7,524	3,825	-	-	7,524	3,825
	114,012	90,948	-	123,324	114,012	214,272

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

During 2016, 81.6% of the Group's rent relates to rental income from a single customer (SBB – Swiss national transport authority) in the investment property activities segment (2015: 81.9%).

25. Interest and dividend income

	2016 US $000	2015 US $000
Interest from investments	114	127
Dividend income	26,220	25,548
	26,334	25,675

No dividend income has been recognised in 2016 in relation to investments designated at fair value through other comprehensive income.

26. Profit / (loss) on investments

	2016 US $000	2015 US $000
Loss on sale of investments	-	(3,459)
Loss due to impairment of available-for-sale financial assets	-	(31,726)
Fair value profit/(losses) on financial assets through profit or loss	2,056	(320)
Fair value gain on associate	-	683
Fair value loss on investment in subsidiaries	(315)	-
Fair value gains on derivative instruments	69	991
Bank custody fees	(115)	(124)
	1,695	(33,955)

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

	2016 US $000	2015 US $000
Available-for-sale	-	(5,723)
At fair value through profit or loss	(3,540)	(303)
	(3,540)	(6,026)

27. Administrative expenses

	2016 US $000	2015 US $000
Legal expenses	19	63
Directors' fees and expenses	5,033	2,414
Other salaries and expenses	149	176
Professional and consulting fees	1,879	806
Office costs	172	254
Depreciation	7	13
Other operating expenses	388	414
Provision charge	-	513
Audit fees	119	96
Impairment charge on receivables	122	-
	7,888	4,749

Throughout 2016 the Group employed 6 members of staff (2015: 7), and the Company employed 2 members of staff (2015: 2).

Other salaries and expenses include USD 18,706 of social insurance and similar contributions (2015: USD 21,640), as well as USD 16,655 of defined contributions plan costs (2015: USD 6,593).

28. Finance costs

	2016 US $000	2015 US $000
Finance costs		
Other bank interest	216	267
Foreign exchange loss	2	847
	218	1,114

29. Taxation

	2016 US $000	2015 US $000
Current tax charge	38	15
	38	15

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

30. Earnings per share

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

Diluted earnings per share is calculated after taking into consideration other potentially dilutive shares in existence during the year ended 31 December 2016 and the year ended 31 December 2015.

	2016	2015
Continuing operations		
Profit / (loss) for the year attributable to ordinary shareholders of the parent (USD 000)	19,885	(14,123)
Weighted average number of ordinary shares outstanding	186,255,696	194,599,172
Basic earnings per share (USD)	0.11	(0.07)
Weighted average number of ordinary shares outstanding	186,255,696	194,599,172
Dilutive effect of share options	24,715	59,005
Weighted average number of ordinary shares including the effect of potentially dilutive shares	186,280,411	194,658,177
Diluted earnings per share (USD)	0.11	(0.07)

	2016	2015
Discontinued operations		
Profit / (loss) for the year attributable to ordinary shareholders of the parent (USD 000)	14,091	9,364
Weighted average number of ordinary shares outstanding	186,255,696	194,599,172
Basic earnings per share (USD)	0.08	0.05
Weighted average number of ordinary shares outstanding	186,255,696	194,599,172
Dilutive effect of share options	24,715	59,005
Weighted average number of ordinary shares including the effect of potentially dilutive shares	186,280,411	194,658,177
Diluted earnings per share (USD)	0.08	0.05

The Share options (note 16) granted on 13 May 2008 have a dilutive effect on the weighted average number of ordinary shares only, given that their exercise price is lower than the average market price of the Company's shares on the London Stock Exchange (AIM division) during the year ended 31 December 2016 and 2015. All other share options do not impact the diluted earnings per share for 2015 (expired in 2016) as their exercise price was higher than the average market price of the Company's shares during the year ended 31 December 2015.

31. Related party transactions

The Company is controlled by Groverton Management Ltd, an entity owned by Noam Lanir, which at 31 December 2016 held 76.62% (2015: 78.74%) of the Company's effective voting rights.

	2016 US $000	2015 US $000	
Amounts receivable from subsidiaries			
Livermore Properties Limited	3,103	-	(1)
Sandhirst Limited	1,018	-	(1)
Allowance for impairment	(2,940)	-	(1)
	1,181	-	
Amounts receivable from key management			
Directors' current accounts	3,000	2,514	(1)
Other assets	1,128	2,256	(2)
Loan receivable	2,513	-	(3)
	6,641	4,770	
Amounts payable to subsidiaries			
Livermore Investments Cyprus Limited	(169)	-	(4)
Livermore Capital AG	(687)	-	(4)
Livermore Israel Investments Ltd	(2,210)	-	(4)
	(3,066)	-	
Amounts payable to other related party			
Loan payable	(149)	(499)	(5)
	(149)	(499)	

Amounts payable to key management			
Directors’ current accounts	(13)	(35)	(4)
Other key management personnel	(5)	(843)	(6)
	(18)	(878)	
Key management compensation			
Short term benefits			
Executive Directors' fees	795	795	(7)
Executive Directors' reward payments	4,128	1,528	
Non-executive Directors' fees	60	69	
Non-executive Directors' reward payments	50	22	
Other key management fees	1,092	383	
	6,125	2,797	

(1) The amounts receivable from subsidiaries and the Director’s current accounts with debit balances are interest free, unsecured, and have no stated repayment date.

(2) Loans of USD 5.523m were made to a key management employee for the acquisition of shares in the Company. Interest was payable on these loans at 6 month US LIBOR plus 0.25% per annum and the loans were secured on the shares acquired. The loans were repayable on the earlier of the employee leaving the Company or April 2013. In December 2012 the Board decided to renew the outstanding amount of these loans for a period of another five years. Based on the Board’s decision, the outstanding amount is reduced annually on a straight line over five years, as long as the key management employee remains with the Company. The relevant reduction in the loan amount for the year was USD 1.128m. The loans are classified as “other assets” and are included under trade and other receivables (note 13).

(3) A loan of USD 2.500m was made to a key management employee, during the year, for the acquisition of shares in the Company. Interest is payable on the loan at 6 month US LIBOR plus 0.25% per annum and the loan is secured on the shares acquired. The loan is repayable on the earlier of the employee leaving the Company or April 2020. The loan is included within trade and other receivables (note 13).

(4) The amounts payable to 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 2016 of USD 0.149m (31 December 2015: USD 0.499m) has been received from a related company (under common control), Chanpak Ltd. The loan is free of interest, it is unsecured and is repayable on demand. This loan is included within trade and other payables (note 20).

(6) The amount payable to other key management personnel relates to a payment 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 Directors.

No social insurance and similar contributions nor any other defined benefit contributions plan costs were incurred for the Group in relation to its key management personnel in either 2016 or 2015.

Noam Lanir, through an Israeli partnership, is the major shareholder of Babylon Limited, an Israel based Internet Services Company. The Group as of 31 December 2016 held a total of 1.941m shares at a value of USD 0.973m (2015: 1.941m shares at a value of USD 0.931m) which represents 4% of its effective voting rights. The investment in Babylon Ltd is held through the subsidiary Livermore Israel Investments Ltd (2015: included within public equity investments under financial assets at fair value through profit or loss – note 5).

In 2016, the Company bought 17,475,585 (2015: 3,000,000) of its Ordinary shares from Groverton Management Ltd, at an average price of USD 0.45 per share (2015: USD 0.51 per share). These shares are included in Treasury shares (note 15).

As at the reporting date Livermore had 335,816 number of shares of Wanaka Capital Partners Mid-Tech Opportunity Fund registered in its name but held for the absolute benefit of a related company (other related party - under common control). These shares are not included in the financial assets on the consolidated statement of financial position.

During the year the Company received administrative services of USD 0.048m (2015: 0.039m) in connection with investments from a related company (other related party - under common control), Mash Medical Life Tree Marketing Ltd.

32. Provisions

The movement in provisions for the year is as follows:

	2016 US $000	2015 US $000
As at 1 January	513	-
Additions (note 33)	-	513
Settlements	(128)	-
As at 31 December	385	513
Allocated as:		
Current liability	385	128
Non-current liability	-	385
	385	513

33. Litigation

Fairfield Sentry Ltd vs custodian bank and beneficial owners

One of the custodian banks that the Company uses 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. 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.

Ex employee vs Empire Online Ltd

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

Prior to the filing of the lawsuit in Israel, the Company filed a claim against the plaintiff in the Court in Cyprus based upon claims concerning breach of faith of the plaintiff towards his employers. Litigation was completed in Israel.

On 5 March 2014, the Labor Court in Tel Aviv issued a ruling in which the court denied most of the plaintiff's claims and accepted only his claim for termination of employment. On 16 April 2014 the plaintiff filed an appeal against the ruling. On 10 June 2015 the court held a hearing of the appeal and suggested that both sides settle the dispute by means of mediation. On 20 January 2016 the parties reached an agreement for an out of court settlement, for which a corresponding provision has been made (note 32).

34. 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 2016.

35. Events after the reporting date

The three warehouse facilities that the Company invested in, during 2016, were converted to CLOs in May 2017. For two out of the three warehouses, with a carrying amount as at 31 December 2016 of USD 11.185m, the Company invested an additional amount of USD 15.5m during 2017 (before their conversion). For these two warehouses, Livermore's investment amount plus net carry amounting to a total of USD 28.1m became receivable in May 2017. For the other one, with a carrying amount as at 31 December 2016 of USD 6.066m, the Company invested an additional amount of USD 3m during 2017 (before its conversion). For that warehouse, the amount to be received has not yet been determined, however it is expected that it will exceed Livermore's investment amount.

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

36. Financial risk management objectives and policies

Background

The Group's financial instruments comprise available for sale financial assets, financial assets at fair value through profit or loss, derivatives, cash balances and receivables and payables that arise directly from its operations. For an analysis of financial assets and liabilities by category, refer to note 37.

Risk objectives and policies

The objective of the Group 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 Group.

Risks associated with financial instruments

Foreign currency risk

Foreign currency risks arise in two distinct areas which affect the valuation of the investment portfolio, 1) where an investment is denominated and paid for in a foreign currency; and 2) where an investment has substantial exposure to non-US Dollar underlying assets or cash flows denominated in a foreign currency. The Group in general does not hedge its currency exposure. The Group discretionally and partially hedges against foreign currency movements affecting the value of the investment portfolio based on its view on the relative strength of certain currencies. Any hedging transactions represent economic hedges; the Group does not apply hedge accounting in any case. Management monitors the effect of foreign currency fluctuations through the pricing of the investments. The level of financial instruments denominated in foreign currencies held by the Group at 31 December 2016 is the following:

	2016 US $000 Financial assets	2016 US $000 Liabilities	2016 US $000 Net value	2015 US $000 Financial assets	2015 US $000 Liabilities	2015 US $000 Net value
British Pounds (GBP)	1,754	(355)	1,399	1,611	(4,475)	(2,864)
Euro	2,715	(284)	2,431	2,641	(253)	2,388
Swiss Francs (CHF)	8,090	(1,966)	6,124	28,653	(9)	28,644
Indian Rupee (INR)	-	-	-	7,099	-	7,099
Israel Shekels (ILS)	5,052	(2,212)	2,840	2,850	(90)	2,760
Others	-	(6)	(6)	-	(5)	(5)
Total	17,611	(4,823)	12,788	42,854	(4,832)	38,022

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 2016 would have the following impact. A 10% decrease of the following currencies against USD would have an approximately equal but opposite impact.

	2016	**2016**	**2015**	**2015**
	US $000	**US $000**	**US $000**	**US $000**
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
British Pounds (GBP)	77	63	(445)	159
Euro	243	-	162	77
Swiss Francs (CHF)	590	-	2,842	-
Indian Rupee (INR)	-	-	-	710
Israel Shekels (ILS)	284	-	273	3
Total	1,194	63	2,832	949

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

Interest rate risk

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

The Group has banking credit lines which are available on short notice for the Group to use in its investment activities, the costs of which are based on variable rates plus a margin. When an investment is made utilising the facility, consideration is given to the financing costs which would impact the returns. The level of banking facilities used is monitored by both the Board and the management on a regular basis. The level of these banking facilities utilised at 31 December 2016 was USD 1.2m (2015: USD 13.2m).

As at 31 December 2016 the Group had no financial liabilities that bore an interest rate risk, other than the previously disclosed bank facilities.

Interest rate changes will also impact equity prices. The level and direction of changes in equity prices are subject to prevailing local and world economics as well as market sentiment all of which are very difficult to predict with any certainty.

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

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

	2016	**2015**
	US $000	**US $000**
Financial assets – subject to:		
- fair value changes	3,550	4,534
- interest changes	156,970	93,836
Total	**160,520**	**98,370**

Financial liabilities – subject to:		
- interest changes	1,160	89,618
Total	**1,160**	**89,618**

Changes in market interest rates will affect the valuation of fixed rate interest bearing instruments. A 1% (100 basis points) increase in market interest rates would result in an estimated 0.72% increase in the net asset value as at 31 December 2016 (2015: -0.18%).

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.

	2016	**2016**	**2015**	**2016**
	US $000	**US $000**	**US $000**	**US $000**
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Financial assets				
- fair value changes	(256)	-	(269)	-
- interest changes	1,397	-	888	-
Financial liabilities				
- interest changes	(12)	-	(896)	-
	1,129	-	(277)	-

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

The Group had no single major financial instrument that in absolute terms and as a proportion of the portfolio could result in a significant reduction in the NAV and share price. Due to the very low exposure of the Group to public equities, and having no specific correlation to any market, the equity price risk is low. The portfolio as a whole does not correlate exactly to any Index.

Management of risks is primarily achieved by having a diversified portfolio to spread the market price risk. The Group has investments in CLO equity tranches as well as first loss tranches of warehouse facilities. These investments represent leveraged exposure to typically senior secured loans. Investments in CLOs are subject to many risks including market price risk, liquidity, credit risk, interest rate, reinvestment and certain other risks.

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 Group's portfolio of financial assets (excluding level 3 investments) would result in a 6.56% change in the net asset value as at 31 December 2016 (2015: 4.84%), and would have the following impact (either positive or negative, depending on the corresponding sign of the change):

	2016 US $000 Profit or loss	2016 US $000 Other comprehensive income	2015 US $000 Profit or loss	2015 US $000 Other comprehensive income
Available-for-sale financial assets	-	-	-	6,721
Financial assets at fair value through other comprehensive income	-	104	-	-
Financial assets at fair value through profit or loss	10,209	-	358	-
	10,209	104	358	6,721

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 Group 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 Group is exposed to a migration of credit rating, widening of credit spreads and default of any specific issuer.

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

The Group is mainly exposed to credit risk in respect of its 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 Group's maximum credit risk exposure at 31 December 2016 is as follows:

	2016 US $000	2015 US $000
Financial assets:		
At amortised cost:		
Trade and other receivables	6,759	3,090
Cash at bank	60,383	25,770
	67,142	28,860
Available-for-sale financial assets	-	65,946
Financial assets at fair value through profit or loss	100,137	6,655
	167,279	101,461

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 Group 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 Group has no investment in sovereign debt as at 31 December 2016 or 2015.

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

Rating	2016 Amount **US $000**	Percentage	2015 Amount **US $000**	Percentage
AA	30,870	18.5%	18,772	18.5%
A+	-	-	-	-
A	82	-	976	1.0%
A-	29,495	17.6%	6,326	6.2%
BB	2,433	1.5%	2,900	2.9%
BB+	1,117	0.7%	1,116	1.1%
BB-	-	-	518	0.5%
Not Rated	103,282	61.7%	70,853	69.8%
	167,279	100%	101,461	100%

Included within “not rated” amounts are investments in loan market through CLOs of USD 79.336m and open warehouses of USD 17.251m (2015: CLOs of USD 63.046m and open warehouses of USD 5.020m).

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 Group's financial liabilities according to their maturity.

31 December 2016	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**
Bank overdraft	1,160	1,160	-	-	-
Trade and other payables	5,566	5,566	-	-	-
Total	6,726	6,726	-	-	-

31 December 2015	Carrying amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank loan	76,410	2,477	2,557	75,531	-
Bank overdraft	13,208	13,208	-	-	-
Trade and other payables	2,207	2,207	-	-	-
Total	91,825	17,892	2,557	75,531	-

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

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.

The management take into consideration the liquidity of each investment when purchasing and selling in order to maximise the returns to shareholders by placing suitable transaction levels into the market.

At 31 December 2016, the Group had liquid investments totalling USD 146.3m, comprising of USD 60.4m in cash and cash equivalents, USD 81.8m in investments in loan market through CLOs, USD 1.1m in other fixed income investments, USD 2.0m in public equities and USD 1.0m in hedge funds. Management structures and manages the Group's portfolio based on those investments which are considered to be long term, core investments and those which could be readily convertible to cash, are expected to be realised within normal operating cycle and form part of the Group's treasury function.

Capital Management

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

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

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

	2016 US $000	2015 US $000
Cash at bank	(60,383)	(25,770)
Bank overdrafts	1,160	13,208
Bank loans	-	76,410
Net Debt	(59,223)	63,848
Total equity	157,174	148,637
Net debt to equity ratio	(0.38)	0.43

The significant improvement in the ratio is mainly due to the disposal of investment property activities (note 23) and the bank loan associated with it.

37. Financial assets and liabilities by class

	Note	2016 US $000	2015 US $000
Financial assets:			
Loans and receivables	13, 14	-	28,860
Financial assets at amortised cost	13, 14	67,142	-
Available-for-sale financial assets	4	-	81,147
Financial assets at fair value through profit or loss	5	102,087	9,801
Financial assets designated at fair value through other comprehensive income	6	6,673	-
		175,902	119,808

Financial liabilities:			
Financial liabilities at amortised cost	18, 19, 20	6,726	91,825
Financial liabilities at fair value through profit or loss:			
Derivative financial instruments	17	-	217
		6,726	92,042

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

Shareholder Information

Registrars

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

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

Change of Address

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

Website

www.livermore-inv.com

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

Direct Dividend Payments

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

- There is no chance of the dividend cheque going missing in the post; and
- The dividend payment is received more quickly because the cash sum is paid directly into the account on the payment date without the need to pay in the cheque and wait for it to clear.

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

Lost Share Certificate

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

Duplicate Shareholder Accounts

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

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

Corporate Directory

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