LivermoreInvestments

Livermore Investments Group Limited

Annual Report & Consolidated Financial Statements
for the year ended 31 December 2012

Table of Contents

Highlights

- Net Asset Value per share - USD 0.87 (December 2011: USD 0.57, June 2012: USD 0.74) - representing a net increase of 52.6%.

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

- Wyler Park property in Bern, Switzerland fully let.

- No material developments in the private equity portfolio.

- During 2012, the Company purchased 56,052,180 shares to be held in treasury

Chairman's and Chief Executive's Review

Introduction

We are pleased to announce the consolidated financial results for Livermore Investments Group Limited ("Livermore" or "the Company") and its subsidiaries (together "the Group") for the year ended 31 December 2012.

The year-end NAV was USD 0.87 per share (2011 NAV: USD 0.57 per share). Net profit for the year was USD 25.7m (2011 Net Profit: USD 5.4m). The portfolio remained well diversified across sectors and geographies with increased exposure to fixed income securities and senior secured loans as compared to 2011.

During the year, the Group performed well generating an increase of 52.6% on a NAV per share basis. The positive performance is attributed largely to the income from the US credit portfolio partly offset by certain write-downs on legacy private equity investments. Interest and dividend income from the financial portfolio totalled USD 22.1m (2011: USD 18.9m).

Wyler Park, our investment property in Bern, Switzerland performed well, generating over CHF 5.4m in net rent during the year. All of the 39 apartments and commercial spaces are fully rented.

There were no significant developments in the private equity portfolio during the year.

Financial Review

The NAV of the Group at 31 December 2012 was USD 173.0m. On a per share basis, NAV increased by 52.6%. Net profit during the year was USD 25.7m, which represents earnings per share of USD 0.12.

Administrative expenses excluding provisions were USD 5.0m (2011: USD 5.3m).

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

	31 December 2012 US $m	31 December 2011 US $m
Shareholders' funds at beginning of year	145.4	142.3
Income from investments	27.5	24.6
Other income	0.7	3.0
Realised gains on investments	6.8	0.1
Loss on impairment on investments	(18.1)	(9.9)
Unrealised gains on investments	36.9	4.5
Unrealised exchange (losses) / gains	(0.0)	(0.2)
Administration costs including provisions for legal cases	(5.0)	(5.0)
Finance costs	(3.6)	(5.2)
Tax charge	(1.2)	(1.7)
Increase in net assets from operations	44.0	10.2
Purchase of own shares	(16.4)	(7.1)
Adjustments for share option charge	-	-
Shareholders' funds at end of year	173.0	145.4
Net Asset Value per share	US $0.87	US $0.57

Dividend & Buyback

Given the discount between the market price and the NAV, the Board recommends continuing the share buyback as the most efficient means to generate value for shareholders. No dividend was declared for the year ended 31 December 2012.

During 2012, the Company purchased 56,052,180 shares to be held in treasury for a total cost of USD 16.408m. The total number of shares held in treasury at 31 December 2012 was 105,385,063.

Annual General Meeting

The Group's Annual General Meeting will be held on 27 August 2013. The Notice for the meeting is on page 62 of this report.

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

Richard B Rosenberg
Chairman

Noam Lanir
Chief Executive Officer

20 May 2013

Review of Activities

Introduction and Overview

2012 was an eventful year with the European debt crisis, the US debt debate and US presidential elections at the forefront. Financial markets remained in risk-on risk-off mode through most of the year but gained steam towards the latter part of the year after the US Federal Reserve announced open ended quantitative easing and the European Central Bank committed to do the needful to support the Euro.

Despite the significant challenges, Livermore generated a NAV/share increase of 52.6% primarily through strong returns on the financial portfolio and value accretion from stock buy-back. Management took advantage of the continued dislocation in credit markets and availability of cheap leverage and increased exposure to the US senior secured loan market which continued to generate strong returns. The corporate bond portfolio performed well and management subsequently reduced exposure at lower yield levels. The Group's investment in Babylon generated significant returns as the company increased revenues and profits to record levels and the share price increased over 200%.

The year-end NAV was USD 0.87 per share (2011 NAV: USD 0.57 per share). The portfolio remained diversified across sectors and geographies with increased exposure to US senior secured loans.

In 2012, the Group generated interest and dividend income of USD 22.1m and investment property income of USD 5.4m. The Group's results (net income of USD 25.7m) relate mainly to gains and interest and dividend income from the financial portfolio. At the same time the results were negatively affected by impairments related to certain legacy investments. Administrative expenses amounted to USD 5.0m. Finance costs were USD 4.2m, of which USD 3.5m relates to the loan against the Wyler Park property.

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

Considering the strong liquidity position of Livermore, together with the robustness of its investment portfolio and the alignment of management's interest with those of its shareholders, management believes that the Group is well positioned to benefit from current market conditions.

Global Investment Environment

The pace of US economic recovery slowed during the first half of this year with GDP rising a modest 1.5%. The rate of job gains diminished while consumer price inflation over the first half was lower than in 2011. The European fiscal and banking crisis was a major source of strain on global financial markets. Early in the year, financial stresses within the Euro area moderated somewhat in light of a number of policy actions: ample liquidity to the banks from the ECB, increase in lending capacity of Euro area rescue facilities, and a new assistance package for Greece. However, tensions within the Euro area increased again in the spring as political uncertainties rekindled fears of a disorderly Greek exit from the Euro area and mounting losses at Spanish banks renewed questions about the sustainability of Spain's sovereign debt and of the Euro-area banking system.

Financial markets were volatile over the first half of 2012 mostly due to fluctuating views regarding the crisis in the Euro area and the likely pace of global economic growth. As investors' concerns about the situation in Europe eased early in the year, broad equity price indexes rose and risk spreads in several markets narrowed. Subsequently, however, market participants pulled back from riskier assets amid renewed concerns about the Euro area and evidence of slowing global economic growth.

In the second half of 2012, US GDP rose 1.5% as various headwinds continued to restrain growth. Financial conditions eased over the second half in response to significant additional quantitative easing provided by the US Federal Reserve and a strong commitment by the ECB to combat Euro concerns helped reduce the tail risks priced in financial asset prices. Credit availability, however, remained tight for many households and businesses. In addition, declines in real government purchases continued to weigh on economic activity, as did household and business concerns about the economic outlook, while weak demand restrained exports. Notwithstanding a lessening of signs of financial stress, the Euro area financial stability environment continues to be fragile, and several vulnerabilities remain.

In equity markets, the US S&P 500 Index ended higher by 11.7% from the beginning of the year and the EuroStoxx 50 Index increased 11.2% largely on account of significant monetary policy support in the US and Euro zone.

Despite some volatility during the summer, US corporate credit market performed well in 2012 as the S&P/LSTA Index returned 9.7% for the year. Default rates remained below historical levels with the trailing 12 month default rate of 1.27% for the S&P/LSTA Index. Corporate credit fundamentals remained strong and US loan issuance increased to a five year high of USD 295b in 2012. A sharp increase in new Collateralized Loan Obligation (CLO) issuance supported significant refinancing activity and tightening of new issue spreads, original issue discounts, and LIBOR floors. The size of the so-called "maturity wall" in 2013 and 2014 continued to reduce through repayments and extensions. At the end of 2012, the amount of S&P/LSTA Index loans maturing in 2013 declined to USD 4.7b (about 1% of all outstanding performing loans). With few upcoming maturities, the default rate is expected to stay low in the near term as refinancing risk for borrowers reduces. Looking ahead, approximately 70% of US loans have maturities between 2016 and 2018.

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

Livermore's Strategy

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

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

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

Review of Significant Investments

Name	Book Value US $m
Wyler Park*	40.3
SRS Charminar	10.1
Montana Tech Components	6.2
Other Real Estate Assets	1.8
Total	58.4

* Net of related loan.

Wyler Park – Switzerland
Wyler Park is a top quality mixed-use property located in Bern, Switzerland. It has over 16,800 square meters of commercial space, 4,100 square meters of residential space, and another 7,800 square meters available for additional commercial development. The commercial part is leased entirely to SBB (AAA rated), the Swiss national transport authority wholly owned by the Swiss Confederation, and serves as the headquarters of their Passenger Traffic division. The commercial lease is Swiss inflation rate – adjusted and ends in 2019 with two 5 year extension periods thereafter. The annual rental income from the commercial area of the project is CHF 4.83m (USD 4.77m).

Following the successful development of 39 residential apartments, management rented out all of the apartments. The entire property is fully rented. The annual rental income from the residential area is about CHF 0.59m (USD 0.63m).

Livermore is the sole owner of Wyler Park through its wholly owned Swiss subsidiary, Livermore Investments AG. The loan outstanding on the project is CHF 78.9m (USD 86.3), which is a non-recourse loan to Livermore Investments AG backed only by this property. The loan matures in July 2014. The valuation of the property on current-use basis as of year-end 2012 is CHF 115.9m (USD 126.5m) and of year end 2011 was CHF 114.9m (USD 122.5m).

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

SRS Charminar – India

In 2008 Livermore invested USD 20m in SRS Charminar acquiring a 15% ownership stake. SRS Charminar through its wholly owned subsidiaries invested INR 5.2b (USD 132.1m at date of investment) in a real estate company in India.

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

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

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

Meanwhile, the investors filed and won an interim order for injunction against the promoters and the company to prohibit sales, transfer or encumbering of the assets of the company. Thereafter, the promoters filed against the arbitral award and the injunction order. As at 31 December 2012 there was no change in the status of this case.

On January 13, 2011 the Company Law Board ("CLB") passed an order and allowed Infrastructure Leasing & Financial Services Limited ("IL&FS") to become an 80% shareholder and control the management of the company.

After the reporting period, SRS has agreed to a settlement with IL&FS and the investee company. As per the terms of the settlement, INR 8.5Bn will be paid to the investors in four tranches over a five year period. The settlement is subject to certain court and regulatory approvals.

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

The carrying amount of the investment is based on discounted expected cash flows and was reduced to USD 10.1m (2011: USD 14.7m).

Montana Tech Components ("MTC") - Europe

Montana Tech Components AG is a leading components manufacturer in the fields of Aerospace & Industrial Components, Metal Tech and Micro Batteries.

The Aerospace Components business segment manufactures specialized components for Airbus and Boeing and is the market leader. The Aerospace Components business segment developed positively during the year as growth of aviation in emerging regions as well as the modernization of aircraft fleets in the US and Europe continued. The revenues in Aerospace Components business segment increased by 7% to EUR 235m in 2012.

The Energy Storage (VARTA Group) business segment is a market leader in hearing aid batteries and rechargeable batteries with a strong brand (VARTA Micro Power). VARTA has formed a significant joint venture with the Volkswagen group to develop batteries for hybrid cars. Demand in micro batteries continued to be high in the growth market of medical technology. The business segment commissioned the world's largest and most sophisticated production plant for mercury-free hearing aid batteries strengthening its competitive position. VARTA Group also introduced a new energy storage system for households. Substantial progress was achieved in the joint venture with Volkswagen as the first energy cells prototypes fulfilled the requirements. The business segment achieved a turnover growth of 8% to EUR 155 million during the year.

Metal Tech business segment operates in a niche area and is a market leader in an otherwise highly fragmented industry. This business segment produces tools for identification and marking of steel products. The Metal Tech division delivered several large orders in 2012 and the turnover increased by 43% to EUR 45 million.

Overall MTC was able to achieve record revenues and earnings growth despite economically challenging conditions due to a good market position in all three operative core businesses. Total revenues increased by 12% to EUR 440m, EBITDA (without one-time adjustments) increased by 19% to EUR 64m, and EBIT (without one-time adjustments) increased 22% to EUR 45m in 2012.

In June 2012 Montana issued a 5 year corporate bond with a notional value of T€ 55,000 paying 5% annually. Proceeds from the corporate bond will be partially used to refinance existing bank loans and finance the growth project of the group. MTC's equity capital rose to EUR 294 million (2011: EUR 225 million).

Livermore and certain other minority shareholders in MTC have raised concerns about related party transactions between MTC and its majority shareholder as well as the unequal treatment of minority shareholders by the Board of MTC. Livermore is pursuing an activist role in order to increase transparency, ensure equal treatment of minority shareholders, and potentially gain representation on the Board of MTC. At the Annual General Meeting of Montana, the Board of Directors of Montana was denied discharge for the last two years.

Private Equity Funds
The other private equity investments held by the Group are incorporated in the form of Managed Funds (mostly closed end funds) mainly in the emerging economies of India and China. The investments of these funds into their portfolio companies were mostly done in 2008 and 2009. Overall, during 2012 the investment environment relating to most funds was challenging and the Group expects that material exits of portfolio companies should materialize between 2013 and 2015. Except for distribution of USD 0.249m from Da Vinci fund no material exits occurred during the reported period.

The following summarizes the book value of the private equity funds as of year-end 2012

Name	Book Value US $m
SRS Private (India)	4.0
Evolution Venture (Israel)	2.6
India Blue Mountains (India)	2.3
Elephant Capital (India)	1.5
Da Vinci (Russia)	1.2
Blue Ridge Capital (China)	0.8
Panda Capital (China)	0.6
Other investments	0.4
Total	**13.4**

SRS Private Fund: SRS Private is a private equity fund focused on real estate in India. The fund has invested in residential and commercial projects as well as directly in certain real estate companies. The assets are primarily located in and around major cities of India such as Mumbai and Hyderabad. Approximately 44.2% of the net asset value of the fund is invested in mixed-use assets (commercial and residential combined) of it 16.2% at SRS Charminar, 25.4% in residential assets, 12.1% invested at the entity level of real estate developers, 2.3% in hospitality related assets, and 24% in cash and receivables. As of year-end 2012, the investment was valued at USD 4m.

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

India Blue Mountains: India Blue Mountains is a leading hotel and hospitality development fund that is developing 4 star and 5 star hotels in India. The fund has acquired land and is in the process of developing three hotels in prime areas of Mumbai, Pune and Goa. All hotels will be managed by the Accor Group (Novotel brands). Accor has also invested equity and holds a 26% stake in all of the hotels.

The Pune hotel is being built on a land area of 70,200 sq ft with a total built-up area of approximately 343,297 sq ft. The hotel is expected to be a Novotel brand hotel with 223 rooms and two floors have been earmarked for commercial office space.

The Mumbai hotel is on a 82,609 sq ft land site with a built-up area of approximately 550,216 sq ft. The hotel will be a Novotel brand hotel with 543 rooms. As reported earlier, the contract with the general contractor was terminated due to delays caused by the contractor.

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

In 2012, the major shareholders took over control of the investment vehicle from the manager and agreed to exit the existing investments in an orderly fashion. The previous manager of the investment vehicle will still be involved in an advisory role but it will no longer control the board of the vehicle.

Livermore management believes that there are significant uncertainties with respect to delivery timelines and financing possibilities for the Mumbai project in the current environment. In addition, the Goa project rezoning has not been concluded. As a result, Livermore has decided to impair the investment by USD 2.7m.

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

As of August 2012, the NAV of the fund was 44 pence. On 27 February 2013, Elephant Capital launched a tender offer at a price of 39 pence per share. Livermore tendered its shares and the fund purchased back 49.19% of Livermore's shareholding. Additional information about the fund is available at **www.elephantcapital.com**

Da Vinci: The fund is primarily focused on Russia and CIS countries. In 2011, RTS, a leading Russian stock exchange, merged with MiCex stock exchange to form the largest financial exchange in Russia and distributed a dividend from the partial exit. The board of the merged company announced a further dividend of USD 0.31 per share on 30 June 2012 which was also distributed to fund investors. On February 15, 2013 Moscow Exchange announced the successful pricing of its initial public offering (IPO) at a price of RUB 55 per share and the total market capitalization of Moscow Exchange at IPO amounted to approximately US$ 4.2b. EPAM, a leading Russian software company, conducted a successful initial public offering on NASDAQ in February 2012. During the year, the fund exited the investment and distributed proceeds to fund investors. The investment was valued at USD 1.2m as of year-end 2012.

Blue Ridge: Blue Ridge is a China focused private equity fund. The fund has made investments in six portfolio companies including a distressed real estate turnaround company, a plastic and chemicals manufacturer, a higher education company, an innovative bio-pesticide company, a software company specializing in Oil & Gas applications and a refinery.

Panda Capital: Panda Capital is a China-based private equity fund focused on early-stage industrial operations in China and Taiwan, which represent strong growth opportunities. The fund's main investment is in a bamboo flooring company in China, which provides an innovative low cost alternative to hardwood flooring in shipping containers. The manager is in the process of building up operational capacity for product manufacturing. This investment could generate attractive returns once the shipping industry recovers from the current downturn.

Financial portfolio and trading activity
The Group manages a financial portfolio valued at USD 103m (net of leverage) as at 31 December 2012, which is invested mainly in fixed income securities and special situation equity opportunities.

Fixed Income:
During 2012 the Group increased its activity in the US syndicated loan market mainly through investment into US Collateralized Loan Obligations (CLO) of 2006 and 2007 issues as well as investments into newly issued transactions. These are managed portfolios invested into diversified pools of floating rate senior secured loans and financed with long term floating rate financing. On absolute and relative value bases the loan market performed well through the financial crisis and continued to offer remarkable value as an undervalued, inflation linked and defensive asset class with a senior secured claim on the borrower and with overall low volatility and low correlation to other asset classes. The CLO structure proved itself through the financial crisis and thereafter as a robust means of investing into the loan asset class.

The fundamentals of the US corporate credit market continued to show resilience. Trailing 12 month default rate during Q4 2012 for the S&P/LTSA index was 1.27% and the S&P/LTSA index of issuers returned 9.7% in 2012. New issue loan volume surged and opportunistic loan re-pricing activity also increased and is expected to continue in 2013 absent any macroeconomic or geopolitical shocks.

During 2012, the CLO portfolio performed extremely well on account of low default rates and improving credit fundamentals of their underlying loans evidenced by lower weighted average rating factor (WARF) levels in our deals. At the end of the reporting period all of our US investments were passing their coverage tests (thereby making dividend distributions). In 2012, the portfolio generated USD 26.8m in cash distributions. CLO payments remained strong thanks to low credit losses and prevalence of Libor floors and healthy credit spreads.

The excess spread of these CLOs, namely the difference between the interest income generated by a CLO's assets and the cost of financing through its liabilities as well as certain fees (which are locked-in at closing), increased substantially from original levels. Volatility in loan prices provided a good entry point for CLOs within their reinvestment period to build additional par and increase coverage ratios. This combination of improving coverage ratios and excess spread availability continued in 2012. The cushions built up within the portfolios are expected to insulate the portfolio from moderate potential future credit losses, implying that performance should remain strong even in the absence of a significant improvement in macroeconomic conditions, so long as another dramatic fundamental downturn or financial market crisis is avoided. Distributions from the CLO portfolio increased in 2012 but management expects these payments to decline in 2013 as pre-crisis CLOs end their reinvestment and begin amortization of the cheapest liability tranches, incentive fees trigger in some pre-crisis CLOs, and increased pre-payment and loan re-pricing activity reduces excess spread.

During H1 2012, secondary market prices for CLOs rose, legacy CLOs reinvestment periods continued to shorten and the IRRs and cash returns offered by primary CLO issuances became attractive on relative basis. Livermore examined carefully the new issue market with the intention to extend the reinvestment period of its current portfolio and successfully launched as an anchor investor a new issue cash flow CLO (Venture X) managed by MJX Asset Management LLC ("MJX") in June 2012. In October 2012, Livermore launched another new issue cash flow CLO (Venture XI) managed by MJX. In addition Livermore participated as a significant investor in various US and emerging markets new issue CLOs of leading managers. During the year, Livermore conducted some relative value trades that helped improve the credit profile and extend the reinvestment period profile of the Group's CLO portfolio.

As US interest rates are expected to remain low until 2015, corporate defaults are expected to remain low in the medium term and loan spreads are forecast to remain wide by historical standard, we believe that the environment should remain attractive for investments in CLO income notes. The investment team is evaluating investing in additional primary issue CLOs with the aim of acquiring a controlling or significant equity stake.

While management maintains a positive view, mid-long term performance may be negatively impacted by a pull back into a substantial double dip recession in US and/or Europe involving a spike in defaults. CLO distributions and secondary CLO prices may also decline as re-pricing activity in the loan market reduces excess spread of the underlying portfolios. Despite positive developments in the overall health of the US economy we acknowledge the potential headwinds posed by continued weakness in developed economies, high unemployment and the continued EU sovereign debt crisis as well the headwinds the economy may face in 2013 relating to the possible austerity measures following the US debt ceiling discussions and geopolitical risks.

Public Equities:
Babylon Ltd ("Babylon"): Babylon is an International Internet Company based in Israel and listed on the Tel-Aviv Stock Exchange (TASE: BBYL). It is a leading translation and language tools provider and its language translation software product is a recognized name in the industry. The company generates revenues through Search and Advertising, Online Sales, Corporate Sales, and Telesales. Babylon has achieved exceptional growth in its Search and Advertising business since 2009. 2012 Revenues increased 184% to USD 177.6m as compared to USD 62.5m in 2011 and EBITDA increased 193% to USD 33.4m from USD 11.4m in the corresponding quarter. Babylon declared a dividend of USD 12.5m which was paid in August 2012. During the year, Babylon's share price increased 126% from ILS 9.4 to ILS 21.3.

In 2012, Livermore acquired an additional 1.129m shares of Babylon. As of 31 December 2012, Livermore's investment in Babylon was valued at USD 22.3m which represents 8.15% of its effective voting rights.

In September 2012, Babylon announced that it had filed a draft prospectus with the Securities and Exchange Commission for a listing on one of the main US stock exchanges.

Noam Lanir, the majority shareholder of the Group, is also a major shareholder in Babylon (note 31).

The following is a table summarizing the financial portfolio as of year-end 2012

Name	2012 Book Value US $m	2011 Book Value US $m
Investment in the loan market through CLOs	73.2	53.8
Babylon	22.3	6.6
Corporate bonds	10.5	28.9
Hedge Funds	3.0	5.0
Other Public Equities	2.8	2.1
Total	**111.8**	**96.4**
Total net of leverage	**103.0**	**75.0**

The following table reconciles the review of activities to the Group's financial assets and investment property as of year-end 2012

Name	2012 Book Value US $m
Significant Investments	58.4
Private Equity Funds	13.4
Financial Portfolio	111.8
Total	**183.6**
Available- for-sale financial assets (note 4)	103.9
Financial assets at fair value through profit or loss (note 5)	39.4
Net Investment property (note 8/15)	40.3
Total	**183.6**

Events after the reporting date

After the reporting period, the Manager of SRS Charminar has reported a settlement with IL&FS and the investee company which is subject to certain court and regulatory approvals. Please refer to note 4 for further details.

Litigation

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

Report of the Directors

The Board's objectives

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

The Board of Directors

Richard Barry Rosenberg (age 57), 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 46), 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 fifteen 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 45), Executive Director and Chief Investment Officer
Ron was appointed as Executive Director and Chief Investment Officer on 10 August 2007. Ron has wide investment and M&A experience. From 2001 to 2006 Ron served as a member of the management at Bank Leumi, Switzerland and was responsible for portfolio management activity. Prior to this he spent five years as a commercial lawyer at Kantor, Elhanani, Tal & Co. Law Offices in Tel Aviv, Israel, advising banks and large corporations on corporate transactions, including buy-outs and privatisations. Ron has over 11 years of experience as an investment manager with particular focus on the US credit market. He holds an MBA from INSEAD Fontainebleau and a LLB (LAW) and BA in Economics from Tel Aviv University.

Menachem Marder (age 60), Non-Executive Director
Menachem joined the Group in September 2009 and resigned on 3 April 2012.
The Directors shall retire from office at the third Annual General Meeting after that at which they were last elected, and if they so wish, offer themselves up for re-election to the Board. Subject to the BVI Companies Act and the Articles, the Directors to retire by rotation at the Annual General Meeting in every year shall be in addition to any Director who wishes to retire and not to offer himself for reappointment, any Director required to retire under the Company's Articles. The interests of the Directors and their related companies in the shares and options over shares in the Company are as shown on page 19. Details of the Directors' remuneration and service contracts also appear on page 19.

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

The Directors submit their annual report and audited consolidated financial statements of the Group for the year ended 31 December 2012.

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 10 April 2013 the Directors are aware of the following interests in 3 per cent or more of the Company's issued ordinary share capital:

	Number of Ordinary Shares	% of issued ordinary share capital	% of voting rights*
Groverton Management Ltd	154,412,173	50.77	77.70
RB Investments GmbH	13,915,419	4.58	7.00
Merrill Lynch Pierce, Fenner & Smith, Inc	9,329,051	3.07	4.69

* after consideration of treasury shares (note 13).

Save as disclosed in this report and in the remuneration report, the Company is not aware of any person who is interested directly or indirectly in 3 per cent or more of the issued share capital of the Company or could, directly or indirectly, jointly or severally, exercise control over the Company.

Details of transactions with Directors are disclosed in note 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 – June 2010 ("the Code"). However, the Company is keen to adopt and promote the provisions of that Code. Up to 31 December 2012 the Board has adopted several provisions of the Code, some of which have not yet been fully implemented.

The Board Constitution and Procedures

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

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

Board Committees

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

Remuneration Committee

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

Audit Committee

The Audit Committee comprises of the Non-Executive Chairman of the Board and a Non-Executive Director and is chaired by the Chairman of the Board. 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 auditors that they are independent;
- a review of fees paid to the auditor in respect of audit and non-audit services.

Remuneration Report

The Directors' emoluments, benefits and shareholdings during the year ended 31 December 2012 were as follows:

Directors' Emoluments

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

	Date of agreement	Fees US $000	Benefits US $000	Reward payments US $000	Share options expense US $000	Total emoluments 2012 US $000	Total emoluments 2011 US $000
Richard Barry Rosenberg	10/06/05	72	-	16	-	88	76
Noam Lanir	10/06/05	400	45	700	-	1,145	445
Ron Baron	01/09/07	350	-	1,000	-	1,350	850
Menachem Marder*	23/09/09	-	-	10	-	10	-

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

Directors' Interests

Interests of Directors in ordinary shares

	Notes	As at 31 December 2012			As at 31 December 2011		
		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)	154,412,173	50.773%	77.697%	154,412,173	50.773%	60.604%
Ron Baron	b)	13,915,419	4.576%	7.002%	13,915,419	4.576%	5.462%
Richard Barry Rosenberg		15,000	0.005%	0.008%	15,000	0.005%	0.006%

Notes:

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

b) On 16 April 2007, a loan of USD 5m was provided to RB Investments GMBH, a company owned by Ron Baron to purchase Livermore shares. The loan was renewed during the year ended 31 December 2010, and bears an annual interest rate of 6 month USD LIBOR plus 0.25%.

Interests of Directors in share options

	No of options at 31 December 2012	Date of grant	Exercise price, GBP	Exercise Price**, US $	Vesting period of options
Noam Lanir	10,000,000	19/07/06	0.78	1.27	One to three years*
	500,000	13/05/08	0.30	0.49	One to three years*
Richard Barry Rosenberg	150,000	19/07/06	0.78	1.27	One to three years*
	75,000	07/12/05	0.71	1.15	One to three years*

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

The options are exercisable up to 10 years after the date of grant. No options were exercised during the year ended 31 December 2012.

** 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 2012.

Share Option Scheme

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

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

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

Remuneration Policy

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

The following key principles guide its policy:

- policy for the remuneration of executive directors will be determined and regularly reviewed independently of executive management and will set the tone for the remuneration of other senior executives
- the remuneration structure will support and reflect the Group's stated purpose to maximize long-term shareholder value
- the remuneration structure will reflect a just system of rewards for the participants

- the overall quantum of all potential remuneration components will be determined by the exercise of informed judgement of the independent remuneration committee, taking into account the success of the Group and the competitive global market
- a significant personal shareholding will be developed in order to align executive and shareholder interests
- the assessment of performance will be quantitative and qualitative and will include exercise of informed judgement by the remuneration committee within a framework that takes account of sector characteristics and is approved by shareholders
- the committee will be proactive in obtaining an understanding of shareholder preferences
- remuneration policy and practices will be as transparent as possible, both for participants and shareholders
- the wider scene, including pay and employment conditions elsewhere in the Group, will be taken into account, especially when determining annual salary increases.

Review of the Business and Risks

Risks

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

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

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

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

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

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

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

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

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

Share Capital

There was no change in the authorised share capital during the year to 31 December 2012. 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 2012 are disclosed in note 31 to the consolidated financial statements.

By order of the Board of Directors

Chief Executive Officer
20 May 2013

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Livermore Investments Group Limited (the "Company") and its subsidiaries (together with the Company, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2012 and the consolidated income statement, and consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Emphasis of Matter

We draw attention to Note 4 to the consolidated financial statements which describe the uncertainty related to the outcome of the legal case in India relating to the investment of the Group through SRS Charminar Investments Ltd, in an Indian Real Estate company. Our opinion is not qualified in respect of this matter.

Other Matter

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

Augoustinos Papathomas

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

Date: 20 May 2013

Livermore Investments Group Limited

Consolidated Statement of Financial Position as at 31 December 2012

	Note	2012 US $000	2011 US $000
Assets			
Non-current assets			
Property, plant and equipment	3	30	81
Available- for-sale financial assets	4	99,492	88,752
Financial assets at fair value through profit or loss	5	3,716	3,029
Investment property	8	126,543	122,518
Deferred tax	10	–	488
Other assets	11	4,512	–
		234,293	214,868
Current assets			
Trade and other receivables	11	2,779	8,655
Available- for-sale financial assets	4	4,429	12,833
Financial assets at fair value through profit or loss	5	35,795	31,318
Cash at bank	12	14,505	2,060
		57,508	54,866
Total assets		291,801	269,734
Equity			
Share capital	13	–	–
Share premium and treasury shares	13	180,319	196,727
Other reserves		18,896	606
Retained earnings		(26,239)	(51,896)
Total equity		172,976	145,437
Liabilities			
Non current liabilities			
Bank loans	15	86,258	84,316
Derivative financial instruments	16	2,068	5,143
Deferred tax	10	519	–
		88,845	89,459
Current liabilities			
Bank overdrafts	17	19,759	19,306
Short term bank loans	18	–	8,935
Trade and other payables	19	6,361	1,961
Provisions	32	300	1,142
Current tax payable	20	102	122
Derivative financial instruments	16	3,458	3,372
		29,980	34,838
Total liabilities		118,825	124,297
Total equity and liabilities		291,801	269,734
Net asset valuation per share			
Basic and diluted net asset valuation per share (US $)	21	0.87	0.57

These consolidated Financial Statements were approved by the Board of Directors on 20 May 2013.
The notes on pages 40 to 90 form part of these consolidated financial statements.

Livermore Investments Group Limited
Consolidated Income Statement for the year ended 31 December 2012

	Note	2012 US $000	2011 US $000
Investment income			
Interest and dividend income	23	22,140	18,891
Investment property income	24	5,382	5,684
Gain / (loss) on investments	25	7,306	(10,387)
Gross profit		34,828	14,188
Other income	26	694	3,000
Administrative expenses	27	(5,029)	(5,051)
Operating profit		30,493	12,137
Finance costs	28	(4,236)	(5,154)
Finance income	28	610	-
Profit before taxation		26,867	6,983
Taxation charge	29	(1,210)	(1,627)
Profit for the year		25,657	5,356
Earnings per share			
Basic and diluted earnings per share (US $)	30	0.12	0.02

The notes on pages 40 to 90 form part of these consolidated financial statements.

Livermore Investment Group Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2012

	Note	2012 US $000	2011 US $000
Profit for the year		25,657	5,356
Other comprehensive income:			
Available for sale financial assets			
• Fair value gains / (losses)		3,329	(4,367)
• Reclassification to profit or loss due to disposals	25	(3,178)	(438)
• Reclassification to profit or loss due to impairment	25	18,133	9,873
Foreign exchange gains / (losses) from translation of subsidiaries		6	(158)
Total comprehensive income for the year		43,947	10,266

The total comprehensive income for the year ended 31 December 2012 and 2011 is wholly attributable to the owners of the parent company.

The notes on pages 40 to 90 form part of these consolidated financial statements.

Livermore Investments Group Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2012

	Note	Share capital US $000	Share premium US $000	Treasury Shares US $000	Share option reserve US $000	Translation reserve US $000	Investments revaluation reserve US $000	Retained earnings US $000	Total US $000
Balance at 1 January 2011		–	215,499	(11,647)	5,773	(728)	(9,353)	(57,252)	142,292
Purchase of own shares	13	–	–	(7,125)	–	–	–	–	(7,125)
Share option charge	14/27	–	–	–	4	–	–	–	4
Transactions with owners		–	–	(7,125)	4	–	–	–	(7,121)
Profit for the year		–	–	–	–	–	–	5,356	5,356
Other comprehensive income:									
Available-for-sale financial assets									
• Fair value losses		–	–	–	–	–	(4,367)	–	(4,367)
• Reclassification to profit or loss due to disposals	25	–	–	–	–	–	(438)	–	(438)
• Reclassification to profit or loss due to impairment	25	–	–	–	–	–	9,873	–	9,873
Foreign exchange gains / (losses) arising from translation of		–	–	–	–	(158)	–	–	(158)
Total comprehensive income for the year		–	–	–	–	(158)	5,068	5,356	10,266
Balance at 31 December 2011		–	215,499	(18,772)	5,777	(886)	(4,285)	(51,896)	145,437
Purchase of own shares	13	–	–	(16,408)	–	–	–	–	(16,408)
Transactions with owners		–	–	(16,408)	–	–	–	–	(16,408)
Profit for the year		–	–	–	–	–	–	25,657	25,657

	Note	Share capital US $000	Share premium US $000	Treasury Shares US $000	Share option reserve US $000	Translation reserve US $000	Investments revaluation reserve US $000	Retained earnings US $000	Total US $000
Other comprehensive income:									
Available-for-sale financial assets									
• Fair value losses		–	–	–	–	–	3,329	–	3,329
• Reclassification to profit or loss due to disposals	25	–	–	–	–	–	(3,178)	–	(3,178)
• Reclassification to profit or loss due to impairment	25	–	–	–	–	–	18,133	–	18,133
Foreign exchange losses arising from translation of:									
• subsidiaries		–	–	-	-	6	-	–	6
Total comprehensive income for the year		–	–	–	–	6	18,284	25,657	43,947
Balance at 31 December 2012		–	215,499	(35,180)	5,777	(880)	13,999	(26,239)	172,976

The notes on pages 40 to 90 form part of these consolidated financial statements.

Livermore Investments Group Limited
Consolidated Statement of Cash Flows for the year ended 31 December 2012

	Note	2012 US $000	2011 US $000
Cash flows from operating activities			
Profit before tax		26,867	6,983
Adjustments for			
Depreciation	3	81	100
Provisions for legal and other cases	32	–	(224)
Interest expense	28	4,236	4,335
Interest and dividend income	23	(22,140)	(18,891)
(Gain) / loss on investments	25	(7,306)	10,387
Equity settled share options	27	–	4
Exchange differences	28	(610)	819
		1,128	3,513
Changes in working capital			
Decrease / (Increase) in trade and other receivables		104	(1,030)
Increase in trade and other payables		4,535	993
Cash flows from operations		5,767	3,476
Interest and dividends-received		28,732	19,942
Tax paid		(228)	(357)
Net cash from operating activities		34,271	23,061
Cash flows from investing activities			
Acquisition of investments		(44,456)	(36,895)
Proceeds from sale of investments		53,151	26,917
Net cash from investing activities		8,695	(9,978)
Cash flows from financing activities			
Purchase of own shares	13	(16,408)	(7,125)
Proceeds from bank loans		103,975	167,767
Repayments of bank loans		(113,077)	(175,960)

	Note	2012 US $000	2011 US $000
Interest paid		(4,236)	(4,335)
Settlement of litigation	32	(833)	(197)
Net cash from financing activities		(30,579)	(19,850)
Net decrease in cash and cash equivalents		12,387	(6,767)
Cash and cash equivalents at the beginning of the year		(17,246)	(9,995)
Exchange differences on cash and cash equivalents		(417)	(483)
Translation differences on foreign operations' cash and cash equivalents		22	(1)
Cash and cash equivalents at the end of the year	12	(5,254)	(17,246)

The notes on pages 40 to 90 form part of these consolidated financial statements.

Notes on the Financial Statements

1. **General Information**
   Incorporation, principal activity and status of the Company

   1.1. The Company was incorporated as an international business company and registered in the British Virgin Islands (BVI) on 2 January 2002 under IBC Number 475668 with the name Clevedon Services Limited. The liability of the members of the Company is limited.
   1.2. The Company changed its name to Empire Online Limited on 5 May 2005 and then to Livermore Investments Group Limited on 28 February 2007.
   1.3. The principal activity of the Group changed to investment services on 1 January 2007. Before that the principal activity of the Group was the provision of marketing services to the online gaming industry and, since 1 January 2006, the operation of online gaming.
   1.4. The principal legislation under which the Company operates is the BVI Business Companies Act, 2004.
   1.5. The registered office of the Company is located at Trident Chambers, PO Box 146, Road Town, Tortola, British Virgin Islands.

2. **Accounting Policies**
   The significant accounting policies applied in the preparation of the consolidated financial statements are as follows:

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

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

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

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

   2.2. Adoption of new and revised IFRS
   As from 1 January 2012, 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 financial statements.

   All IFRS issued by the International Standards Board (IASB) which are effective for the year ended 31 December 2012, have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39: "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The following Standards, Amendments to Standards and Interpretations had been issued by the date of authorisation of these financial statements but are not yet effective for the year ended 31 December 2012:

	Endorsed by the EU	Effective for annual periods beginning on or after
IFRS 9: "Financial Instruments: Classification and Measurement"	No	1 January 2015
IFRS 10: "Consolidated Financial Statements"	Yes	1 January 2013
IFRS 11: "Joint Arrangements"	Yes	1 January 2013
IFRS 12: "Disclosure of Interests in Other Entities"	Yes	1 January 2013
IFRS 13: "Fair Value Measurement"	Yes	1 January 2013
IAS 19 (Revised): "Employee Benefits"	Yes	1 January 2013
IAS 27 (Revised): "Separate Financial Statements"	Yes	1 January 2013
IAS 28 (Revised): "Investments in Associates and Joint Ventures"	Yes	1 January 2013
IFRIC 20: "Stripping Costs in the Production Phase of a Surface Mine"	Yes	1 January 2013
Annual Improvements 2009–2011 Cycle	Yes	1 January 2013
Amendment to IFRS 1: "Government Loans"	Yes	1 January 2013
Amendment to IFRS 7: "Disclosures Offsetting Financial Assets and Financial Liabilities"	Yes	1 January 2013
Amendment to IFRS 10, IFRS 11, and IFRS 12: "Transition Guidance"	Yes	1 January 2013
Amendment to IFRS 10, IFRS 12, and IAS 27: "Investment Entities"	No	1 January 2014
Amendment to IAS 1: "Presentation of Items of Other Comprehensive Income"	Yes	1 July 2012
Amendment to IAS 32: "Offsetting Financial Assets and Financial Liabilities"	Yes	1 January 2014

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 consolidated financial statements of the Group, other than the following:

- The Amendment to IAS 1: "Presentation of Items of Other Comprehensive Income" requires entities to group items presented in other comprehensive income (OCI) into those that, in accordance with other IFRSs, will not be reclassified subsequently to profit or loss and those that will be reclassified subsequently to profit or loss when specific conditions are met. The existing option to present items of OCI either before tax or net of tax remains unchanged; however, if the items are presented before tax, then the Amendments to IAS 1 require the tax related to each of the two groups of OCI to be shown separately.

- The Amendments to IFRS 10, IFRS 12, and IAS 27: "Investment Entities" introduce an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in accordance with IAS 39 (or IFRS 9) instead of consolidating those subsidiaries. In addition, the amendments introduce new disclosure requirements related to investment entities.

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

2.3. Basis of consolidation

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

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

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

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

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

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

All other assets are non-current.

2.5. Investment Property Revenue

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

2.6. Interest and dividend income

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

2.7. Foreign currency

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

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

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

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

i. assets and liabilities are translated at the closing rate at the reporting date; and
ii. income and expenses and also cash flows are translated at an average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the items are translated at the rates prevailing at the dates of the transactions); and
iii. exchange differences arising are recognised in other comprehensive income within the translation reserve. Such translation exchange differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

2.8. Taxation

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

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

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

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

2.9. Property, plant and equipment

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

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

Computer Hardware	-	33.3%
Fixtures and Fittings	-	10%
Office Renovation	-	25%
Motor Vehicles	-	25%

2.10. Investment property

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

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

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

2.11. Equity instruments

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

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

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

2.12. Share Options

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

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

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

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

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

2.13. Leases

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

2.14. Borrowing costs

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

No borrowing costs have been capitalised for either 2012 or 2011.

2.15. Financial assets

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

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

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

Financial assets are measured subsequently as described below.

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

Loans and receivables

- **Trade and other receivables**

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

- **Cash and cash equivalents**

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

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

Financial assets at fair value through profit or loss

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

Available-for-sale financial assets

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

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

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

2.16. Financial liabilities

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

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

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

Financial liabilities at amortised cost

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

Derivative financial liabilities

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

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

Financial guarantee contracts

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

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

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

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

2.17. Provisions

Provisions are recognised when the Group 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 Group are charged to the profit or loss as they are incurred.

2.18. Segment reporting

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

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

2.19. Critical accounting judgments and key sources of estimation uncertainty

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

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

Critical accounting judgments

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

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

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

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

(ii) Classification of financial assets

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

All new investments (other than additions to existing financial assets and investments in loan market through CLOs) are classified as at fair value through profit or loss upon initial recognition, because this reflects more fairly the way these assets are managed by the Group. The Group's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Group's Board of Directors and other key management personnel.

(iii) Deferred tax assets

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

Estimation uncertainty

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

(i) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the bases used for financial assets and liabilities are disclosed in note 7. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(ii) Fair value of investment property

Investment property is stated at fair value. The fair valuation is based on discounted cash-flow (DCF) method. Under this method, the current market value of the property is determined as the total of all projected future net earnings (before interest, taxes, depreciation and amortization) discounted to present-day equivalents. These net earnings are discounted individually for property with due allowance for specific opportunities and threats, and with adjustment in line with market conditions and risks. A one-period DCF model was adopted under which the valuation period extends for 100 years from the valuation date, with an implicit residual value in the 11th period. Discounting is based on a risk-adjusted interest rate of 4,20% determined individually for each property on the basis of appropriate benchmarks derived from arm's-length transactions. The valuations assume 1% annual inflation for income and all expenditure.

(iii) Provisions

Determining whether provisions shall be recognised, requires the Group to assess the likelihood of an economic outflow occurring as a result of past events. Where an economic outflow is considered probable, a provision has been made for the estimated outflow.

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

3. Property, plant and equipment

	Office Renovation US $000	Computer Hardware US $000	Fixtures and Fittings US $000	Motor Vehicles US $000	Total US $000
Cost					
As at 1 January 2011 and 2012	360	145	106	26	637
Additions	7	18	5	–	30
As at 31 December 2012	367	163	111	26	667
Accumulated depreciation					
As at 1 January 2011	(236)	(145)	(68)	(7)	(456)
Charge for the year	(73)	–	(20)	(7)	(100)
As at 1 January 2012	(309)	(145)	(88)	(14)	(556)
Charge for the year	(58)	(9)	(7)	(7)	(81)
As at 31 December 2012	(367)	(154)	(95)	(21)	(637)
Net book value					
As at 31 December 2012	–	9	16	5	30
As at 31 December 2011	51	–	18	12	81

4. Available-for-sale financial assets

	2012 US $000	2011 US $000
Non-current assets		
Fixed income investments	73,181	53,815
Private equities	15,842	14,162
Financial and minority holdings	10,469	15,226
Other investments	-	5,549
	99,492	88,752
Current assets		
Fixed income investments	-	7,007
Public equity investments	3,516	2,900
Hedge funds	908	2,926
Other investments	5	-
	4,429	12,833

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

Available-for-sale financial assets are fair valued at least at each reporting date. For investments traded in active markets, fair value is determined by reference to Stock Exchange quoted bid prices. For other Investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying assets.
During 2012, the Group increased exposure to US broadly syndicated loans by investing USD 19.3m in CLO Income Notes.

During 2012, 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 2012, of USD 18.133m (2011 USD 9.873m), are included within loss on investments (note 25), and represent impairment losses arising due to:

	2012 US $000	2011 US $000
Significant fall in value	16,816	5,408
Prolonged fall in value	1,317	4,465
	18,133	9,873

Investment in SRS Charminar

Included in the Financial and minority holdings is the investment in SRS Charminar Investments Ltd ("SRS Charminar"), a private company incorporated in the Republic of

Mauritius. Livermore invested USD 20m in SRS Charminar acquiring a 15% ownership stake. SRS Charminar through its wholly owned subsidiaries invested INR 5.2b (USD 132.1m at date of investment) which is equivalent to USD 98.9m as at 31 December 2012 (2011: 95.8m) in a real estate company in India ("investee company"). The investment in the investee company was in the form of Compulsorily Convertible Debentures ("CCDs"), that included a put option which was exercisable either if the investee company did not have an IPO within 3 years or if certain terms in the Investment Agreement were not met. The put option is secured by land which was valued at around USD 1.3 billion at the time of investment and guarantees a minimum return of approximately 30% IRR if exercised.

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

Following a dispute on the grounds of the put option notice between the promoters and the investors, the parties agreed to invoke arbitration to be held in Mumbai. On 14 August 2009, the arbitration process was completed and the arbitrator ruled in favour of investors. The award entitles the investors to investment plus interest amounting to 30% IRR until 14 August 2009 and 18% IRR thereafter. Meanwhile, the investors filed and won an interim order for injunction against the promoters and the investee company to prohibit sale, transfer or encumbering of the assets secured under the put option. Thereafter, the promoters have filed against the arbitral award and the injunction order. As of 31 December 2012, there was no change in status of these lands.

On 13 January 2011 the Company Law Board ("CLB") passed an order and allowed Infrastructure Leasing & Financial Services Limited ("IL&FS") to become 80% shareholder and control the management of the investee company. Since 2011 the investors and IL&FS have been in negotiations.

On 15 January 2013, the investee company together with IL&FS agreed to purchase back the CCDs from the investors for the amount of US$162m (INR 8.500 thousand) in four tranches over a period of five years. According to the settlement terms SRS shall receive US$140m (INR 7.366 thousand). The agreement will, however, be subject to regulatory approvals including clearances from the Reserve Bank of India and the Foreign Investment Promotion Board since it involves a foreign fund.

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

The carrying amount of the investment in SRS Charminar at 31 December 2012 is USD 10.1m (2011: USD 14.7m), which represents its estimated fair value. SRS Charminar's only holding is its investment in the investee company (through its wholly owned subsidiaries) and thus its fair value is wholly attributable to the above mentioned investment. The fair value is based on discounted cash flow expectations and approximates the 15% share of the original investment in the real estate company as translated to USD.

Also included in the Private equities is the investment in SRS Private Investments, L.P. ("SRS

Private") with a carrying amount at reporting date of USD 4.0m (2011: USD 2.6m) which is based on a net asset valuation (NAV). SRS Private through a fund has invested in various real estate projects in India as well as in SRS Charminar, and its investment in SRS Charminar as at 31 December 2012 amounts approximately to 16.2% (2011: 21.2%) of its net assets.

5. Financial at fair value through profit or loss

	2012 US $000	2011 US $000
Non-current assets		
Private equities	1,965	1,575
Real estate entities	1,751	1,454
	3,716	3,029
Current assets		
Fixed income investments	10,248	21,609
Public equity investments	23,182	7,372
Hedge funds	2,078	2,066
Other investments	287	271
	35,795	31,318

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

The Financial assets at fair value through profit or loss are fair valued at least at each reporting date.

6. Categories of financial assets at fair value

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

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

7. Fair value measurements of financial assets and liabilities

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

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

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

Valuation of financial assets and liabilities

- Public Equities, and Fixed Income Investments are valued per their closing bid market prices on quoted exchanges, or as quoted by market maker.

  CLOs are typically valued on a discounted cash flow model. 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.

- Hedge Funds and Private Equity Funds are valued per reports provided by the funds on a periodic basis, and if traded, per their closing bid market prices on quoted exchanges, or as quoted by market maker.
- Private Equities and unlisted investments are valued using market valuation techniques as determined by the Directors, mainly on the basis of discounted cash flow techniques or valuations reported by third-party managers of such investments.
- Derivative instruments are valued at fair value as provided by counter parties of the derivative agreement. Derivative instruments consist of interest rate swaps and forward currency contracts.

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

	2012 US $000 Level 1	2012 US $000 Level 2	2012 US $000 Level 3	2012 US $000 Total	2011 US $000 Level 1	2011 US $000 Level 2	2011 US $000 Level 3	2011 US $000 Total
Assets								
Fixed income investments	10,248	73,181	–	83,429	28,616	53,815	–	82,431
Private equities	5,489	–	12,317	17,806	3,084	–	12,653	15,737
Financial and minority holdings	–	–	10,469	10,469	–	–	15,226	15,226
Public equity investments	26,698	–	–	26,698	10,272	–	–	10,272
Hedge funds	–	2,986	–	2,986	–	4,992	–	4,992
Real estate entities	–	–	1,752	1,752	–	–	1,454	1,454
Other investments	287	–	5	292	271	–	5,549	5,820
	42,722	76,167	24,543	143,432	42,243	58,807	34,882	135,932
Liabilities								
Interest rate swaps	–	5,526	–	5,526	–	8,515	–	8,515
	–	5,526	–	5,526	–	8,515	–	8,515

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.

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

	Available-for-sale		At fair value through profit or loss			
	Financial and minority holdings US $000	Private equities US $000	Other investments US $000	Real estate US $000	Private equities US $000	Total US $000
As at 1 January 2011	18,919	15,220	5,549	1,763	2,844	44,295
Sales	–	–	–	–	(1,651)	(1,651)
Purchases	–	141	–	–	516	657
Gains / (losses) recognised in:						
• Profit or loss	(525)	(1,626)	–	(425)	(134)	(2,710)
• Other comprehensive income	(3,168)	(2,657)	–	–	–	(5,825)
Exchange difference	–	–		116	–	116
As at 1 January 2012	15,226	11,078	5,549	1,454	1,575	34,882
Purchases	–	1,535	–	–	–	1,535
Gains losses recognised in:						
• Profit or loss	(7,925)	(3,570)	(21)	239	390	(10,887)
• Other comprehensive income	3,168	1,309	–	–	–	4,477
Exchange difference	–	–	–	59	–	59
Transfer to other assets (note 31)			(5,523)			(5,523)
As at 31 December 2012	10,469	10,352	5	1,752	1,965	24,543

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

	Available-for-sale		At fair value through profit or loss			
	Financial and minority holdings US $000	Private equities US $000	Other investments US $000	Real estate US $000	Private equities US $000	Total US $000
2011 **Profit or loss**						
• Financial assets held at year-end	(525)	(1,626)	-	(425)	(134)	(2,710)
• Financial assets no longer held	-	-	-	-	-	-
	(525)	(1,626)	-	(425)	(134)	(2,710)
Other comprehensive income						
• Financial assets held at year-end	(3,168)	(2,657)	-	-	-	(5,825)
• Financial assets no longer held	-	-	-	-	-	-
	(3,168)	(2,657)	-	-	-	(5,825)
Total gains / (losses) for 2011	(3,693)	(4,283)	-	(425)	(134)	(8,535)
2012 **Profit or loss**						
• Financial assets held at year-end	(7,925)	(3,570)	(21)	239	390	(10,887)
• Financial assets no longer held	-	-	-	-	-	-
	(7,925)	(3,570)	(21)	239	390	(10,887)

Other comprehensive income						
• Financial assets held at year-end	3,168	1,309	–	–	–	4,477
• Financial assets no longer held	–	–	–	–	–	–
	3,168	1,309	–	–	–	4,477
Total gains / (losses) for 2012	(4,757)	(2,261)	(21)	239	390	(6,410)

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

8. Investment property

	2012 US $000	2011 US $000
Valuation as at 1 January	122,518	119,018
Change in fair value	961	4,103
Exchange difference	3,064	(603)
As at 31 December	126,543	122,518

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

The investment property was valued by the independent valuers Wuest & Partners as at 31 December 2012 and 2011 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.

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

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

	2012 US $000	2011 US $000
Less than 1 year	5,794	6,133
Between 1 and 5 years	25,820	26,986
Over 5 years	5,164	10,794
	36,778	43,913

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 2012 and 31 December 2011 respectively.

9. Details of Group undertakings

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

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

* Held by Enaxor S.a.r.l

10. Deferred tax

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

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

	2012 US $000	2011 US $000
Investment property – revaluation surplus	(4,503)	(3,538)
Derivative financial instruments – recognised carrying amount	916	1,423
Tax losses	3,068	2,603
Net deferred tax (liability) / asset	(519)	488

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 2011	(2,271)	1,746	2,324	1,799
(Charged) / credited to profit or loss (note 29)				
• timing differences	(1,485)	(165)	494	(1,156)
• change in tax rates	197	(152)	(202)	(157)
Exchange difference	21	(6)	(13)	2
As at 1 January 2012	(3,538)	1,423	2,603	488
(Charged) / credited to profit or loss (note 29)				
• timing differences	(863)	(532)	393	(1,002)
Exchange difference	(103)	26	72	(5)

As at 31 December 2012	(4,504)	917	3,068	(519)

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

As at 31 December 2012 and 2011 there is no unrecognised deferred tax asset.

11. Trade and other receivables

	2012 US $000	2011 US $000
Financial items		
Accrued interest and dividend income	313	7,242
Amounts due by related parties (note 31)	533	-
Other receivables	646	1,296
	1,492	8,538
Non-Financial items		
Other assets (note 31)	5,640	-
Prepayments	159	117
	7,291	8,655
Allocated as:		
Current assets	2,779	8,655
Non-current assets	4,512	-
	7,291	8,655

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

Included within accrued interest and dividend income, is an amount of USD 0.430m (2011: USD 7.2m) which is neither past due nor impaired and has been received in the first four months following each reporting date.

Other receivables include an amount of USD 0.578m (2011: USD 0.616m) paid on behalf of

Wyler Park tenants, in relation to property common expenses, under management service agreement.

The other assets relate to loans made to a key management employee, the outstanding amount of which is to be reduced annually on a straight line over five years, as long as the key management employee remains with the Company. The amount of non-current assets shown above relates wholly to this item.

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12. Cash and cash equivalents

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

	2012 US $000	2011 US $000
Cash at bank	14,505	2,060
Bank overdrafts used for cash management purposes	(19,759)	(19,306)
Cash and cash equivalents for the purposes of the consolidated statement of cash flows	(5,254)	(17,246)

13. 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 2011 and at 31 December 2012	304,120,401	215,499

Treasury shares	Number of shares	US $000
As at 1 January 2011	21,835,764	11,647

Additions	27,497,119	7,125

As at 1 January 2012	49,332,883	18,772
Additions	56,052,180	16,408

As at 31 December 2012	105,385,063	35,180

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

	2012 US $000	2011 US $000
Share premium	215,499	215,499
Treasury shares	(35,180)	(18,772)
	180,319	196,727

14. Share options

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

Outstanding options	Number of options	Average exercise price GBP	Average exercise price* USD
As at 31 December 2011 and 31 December 2012	11,340,000	0.75	1.23

Exercisable options	Number of options	Average exercise price GBP	Average exercise price* USD
As at 1 January 2011	11,173,333	0.76	1.24
Exercisable during the year	166,667	0.30	0.49
As at 31 December 2011 and 31 December 2012	11,340,000	0.75	1.23

Details of share options outstanding at 31 December 2012

Number of options	Grant date	Vesting date	Earliest exercise date	Expire date of exercise period	Exercise price GBP	Exercise Price* USD	Fair value at grant date USD
230,000	07/12/05	07/12/06	07/12/06	07/12/15	0.71	1.15	82,739
230,000	07/12/05	07/12/07	07/12/07	07/12/15	0.71	1.15	94,333
230,000	07/12/05	07/12/08	07/12/08	07/12/15	0.71	1.15	103,948
3,383,333	19/07/06	19/07/07	19/07/07	19/07/16	0.78	1.27	1,608,710
3,383,333	19/07/06	19/07/08	19/07/08	19/07/16	0.78	1.27	1,824,133
3,383,333	19/07/06	19/07/09	19/07/09	19/07/16	0.78	1.27	2,001,774
166,667	13/05/08	13/05/09	13/05/09	13/05/18	0.30	0.49	21,703
166,667	13/05/08	13/05/10	13/05/10	13/05/18	0.30	0.49	24,115
166,667	13/05/08	13/05/11	13/05/11	13/05/18	0.30	0.49	25,820
11,340,000							5,787,275

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

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

* The exercise prices as per the share option scheme are quoted in British Pounds. The indicative equivalent USD amounts shown in the table of details above as well as the average exercise prices are based on the exchange rates as at 31 December 2012.

15. Bank Loans

	2012 US $000	2011 US $000
As at 1 January	84,316	84,722
Repayment	(167)	-
Exchange difference	2,109	(406)
As at 31 December	86,258	84,316

The long term bank loan is related to Wyler Park property investment purchase and is secured on this property. The increase in the loan amount from 2011 to 2012 represents the effect of currency translation from CHF to USD.

Interest is payable at 3M CHF Libor + 0.85%. The Group has fixed the variable element of interest to 3.3% using an interest rate swap (note 16). Consequently, the loan's effective interest rate is 4.15%.

The loan balance is repayable on 12 July 2014.

16. Derivative financial instruments

	2012 US $000	2011 US $000
Non-current liabilities		
Interest rate swaps	2,068	5,143
Current liabilities		
Interest rate swaps	3,458	3,372

During 2012 and 2011 the Group used forward currency contracts, however, no such derivatives were open at 31 December 2012 or 2011.

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

Notional contract amount	Underlying floating rate	Contract fixed rate	Contract termination date
CHF 78,981,921 (2011: CHF 79,135,000)	3M CHF Libor	3.30%	30 July 2014
CHF 10,000,000	6M CHF Libor	3.255%	17 June 2014
CHF 10,000,000	6M CHF Libor	3.1675%	17 November 2014

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

The interest rate swap with CHF 78,981,921 notional amount relates to fixing the interest rate on the loan against Wyler Park at 3.3%.

For the year ended 31 December 2012 a fair value gain of USD 3,112,852 (2011: gain USD 176,122) has been recognised in the profit or loss in relation to all derivative financial instruments.

17. Bank Overdrafts

	2012 US $000	2011 US $000
Short term bank overdrafts	19,759	19,306

Short term bank overdrafts bear Libor + lender's margin and have an average interest rate of 2.46% (2011 2.03%).

The Group's bank overdraft facilities are secured by the Group's financial assets portfolio up to an amount, as at 31 December 2012, of USD 53m.

18. Short term bank loans

	2012 US $000	2011 US $000
Short term bank loans	-	8,935

Short term bank loans bear Libor + lender's margin and had an average interest rate of 1.64%.

The Group's short term bank loan facilities were secured by the Group's financial assets portfolio.

19. Trade and other payables

	2012 US $000	2011 US $000
Financial items		
Trade payables	1,233	612
Amounts due to related parties (note 31)	4,012	60
Other payables	-	324
Accrued expenses	946	857
	6,191	1,853
Non-Financial items		
VAT payable	170	108
	6,361	1,961

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

20. Current tax payable

	2012 US $000	2011 US $000
Corporation Tax	102	122

21. 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 2012 and 31 December 2011.

	2012	2011
Net assets attributable to ordinary shareholders (USD 000)	172,976	145,437
Closing number of ordinary shares in issue	198,735,338	254,787,518
Basic net asset value per share (USD)	0.87	0.57
Closing number of ordinary shares including the effect of potentially diluted shares	198,735,338	254,787,518
Diluted net assets value per share (US $)	0.87	0.57
Number of Shares		
Ordinary shares	304,120,401	304,120,401
Treasury shares	(105,385,063)	(49,332,883)
Closing number of ordinary shares in issue	198,735,338	254,787,518

The Share options do not impact the diluted net asset value per share for 2012 and 2011 as their exercise price was higher than the average market price of the Company's shares on the London Stock Exchange (AIM division) during the year ended 31 December 2012 and 2011.

22. Segment reporting

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

Segment information can be analysed as follows.

	Equity and debt instruments investment activities		Investment property activities		Total per financial statements	
	2012 US $000	2011 US $000	2012 US $000	2011 US $000	2012 US $000	2011 US $000
Segment results						
Investment income						
Interest and dividend income	22,140	18,891	-	-	22,140	18,891
Investment property revenue	-	-	5,382	5,684	5,382	5,684
Gain / (loss) on investments	6,345	(14,490)	961	4,103	7,306	(10,387)
Gross profit	28,485	4,401	6,343	9,787	34,828	14,188
Other income	694	3,000	-	-	694	3,000
Administrative expenses	(4,211)	(4,235)	(818)	(816)	(5,029)	(5,051)
Operating profit	24,968	3,166	5,525	8,971	30,493	12,137
Finance costs	(682)	(1,391)	(3,554)	(3,763)	(4,236)	(5,154)
Finance income	610	-	-	-	610	-
Profit before taxation	24,896	1,775	1,971	5,208	26,867	6,983
Taxation charge	(44)	(167)	(1,166)	(1,460)	(1,210)	(1,627)

	Equity and debt instruments investment activities		Investment property activities		Total per financial statements	
	2012 US $000	2011 US $000	2012 US $000	2011 US $000	2012 US $000	2011 US $000
Profit for year	24,852	1,608	805	3,748	25,657	5,356
Segment assets	163,648	145,599	128,153	124,135	291,801	269,734
Segment liabilities	26,351	31,628	92,474	92,669	118,825	124,297

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

	Equity and debt instruments investment activities		Investment property activities		Total per financial statements	
	2012 US $000	2011 US $000	2012 US $000	2011 US $000	2012 US $000	2011 US $000
Investment Income						
Switzerland	–	72	8,858	9,787	8,858	9,859
Other European countries	(2,391)	(3,540)	–	–	(2,391)	(3,540)
United States	34,075	11,190	–	–	34,075	11,190
India	(8,279)	(1,569)	–	–	(8,279)	(1,569)
Asia	2,565	(1,752)			2,565	(1,752)
	25,970	4,401	8,858	9,787	34,828	14,188
Investments						
Switzerland	–	–	126,543	122,518	126,543	122,518
Other European countries	23,055	37,171	–	–	23,055	37,171
United States	75,575	70,681	–	–	75,575	70,681
India	18,405	24,670	–	–	18,405	24,670

Asia	26,397	3,410	–	–	26,397	3,410
	143,432	135,932	126,543	122,518	269,975	258,450

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 2012, 89% of the Group's rent relates to rental income from a single customer (SBB – Swiss national transport authority) in the investment property activities segment (2011: 88%).

23. Interest and dividend income

	2012 US $000	2011 US $000
Interest from investments	1,576	2,886
Dividend income	20,564	22,157
Interest receivable written off	–	(6,152)
	22,140	18,891

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

24. Investment property income

	2012 US $000	2011 US $000
Gross rental income	5,793	6,159
Direct expenses	(411)	(475)
	5,382	5,684

All direct expenses relate to the generation of rental income.

25. Gain / (loss) on investments

	2012 US $000	2011 US $000
Gain on sale of investments	3,178	438
Investment property revaluation	961	4,103
Foreign exchange gain / (loss)	130	(456)
Loss due to impairment of available-for-sale financial assets	(18,133)	(9,873)
Fair value gains / (losses) on financial assets through profit or loss	18,234	(4,080)
Fair value gains / (losses) on derivative instruments	3,124	(379)
Bank custody fees	(188)	(140)
	7,306	(10,387)

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

	2012 US $000	2011 US $000
Available-for-sale	497	(430)
At fair value through profit or loss	22	535
	519	105

26. Other income

	2012 US $000	2011 US $000
Settlement of litigation	-	3,000
Disposal gain	250	-
Warehouse Carry income	244	-
Insurance claim received	200	-
	694	3,000

Disposal gain relates to the sale of a fully amortized domain name.

Warehouse Carry income relates to the accrued income net of related costs received on portfolios of US senior secured loans for certain CLO transactions where the Group took the first-loss risk prior to closing of such CLO transactions.

Insurance claim received relates to compensation against legal expenses.

27. Administrative expenses

	2012 US $000	2011 US $000
Legal expenses	93	1,989
Directors' fees and expenses	2,593	1,367
Share option expense	–	4
Professional and consulting fees	828	415
Other salaries and expenses	503	463
Office cost	306	298
Depreciation	81	100
Other operating expenses	426	493
Provision for legal and other cases – reversal	–	(224)
Audit fees	199	146
	5,029	5,051

Throughout 2012 the Group employed 6 members of staff (2011: 6).

Other salaries and expenses include USD 31,858 of social insurance and similar contributions (2011: USD 31,406), as well as USD 18,750 of defined contributions plan costs (2011: USD 12,247).

28. Finance costs and income

	2012 US $000	2011 US $000
Finance costs		
Bank interest on investment property loan	3,547	3,763
Other bank interest	689	572
Foreign exchange loss	–	819

	4,236	5,154
Finance income		
Foreign exchange gain	610	-
Net finance costs	3,626	5,154

32. Taxation

	2012 US $000	2011 US $000
Current tax charge	200	324
Prior year tax charge	8	(10)
Deferred tax charge	1,002	1,313
	1,210	1,627
The tax charge for the year can be reconciled to the accounting profit as follows:		
Profit before tax	26,867	6,983
Effect of applicable corporation tax rates	928	1,213
Effect of income not subject to tax	(855)	(899)
Effect of expenses not deductible for tax purposes	63	90
Effect of current year losses	(109)	(355)
Prior year tax charge	8	(10)
Interest withholding tax	44	166
Property tax	129	109
Deferred tax charge	1,002	1,313
Tax for the year	1,210	1,627

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

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 2012 and the year ended 31 December 2011.

	2012	2011
Profit for the year attributable to ordinary shareholders of the parent (USD 000)	25,657	5,356
Weighted average number of ordinary shares outstanding	220,907,964	267,345,907
Basic earnings per share (USD)	0.12	0.02
Weighted average number of ordinary shares including the effect of potentially dilutive shares	220,907,964	267,345,907
Diluted earnings per share (USD)	0.12	0.02

The decrease in the weighted average number of ordinary shares outstanding is due to the acquisition of treasury shares during the year (note 13).

The Share options do not impact the diluted earnings per share for 2012 and 2011 as their exercise price was higher than the average market price of the Company's shares on the London Stock Exchange (AIM division) during the year ended 31 December 2012 and 2011.

31. Related party transactions

The Group is controlled by Groverton Management Ltd, an entity owned by Noam Lanir, which at 31 December 2012 held 77.70% (2011: 60.60%) of the Company's effective voting rights.

	2012 US $000	2011 US $000
Amounts owed by /(to) key management		
Loans	-	5,589
Other assets	5,640	-
Directors' current accounts	533	(60)
	6,173	5,529
Amounts owed to other related party		
Loans	(4,012)	-
Trade payable	(810)	-
	(4,822)	-

Key management compensation		
Short term benefits		
Executive directors fees*	795	795
Executive directors reward payments	1,700	500
Non-executive directors fees	98	72
	2,593	1,367
Share option expense	-	4
	2,593	1,371

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

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 will be reduced annually on a straight line over five years, as long as the key management employee remains with the Company. These loans in 2011 were included within other investments under available-for-sale financial assets (note 4). Accrued interest as at 31 December 2011 on the above loans amounts to USD 0.066m and was included under trade and other receivables (note 11). As from December 2012 the loans together with their related accrued interest of USD 0.117m have been reclassified as "other assets" and are included under trade and other receivables (note 11).

A loan with a balance at 31 December 2012 of USD 4.0m (31 December 2011: USD 0m) has been received from a related company 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 19).

Noam Lanir, through an Israeli partnership, is the major shareholder of Babylon Limited, an Israel based Internet Services Company. The Group has purchased 1.129m additional shares of Babylon Ltd at a cost of USD 4.6m and as of 31 December 2012 it held a total of 3.915m shares at a value of USD 22.3m which represents 8.15% of its effective voting rights. The investment in Babylon Ltd is included within public equity investments under financial assets at fair value through profit or loss (note 5).

32. Provisions

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

	2012 US $000	2011 US $000
As at 1 January	1,142	1,585
Amounts reversed	-	(224)
Settlements	(833)	(197)
Exchange differences	(9)	(22)
At 31 December	300	1,142

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

A settlement agreement concerning the guarantee was reached during the first quarter of 2012 and the settlement concluded in the second quarter of 2012 under which the Group paid USD 0.833m.

33. Litigation

Ex employee vs Empire Online Ltd

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

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

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

34. Commitments and contingencies

The Group has no capital or other commitments as at 31 December 2012.

35. Events after the reporting date

After the reporting period, the Manager of SRS Charminar has reported a settlement with IL&FS and the investee company which is subject to certain court and regulatory approvals (note 4).

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 investments denominated in foreign currencies held by the Group at 31 December 2012 is the following:

	2012 US $000	2012 US $000	2012 US $000	2011 US $000	2011 US $000	2011 US $000
	Financial assets	Liabilities	Net value	Financial assets	Liabilities	Net value
British Pounds (GPB)	8,650	(13,478)	(4,828)	8,022	(3,914)	4,108
Euro	7,856	(154)	7,702	14,460	(8,649)	5,811
Swiss Francs (CHF)	42,660	(1,228)	41,432	43,033	(9,662)	33,371
Indian Rupee (INR)	10,106	-	10,106	16,459	-	16,459
Israel Shekels (ILS)	22,940	(7,851)	15,089	6,615	(3,780)	2,835
Others	-	(2,816)	(2,816)	27	(3,066)	(3,039)
Total	92,212	(25,527)	66,685	88,616	(29,071)	59,545

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 2012 would have the following impact. A 10% decrease of the following currencies against USD would have an approximately equal but opposite impact.

	2012 US $000	2012 US $000	2011 US $000	2011 US $000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
British Pounds (GPB)	(483)	-	411	-
Euro	770	-	581	-
Swiss Francs (CHF)	4,143	-	3,337	-
Indian Rupee (INR)	1,011	-	1,645	-
Israel Shekels (ILS)	1,509	-	283	-
Total	6,950	-	6,257	-

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

Interest rate risk

The Group is exposed to interest rate risk on its interest-bearing instruments which are affected by changes in market interest rates. The Group has borrowings of USD 86.3m (2011: USD 84.3m) related to a real estate asset (Wylerpark, Bern), which have been fixed through the use of an interest rate swap.

The Group has banking credit lines which are available on short notice for the Group to use in 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 banking facilities utilised at 31 December 2012 was USD 19.7m (2011: USD 28.2m)

As at 31 December 2012 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 and to a lesser degree emerging market loans through CLO equity tranches. An investment in the CLO equity tranche 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 is normally linked to the floating rate benchmark and thus normally do not carry substantial interest rate risk. In the current low rate environment, however, most loans feature a LIBOR floor. The presence of LIBOR floors creates an interest rate risk to CLO equity distributions as long as the benchmark rate is below the weighted average LIBOR floor level on the CLO loan portfolio. Thus, an increase in the benchmark floating rate up to the weighted average LIBOR floor level is expected to cause distributions to CLO equity to reduce whereas a decrease in the benchmark floating rate is expected to increase such distributions.

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

	2012 US $000	2011 US $000
Financial assets – subject to:		
• fair value changes	9,954	22,413
• interest changes	87,980	62,078
Total	**97,934**	**84,491**
Financial liabilities – subject to:		
• interest changes	106,017	112,558
• both fair value and interest changes	5,526	8,515
Total	**115,543**	**121,073**

Changes in market interest rates will affect the valuation of fixed rate interest bearing instruments. A 1% (100 basis points) change in market interest rates would result in an estimated 1.22% change in the net asset value as at 31 December 2012 (2011: 1.65%)

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.

	2012 US $000	2012 US $000	2011 US $000	2011 US $000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Financial assets				
• fair value changes	(535)	-	(855)	(61)
• interest changes	880	-	621	-
Financial liabilities				
• fair value changes	1,739	-	2,769	-
• interest changes	21	-	(69)	-
	2,105	-	2,466	(61)

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. 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 instruments (excluding private equities and financial and minority holdings) would result in a 6.63% change in the net asset value as at 31 December 2012 (2011: 6.81%), and would have the following impact (either positive or negative, depending on the corresponding sign of the change):

	2012 US $000	2012 US $000	2011 US $000	20101 US $000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Available-for-sale financial assets	12	7,732	26	6,639
Financial assets at fair value through profit or loss	3,703	-	3,242	-
	3,715	7,732	3,268	6,639

Derivatives

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

Credit Risk

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

The Group only transacts with regulated institutions on normal market terms which are trade date plus one to three days. The levels of amounts outstanding from brokers are regularly reviewed by the management. The duration of credit risk associated with the investment transactions is the period between the date the transaction took place, the trade date and the date the stock and cash are transferred, the settlement date. The level of risk during the period is the difference between the value of the original transaction and its replacement with a new transaction. The Group is mainly exposed to credit risk in respect of its interest bearing investments of USD 83.4m (2011: USD 82.5m). The Group's maximum credit risk exposure at 31 December 2012 is USD 99.0m (2011: USD 92.4m)

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

The Group has exposure to US senior secured loans and to a lesser degree emerging market loans through CLO equity 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 2012 or 2011.

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

Rating	2012 Amount US $000	Percentage	2011 Amount US $000	Percentage
AA	-	-	1,000	1.0%
A	-	-	8,598	9.0%
A+	895	0.9%	-	-
A-	872	0.9%	841	1.0%
BBB	463	0.5%	2,522	3.0%
BBB+	14,334	14.5%	9,100	10.0%
BBB-	1,196	1.2%	3,388	4.0%
B	-	-	2,343	2.0%
BB	1,012	1.0%	2,405	3.0%
BB+	5,221	5.3%	5,669	6.0%
BB-	481	0.5%	-	-

C	-	-	192	0.0%
Not Rated	74,536	75.2%	56,355	61.0%
	99,010	100%	92,413	100%

Included within "not rated" amounts are investments in loan market through CLOs of USD 73.181m (2011: USD 53.814m).

The modelled IRRs on the CLO portfolio are in the low-mid teens with current cash distributions of over 25%.

Liquidity Risk

The major financial liability of the Group is the bank loan of CHF 78.9m (USD 86.2m) used for purchase of a real estate property, which has a maturity in 2014. The loan is collateralized by property valued at CHF 115.9m (USD 126.5m) at 31 December 2012. The loan is non-recourse, i.e. the holding company and its assets (apart from the Wyler Park property) are neither pledged for this loan nor liable for recovery in case of default. The following table summarizes the contractual cash outflows in relation to the Group's financial liabilities according to their maturity.

	Less than 1 year US $000	Between 1 and 2 years US $000	Between 2 and 5 years US $000	Over 5 years US $000
31 December 2012				
Borrowings	20,503	86,909	-	-
Derivative financial instruments	3,460	2,085	-	-
Other financial liabilities	6,191	-	-	-
Total	30,154	88,994	-	-

	Less than 1 year US $000	Between 1 and 2 years US $000	Between 2 and 5 years US $000	Over 5 years US $000
31 December 2011				
Borrowings	29,005	764	84,985	-
Derivative financial instruments	3,373	3,172	2,018	-
Financial guarantee contract	842			
Other financial liabilities	1,853	-	-	-
Total	35,073	3,936	87,003	-

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

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 2012, the Group had liquid investments totalling USD 127.6m, comprising of USD 14.5m in cash and cash equivalents, USD 73.2 in investments in loan market through CLOs, USD 10.2m in fixed income investments, USD 26.7m in public equities and USD 3.0m in hedge funds. Management structures and manages the Group's portfolio based on those investments which are considered to be long term, core investments and those which could be readily convertible to cash, are expected to be realised within normal operating cycle and form part of the Group's treasury function.

The following table lists the contractual cash inflows in relation to the Group's financial assets with a contractual maturity based on their maturity.

	Less than 1 year US $000	Between 1 and 2 years US $000	Between 2and 5 years US $000	Over 5 years US $000
31 December 2012				
Available-for-sale financial assets	5	-	1,432	71,749
Financial assets at fair value through profit or loss	-	-	1,012	10,248
Cash at bank	14,505			
Other financial assets	1,492			
	16,002	-	2,444	81,997

	Less than 1 year US $000	Between 1 and 2 years US $000	Between 2and 5 years US $000	Over 5 years US $000
31 December 2011				
Available-for-sale financial assets	-	10,879	-	55,489
Financial assets at fair value through profit or loss	473	-	3,010	19,080
Cash at bank	2,060			
Other financial assets	8,538			
	11,071	10,879	3,010	74,569

Capital Management

The Group considers its capital to be its issued share capital and all of its reserves.

Net debt to equity

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

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

	2012 US $000	2011 US $000
Cash at bank	(14,505)	(2,060)
Bank overdrafts	19,759	19,306
Bank loans	86,258	84,316
Short term bank loans	-	8,935
Net Debt	91,512	110,497
Total equity	172,976	145,437
Net debt to equity ratio	0.53	0.76

The decrease of the ratio in 2012 is mainly attributable to the profitability of the year that increased Group's equity. At the same time increases in cash and cash equivalents during the year decreased the Group's net debt. The Board believes that the ratio remains at an acceptable and manageable level.

Re-purchase of own shares

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

Under this policy, in 2012, the Company bought 56,052,180 (2011: 27,497,119) of its Ordinary shares at an average price of USD 0.29 (2011: USD 0.26) per share.

37. Financial assets and liabilities by IAS 39 category

	Note	2012 US $000	2011 US $000
Financial assets:			
Loans and receivables:			
Trade and receivables	11	1,492	8,538
Cash at bank	12	14,505	2,060
		15,997	10,598
Available-for-sale financial assets	4	103,921	101,585
Financial assets at fair value through profit or loss	5	39,511	34,347
		159,429	146,530

Financial liabilities:

	Note	2012 US $000	2011 US $000
Non-current liabilities			
Financial liabilities at amortised cost:			
Bank loan	15	86,258	84,316
Bank loan	17	19,759	19,306
Short term bank loans	18	–	8,935
Other financial liabilities	19	6,191	1,853
Financial guarantee contract	32	–	842
		112,208	115,252
Financial liabilities at fair value through profit or loss:			
Derivative financial instruments	16	5,526	8,515
		117,734	123,767

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

Auditors' report on page 31

Shareholder Information

Registrars

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

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

Change of Address

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

Website

www.livermore-inv.com

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

Direct Dividend Payments

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

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

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

Lost Share Certificate

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

Duplicate Shareholder Accounts

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

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

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Livermore Investments Group Limited (the "Company") will be held at the offices of Travers Smith LLP at 10 Snow Hill, London, EC1A 2AL on 27 August 2013 at 10am for the purposes of the following:

To consider, and if thought fit, to pass the following resolutions, numbers 1 to 4 of which will be proposed as Resolutions of Members and numbers 5 and 6 of which will be proposed as Special Resolutions:

1. To receive and adopt the Report of Directors, the financial statements and the Report of the Auditor for the year ended 31 December 2012.

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

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

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

   (a) the Directors be and are generally and unconditionally authorised to allot up to a maximum aggregate amount of 65,084,527 new ordinary shares of no par value of the Company to such persons and at such times and on such terms as they think proper during the period expiring at the end of the Annual General Meeting of the Company in 2014 or, if earlier, 15 months from the date of the passing of this resolution (unless previously revoked or varied by the Company in general meeting); and
   (b) the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require such ordinary shares to be issued in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution;

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

5. THAT, subject to the passing of resolution 4 set out in the Notice convening this Meeting, the Directors be and are empowered in accordance with article 5.2 of the Articles of Association of the Company to allot new ordinary shares of no par value in the capital of the Company ("ordinary shares") for cash, pursuant to the authority conferred on them to allot such shares by that resolution 4 as if the pre-emption provisions contained in article 5.2 did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:

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

(b) the allotment of up to an aggregate amount of 9,762,679 of such ordinary shares,

and this power, unless renewed, shall expire at the end of the Annual General Meeting of the Company in 2014 or, if earlier, 15 months from the date of the passing of this resolution (unless previously revoked or varied by the Company in general meeting) but shall extend to the making, before such expiry, of an offer or agreement which would or might require ordinary shares to be allotted after such expiry and the Directors may allot such shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

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

(a) the maximum number of ordinary shares hereby authorised to be purchased is 26,925,469;
(b) the authority hereby conferred (unless previously renewed or revoked) shall expire at the conclusion of the Annual General Meeting of the Company next following the Meeting at which this resolution is passed; and
(c) the Company may, under the authority hereby conferred and prior to the expiry of that authority, make a contract to purchase its own shares which will or may be executed wholly or partly after the expiry of that authority and may make a purchase of its own shares in pursuance of such contract.

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

By order of the Board

Chris Sideras

Company Secretary
Trident Chambers
PO Box 146
Road Town
Tortola
British Virgin Islands
25 June 2013

Notes

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

(ii) To appoint a proxy you should complete the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be delivered to the offices of Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 48 hours (not including weekends or banks holidays) before the time fixed for the Meeting or any adjourned meeting.

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

(iv) In the case of holders of depositary interests representing ordinary shares in the Company, a Form of Direction must be completed in order to appoint Capita IRG Trustees Limited, the Depository, to vote on the holder's behalf at the Meeting or, if the Meeting is adjourned, at the adjourned meeting. To be effective, a completed and signed Form of Direction (and any power of attorney or other authority under which it is signed) must be delivered to the Company's Transfer Agent, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 72 hours (not including weekends or bank holidays) before the time fixed for the Meeting or any adjourned meeting.

Completion of the Form of Direction will not prevent you from attending and voting in person. Depository Interest holders wishing to attend the Meeting should contact the Depository on the above address or email custodymgt@capitaregistrars.com to request a Letter of Corporate Representation no later than 72 hours (not including weekends or bank holidays) before the time fixed for the Meeting or any adjourned meeting.

Corporate Directory

Secretary
Chris Sideras

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

Company Number
475668

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

Auditor
Grant Thornton (Cyprus) Ltd
41-49 Agiou Nicolaou Str
Nicosia
Cyprus

Solicitors
Travers Smith
10 Snow Hill
London
EC1A 2AL
England

Nominated Adviser & Broker
Arden Partners plc
125 Old Broad Street
London
EC2N 1AR
England

Principal Bankers

Leumi Bank
Dianastrasse 5
Zurich 8002
Switzerland

Bank Hapoalim
18 Boulevard Royal
BP 703
L-2017
Luxembourg

FIBI Bank
Seestrasse 61
Zurich 8027
Switzerland

Credit Suisse AG
Seeefldstrasse 1
Zurich 8070
Switzerland

Livermore Investments Group Ltd.

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