Livermore Investments

Livermore Investments Group Limited

Annual Report & Consolidated Financial Statements
for the year ended 31 December 2013

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Highlights

- Net Asset Value per share - USD 0.86 (December 2012: USD 0.87)
- Performance driven as in past years by profitable activity in the US loan market partially offset by a decline in the share price of Babylon.
- Wyler Park property in Bern, Switzerland fully let.
- No material developments in the private equity portfolio.
- During 2013, the Company purchased 3,445,755 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 2013.

The year-end NAV was USD 0.86 per share (2012 NAV: USD 0.87 per share). Net profit for the year was USD 2.5m (2012 Net Profit: USD 25.7m). The portfolio remained diversified across sectors with increased exposure to senior secured loans through investments into US cash CLOs (Collateralized Loan Obligations).

As of year-end 2013, the Group NAV was at USD 0.86 per share. The gains were largely attributed, as in last years, to the income from the CLO portfolio partly offset by losses on the Group's investment in Babylon following its termination of a key agreement with Google and one-off administrative expenses. Interest and dividend income from the financial portfolio totalled USD 29.1m (2012: USD 22.8m).

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 2013 was USD 168.4m. Net profit during the year was USD 2.5m, which represents earnings per share of USD 0.01.

Administrative expenses excluding provisions were USD 12.3m (2012: USD 5.0m).

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

	31 December 2013 US $m	31 December 2012 US $m
Shareholders' funds at beginning of year	173.0	145.4
Income from investments	34.5	28.2
Other income	0.1	0.7
Realised (losses) / gains on investments	(0.6)	6.8
Loss on impairment on investments	(2.5)	(18.1)
Unrealised (losses) / gains on investments	(16.0)	36.9
Unrealised exchange gains	0.1	0.0
Administration costs including provisions	(12.3)	(5.0)
Net finance costs	(4.3)	(4.3)
Tax charge	(1.9)	(1.2)
(Decrease) / Increase in net assets from operations	(2.9)	44.0
Purchase of own shares	(1.7)	(16.4)
Shareholders' funds at end of year	168.4	173.0
Net Asset Value per share	US $0.86	US $0.87

Dividend & Buyback

During 2013, the Company bought back 3,445,755 shares to be held in treasury for a total cost of USD 1.72m. No dividend was declared for the year ended 31 December 2013. In January 2014, the Company announced an interim dividend of USD 5m (USD 0.0256 per ordinary share).

To date, the Company has purchased 108,830,818 shares to be held in treasury for a total cost of USD 36.9m.

Annual General Meeting

The Group's Annual General Meeting will be held on 26 August 2014. The Notice for the meeting is on page 90 of this report.
The Chairman and CEO would like to thank the investment team for their continued great performance.

Richard B Rosenberg
Chairman

Noam Lanir
Chief Executive Officer

26 May 2014

Review of Activities

Introduction and Overview

2013 was a historic year for developed world monetary policy as the US Federal Reserve embarked on an open-ended bond and mortgage buying program, the Bank of Japan announcing its intention to double the monetary base, and the European Central Bank reducing its interest rates. In response, developed economy stock markets hit record highs and the housing market in the US improved significantly in the first half of 2013 due to lower mortgage rates and increased confidence. The fixed income market, however, declined after the US Federal Reserve announced its intention to eventually reduce its bond buying program. Bond yields and mortgage rates rose in anticipation of higher rates in the near future slowing the rate of improvement in the housing market considerably. Despite the challenges in the fixed income market, the Group's exposure to credit markets generated a 30% return. The Group NAV/share was at USD 0.86 per share. The gains in the credit portfolio were offset by a significant fall in the share price of Babylon due to the termination of its agreement with Google in October 2013, and one-off administrative expenses.

The year-end NAV was USD 0.86 per share (2012 NAV: USD 0.87 per share). The portfolio remained diversified across sectors with increased exposure to US senior secured loans and emerging market debt, through its CLO portfolio.

In 2013, the Group generated interest and dividend income of USD 29.1m and investment property income of USD 5.5m. The Group's results (net income of USD 2.5m) relate mainly to gains and interest and dividend income from the financial portfolio. At the same time the results were negatively affected by the performance of Babylon shares. Administrative expenses amounted to USD 12.3m. Finance costs were USD 5.2m, of which USD 3.6m 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 its strong foothold in the US CLO market as well as the robustness of its investment portfolio and the alignment of management's interest with those of its shareholders, management believes that the Group is well positioned to benefit from current market conditions.

Global Investment Environment

In 2013, global economic growth remained weak and strongly affected by downside risks. Persistent uncertainty, the restrictive fiscal policy in many countries and the continued strain imposed by structural problems had a dampening impact. During the course of the year, there were increasing signs of a modest recovery in Europe. A contributory factor here was the alleviation of the European financial and government debt crisis. In the US, economic growth firmed, and in Japan the economy picked up noticeably. In many emerging economies, economic growth remained subdued, partly as a result of restrained demand from the advanced economies.

In the US, economic recovery continued at a moderate pace in the first half of the year despite the strong headwinds created by federal fiscal policy. Housing contributed significantly to recent increases in economic activity. Home sales, house prices, and residential construction increased over the period supported by low mortgage rates and improved confidence in both the housing market and the economy. Conditions in the labour market improved and the unemployment rate stood at 7.5% in June, down from 7.9% at the end of 2012 whereas inflation continued to remain low.

Growth in economic activity picked up in the second half of 2013. Real GDP is estimated to have risen at an annual rate of 3.75%, up from a 1.75% increase in the first half. The labour market continued to improve over the second half of the year and the unemployment rate fell to 6.7% by the end of the year but inflation continued to remain low. Household net worth rose further as key asset prices continued to increase, credit became more available while interest rates remained low, and economic conditions in the rest of the world improved overall in spite of the turbulence in emerging financial markets. Consumer spending, business investment, and exports all increased more rapidly in the latter part of the year. In contrast, the recovery in the housing sector appeared to pause in the second half of the last year following increases in mortgage interest rates in the spring and summer.

The euro area economy emerged from recession in 2013 as a result of a gradual revival in domestic demand – supported by accommodative monetary policy as well as improving economic and financial market sentiment. However, the ongoing process of balance sheet adjustment in the public and private sector and high unemployment continued to dampen economic activity. Inflation declined perceptibly throughout 2013, reflecting receding contributions from energy and food prices, as well as weaker underlying price pressures. On average, inflation stood at 1.4% in 2013, after 2.5% in 2012. The underlying pace of monetary growth remained subdued and loan growth continued to decline, mainly on account of weak credit demand, although adverse factors weighing on credit supply also played a role. Financing conditions improved in 2013 amid an abating sovereign debt crisis on account of further fiscal consolidation, a reduction of macroeconomic imbalances particularly in vulnerable euro area countries, and progress towards banking union. However, financial fragmentation along national borders persisted, particularly in credit markets.

The economy in Switzerland progressed relatively favourably with the real GDP growing by 2.0% while unemployment stabilised at 3.2% in the second half of the year. The main growth drivers were domestic consumption and residential construction, which benefited from positive income developments, immigration and favourable financing conditions. Export industries, by contrast, continued to suffer from the weak global economy and the high value of the Swiss franc. The downward pressure on prices persisted, although it was less pronounced than in 2012. On average for the year, consumer prices fell by 0.2% in 2013, following a decline of 0.7% in the previous year.

Central banks activity heavily influenced financial markets as the US Federal Reserve bought USD 80bn of US Treasury Securities and Mortgage Bonds and the BOJ embarked on their version of quantitative easing with an announcement to double the monetary base over the next years. In the light of a weaker inflation outlook, the European Central Bank lowered key interest rates in May and again in November to 0.25%. Asset prices rose in response until May when the US Federal Reserve announced its intention to reduce its quantitative easing program. Emerging country financial markets were pressured the most following this announcement. After the blip during summer, financial markets in the developed economies resumed their rise as the US Federal Reserve eventually delayed reducing its quantitative easing program.

In equity markets, the US S&P 500 Index ended higher by 29.6% from the beginning of the year and the EuroStoxx 50 Index increased 17.9% largely on account of significant monetary policy support in the US and Euro zone.

High yield and bank loan spreads tightened substantially in 2013, especially from January to mid-May as investors chased yield. Although the Treasury and Investment Grade markets had a lacklustre performance, High Yield and the Leveraged Loan markets performed relatively well amid steady credit fundamentals, low default rates, increased inflows into loan funds and the strong pace of CLO issuance. High yield issuance swelled to USD 340bn in 2013 whereas bank loan new issuance recorded its highest total ever of USD 455bn as compared to USD 295bn in 2012. As of year-end 2013, the US last 12-month institutional loan default rate by principal was 2.11% and the S&P/LSTA Leveraged Loan Total Return Index generated 5.29% in 2013.

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

Livermore's Strategy

The financial portfolio is focused on fixed income instruments which generate regular cash flows and include mainly exposure to senior secured and usually broadly syndicated US loans as well as emerging market debt through investments into CLOs. This part of the portfolio is geographically focused on the US with some exposure to Europe and emerging markets. In addition, the financial portfolio includes 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*	42.0
SRS Charminar	8.9
Montana Tech Components	6.8
Other Real Estate Assets	1.6
Total	59.3

* 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 4.84m (USD 5.22m).

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 0.58m (USD 0.62m).

Livermore is the sole owner of Wyler Park through its wholly owned Swiss subsidiary, Livermore Investments AG. The loan outstanding on the project as of 31 December 2013 is CHF 78.4m (USD 88.0m), which is a non-recourse loan to Livermore Investments AG backed only by this property. The loan balance is fully repayable on 12 July 2014. However, the Group is currently negotiating the refinancing of this loan with a Swiss Bank for a term of another five years.

The valuation of the property on current-use basis as of year-end 2013 is CHF 115.7m (USD 129.9m) and of year end 2012 was CHF 115.9m (USD 126.5m).

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

Livermore invested USD 20m in 2008 in a leading Indian Real Estate company, in association with SRS Private and other investors as part of a total investment of USD 132.1m.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. As reported previously, the Manager for this investment served a put option exercise notice to the promoters in 2009 and entered into an arbitration process to resolve disputes. The arbitrator ruled in favour of investors and awarded investors the investment plus interest amounting to 30% IRR until 14 August 2009 and 18% IRR thereafter. Further, 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 2013 there was no change in the status of this case. On January 13, 2011 the Company Law Board ("CLB") passed an order and allowed Infrastructure Leasing & Financial Services Limited ("IL&FS") to become 80% shareholder and control the management of the company.

In 2013, SRS 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 8.9m (2012: USD 10.1m).

Montana Tech Components ("MTC") - Europe

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

The Aerospace Components business segment manufactures specialized components for Airbus and Boeing and is the market leader. The facilities are currently located in the US and in Switzerland with a new low cost facility in Romania recently built-out. The company has a large market share in the US with Boeing and in Europe with Airbus. In 2013, sales in the Aerospace Components segment declined by 2%.

The Energy Storage business is a market leader in hearing aid batteries and rechargeable batteries with a strong brand (VARTA Micro Power). VARTA has formed a significant joint venture with the Volkswagen group to develop batteries for hybrid cars. The Energy Storage business division benefited from its strong position in the growing market of medical technology, which is largely independent of economic conditions. Revenues in the Energy Storage segment increased by 5% in 2013.

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 business segment faced stagnant revenues in 2013.

For the year ended 2013, Montana recorded sales of EUR 524.9m (2012: EUR 440.7m) and EBITDA of EUR 78.9m (2012: 61.2m).

In July 2013 Montana raised EUR 90m through secured loans of 3 and 5 year maturities. Proceeds from the loan will be partially used to refinance existing bank loans and finance the growth of the group.

In January 2014, MTC and Livermore entered into an agreement whereby MTC will buy back its shares from Livermore at EUR 4.56 per share in June 2014 for a total consideration of EUR 6.9m. MTC has paid Livermore EUR 2m as security deposit which can be forfeited if MTC does not pay the remaining consideration in June 2014.

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 2013 the investment environment relating to most funds was challenging and the Group expects that material exits of portfolio companies should materialize between 2015 and 2017. During the reporting period a distribution of USD 0.472m from Da Vinci fund and Blue Ridge fund were carried out.

The following summarizes the book value of the private equity funds as of year-end 2013

Name	Book Value US $m
SRS Private (India)	3.6
Evolution Venture (Israel)	2.6
India Blue Mountains (India)	1.7
Elephant Capital (India)	0.4
Da Vinci (Russia)	0.6
Blue Ridge Capital (China)	0.6
Panda Capital (China)	0.3
Other investments	0.3
Total	**10.1**

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 32.5% of the net asset value of the fund is invested in mixed-use assets (commercial and residential combined), 13.1% is in SRS Charminar, 21.2% is in residential assets, 10.9% is invested at the entity level of real estate developers, 0.7% in hospitality related assets, and 21.6% in cash and receivables. As of year-end 2013, the investment was valued at USD 3.6m.

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 a Novotel brand hotel with 223 rooms built on a land area of 70,200 sq ft with a total built-up area of approximately 373,043 sq. ft. which includes 37,248 sq. ft of commercial area. Two floors have been earmarked for commercial office space. The hotel opened for business in December 2013. The Mumbai hotel is on a 82,609 sq ft land site with a gross area of approximately 573,960 sq ft. The hotel will be a Novotel brand hotel with 543 rooms. The property location is in close proximity to the Mumbai International Airport and Domestic Airport.

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 further impair the investment by USD 0.545m.

Elephant Capital: India-focused private equity fund, which is AIM quoted (Ticker: ECAP). Its portfolio investments include a leading tiles manufacturer in India, an established automotive components manufacturer, a media business with an exclusive content library, and an online venture to distribute cricket related content.

As of August 2013, the audited NAV of the fund was 33 pence per share. 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 and its portfolio is available at **www.elephantcapital.com**

Da Vinci: The fund is primarily focused on Russia and CIS countries and is primarily invested in the Moscow Exchange and a Ukrainian coal company. 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 USD 4.2bn. The Company received USD 0.277m in distributions from the fund in 2013. The Group's investment in the fund was valued at USD 0.6m as of 31 December 2013.

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. In 2013, the Company received USD 0.195m of distributions from the fund.

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. As the fund is close to its end of life, the fund manager has proposed a restructuring in Q1 2014 whereby consenting limited partners will remain in the fund and non-consenting limited partners will be bought out by the fund at the prevailing net asset value. Livermore has decided to stay in the fund.

Financial portfolio and trading activity

The Group manages a financial portfolio valued at USD 98m (net of leverage) as at 31 December 2013, which is invested mainly in fixed income securities and special situation equity opportunities. During the period, management reduced exposure to subordinated and perpetual debt issued by European banks at profitable levels.

The following is a table summarizing the financial portfolio as of year-end 2013

Name	2013 Book Value US $m	2012 Book Value US $m
Investment in the loan market through CLOs	91.9	73.2
Babylon	9.2	22.3
Hedge Funds	2.2	3.0
Corporate bonds	1.9	10.5
Other Public Equities	2.8	2.8
Total	**108.0**	**111.8**
Total net of leverage	**98.0**	**103.0**

Senior Secured Loans and Collateralized Loan Obligations (CLO):
During 2013 the Group continued to re-invest distributions from its CLO portfolio into new issue CLO transactions. CLOs are managed portfolios invested into diversified pools of senior secured loans and financed with long term financing pre-fixed at the time of issuance.

The US senior secured loan market continued to offer good risk adjusted returns as an inflation linked asset class with a senior secured claim on the borrower and with overall low volatility and low correlation to equity market. The CLO structure proved itself through the financial crisis and thereafter as a robust means of investing into the loan asset class.

The US corporate credit market continued to perform strongly during 2013. New issue loan volumes surged to USD 455bn in 2013 (2012: USD 295bn) driven primarily by opportunistic re-pricing and re-financings by existing issuers as investors poured over USD 70bn into loan funds and USD 82bn of new issues CLO transactions were originated in 2013. US loan issuers continued to address near term maturities leaving only 2.6% of loans in the S&P/LSTA Leverage Loan Index to mature before 2016 as compared to 12.5% at the end of 2012. The S&P/LTSA Leverage Loan Index generated a total return of 5.29% in 2013. As a result of the strong demand for loans, issuers were able to reduce spreads and increase leverage. Trailing 12 month default rate for the S&P/LTSA index was 2.11% by principal amount at the end of the last quarter of 2013 and is much below the historical average.

The CLO portfolio continued to perform well on account of low current default rates and a benign default outlooks and relatively stable credit fundamentals of their underlying loans. At the end of the reporting period all of our CLO investments were passing their coverage tests (thereby making dividend distributions). During the year, the portfolio generated USD 28.4m in cash distributions. CLO payments remained strong but reduced as loan spreads narrowed on account of aggressive re-pricings and re-financings in the loan market and higher pre-payment rates. Cash distributions from pre-crisis CLOs continue to decline as these CLOs begin amortization of the cheapest liabilities or face other reinvestment constraints, divert cash-flow to pay manager incentive fees, and loan re-pricing activity reduces excess spread. While new issue CLOs also face lower excess spread, they have longer reinvestment periods which should enable them to weather a downturn, and benefit from wider spreads or any volatility in loan prices in the future. The Group has continued to reduce exposure to pre-crisis CLOs and focus on post crisis CLOs. As of 31 December 2013, over 67pc of the Group CLO portfolio is invested in post-crisis CLOs.

Secondary market prices for CLOs rose in January 2013 but subsequently fell as high prepayment rates and significant loan re-pricing activity reduced excess spread and future anticipated cash distributions. Pre-crisis CLOs which were past their reinvestment periods faced very high prepayment rates and paid down their cheapest liabilities at a faster pace. Secondary market prices for post-crisis CLO equity gained sharply in the second half of 2013 as loan spreads stabilized at wider levels and CLO managers took advantage of volatility during the summer.

As US interest rates are expected to remain low until 2015 and very few loans mature in the near term, corporate defaults are expected to remain low in the near-medium term. Management believes that the environment should remain attractive for investments in CLO income notes. In 2013, Livermore launched two new issue cash-flow CLOs as an anchor investor and participated in select US and emerging market new issue CLOs of leading managers.

In September 2013, Marc Boatwright, who served as the Senior Portfolio Manager of ING's Senior Loan Group, left ING to launch a credit investment platform in the US. The new platform ("Covenant Credit Partners" or "Covenant") is a partnership between the management team of Covenant and Livermore with the aim to manage CLOs and new loan funds in the future. As of 31 December 2013, Livermore had extended a loan of USD 0.914m to Covenant Credit Partners.

While management maintains a positive view on the CLO portfolio, mid-long term performance may be negatively impacted by a pull back into a substantial recession in the US or Europe or a geo-political event that could result in a spike in defaults. Despite positive developments in the overall health of the US economy, we acknowledge the high unemployment, continued EU sovereign debt issues as well as the headwinds the economy may face relating to the potential monetary tightening and geopolitical risks.

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

	2013 Amount US $000	Percentage	2012 Amount US $000	Percentage
US CLOs	64,874	70.6%	53,080	72.5%
Global Credit CLOs	25,021	27.2%	18,597	25.4%
European CLOs	1,986	2.2%	1,504	2.1%
	91,881	100%	73,181	100%

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. The company generates revenues through Search and Advertising, Online Sales, and Corporate Sales with the large share of revenues coming from Search in partnership with Google and other search providers. In Q4 2013, Google terminated its agreement with Babylon which led to a sharp drop in the share price. 2013 Revenues declined to USD 163.9m as compared to USD 177.6m in 2012 and a further decline in revenues and net income is expected.

In Q1 2014, Livermore sold approximately half its shareholding in Babylon at an average price of USD 1.98 and now holds approximately 4% of Babylon's issued share capital.

Noam Lanir, the majority shareholder of the Group, is also a major shareholder in Babylon (note 32).

The following table reconciles the review of activities to the Group's financial assets and investment property as of year-end 2013

Name	2013 Book Value US $m
Significant Investments	59.3
Private Equity Funds	10.1
Financial Portfolio	108.0
Total	**177.4**
Available- for-sale financial assets (note 4)	120.0
Financial assets at fair value through profit or loss (note 5)	15.4
Net Investment property (note 8 & 16)	42.0
Total	**177.4**

Events after the reporting date

Events after the reporting date are described in note 36 of the consolidated financial statements

Litigation

At the time of this Report, there is one matter in litigation against the Group. Further information is provided in note 34 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 58), 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 47), 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 46), 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 advising banks and large corporations on corporate transactions, including buy-outs and privatisations. Ron has over 12 years of experience as an investment manager with particular focus on the US credit market and CLOs. He holds an MBA from INSEAD Fontainebleau and a LLB (LAW) and BA in Economics from Tel Aviv University.

The Directors submit their annual report and audited consolidated financial statements of the Group for the year ended 31 December 2013.

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 22 April 2014 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	79.07
RB Investments GmbH	13,915,419	4.58	7.13
Merrill Lynch Pierce, Fenner & Smith, Inc	9,329,051	3.07	4.78

* after consideration of treasury shares (note 14).

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 32 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 – September 2012 ("the Code"). However, the Company is keen to adopt and promote the provisions of that Code. Up to 31 December 2013 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 2013 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 2013 US $000	Total emoluments 2012 US $000
Richard Barry Rosenberg	10/06/05	71	-	-	-	71	88
Noam Lanir	10/06/05	400	45	1,800	-	2,245	1,445
Ron Baron	01/09/07	350	-	6,412	-	6,762	1,350

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

Directors' Interests

Interests of Directors in ordinary shares

	Notes	As at 31 December 2013			As at 31 December 2012		
		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%	79.068%	154,412,173	50.773%	77.697%
Ron Baron	b)	13,915,419	4.576%	7.126%	13,915,419	4.576%	7.002%
Richard Barry Rosenberg		15,000	0.005%	0.008%	15,000	0.005%	0.008%

Notes:

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

b) In 2007, loans of USD 5.523m were made to RB Investments GMBH, a company owned by Ron Baron, for the acquisition of shares in the Company. Interest was payable on these loans at 6 month US LIBOR plus 0.25% per annum and the loans were secured on the shares acquired. The loans were repayable on the earlier of the employee leaving the Company or April 2013.

In December 2012 the Board decided to renew the outstanding amount of these loans for a period of another five years. Based on the Board's decision, the outstanding amount will be reduced annually on a straight line over five years, as long as the key management employee remains with the Company. The relevant reduction in the loan amount for the year was USD 1.128m. The loans together with their related accrued interest of USD 0.117m were classified as "other assets" and are included under trade and other receivables (note 12).

Interests of Directors in share options

	No of options at 31 December 2013	Date of grant	Exercise price, GBP	Exercise Price**, US $	Vesting period of options
Noam Lanir	10,000,000	19/07/06	0.78	1.29	One to three years*
	500,000	13/05/08	0.30	0.50	One to three years*
Richard Barry Rosenberg	150,000	19/07/06	0.78	1.29	One to three years*
	75,000	07/12/05	0.71	1.18	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 2013.

** 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 2013.

Share Option Scheme

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

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

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

Remuneration Policy

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

The following key principles guide its policy:

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

Review of the Business and Risks

Risks

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

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

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

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

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

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

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

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

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

Share Capital

There was no change in the authorised share capital during the year to 31 December 2013. 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 2013 are disclosed in note 32 to the consolidated financial statements.

By order of the Board of Directors

Chief Executive Officer
26 May 2014

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 2013 and the consolidated statements of profit or loss, 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 2013 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
Limassol

Date: 26 May 2014

Livermore Investments Group Limited

Consolidated Statement of Financial Position as at 31 December 2013

	Note	2013 US $000	2012 US $000
Assets			
Non-current assets			
Property, plant and equipment	3	23	30
Available- for-sale financial assets	4	116,846	99,492
Financial assets at fair value through profit or loss	5	2,157	3,716
Investment property	8	129,916	126,543
Investments in associate and joint venture	9	5,524	-
Other assets	12	3,384	4,512
		257,850	234,293
Current assets			
Trade and other receivables	12	3,399	2,779
Available- for-sale financial assets	4	3,242	4,429
Financial assets at fair value through profit or loss	5	13,244	35,795
Current tax asset	21	6	-
Cash at bank	13	4,150	14,505
		24,041	57,508
Total assets		281,891	291,801
Equity			
Share capital	14	-	-
Share premium and treasury shares	14	178,597	180,319
Other reserves		13,539	18,896
Retained earnings		(23,765)	(26,239)
Total equity		168,371	172,976
Liabilities			
Non current liabilities			
Bank loans	16	-	86,258
Derivative financial instruments	17	-	2,068
Deferred tax	11	1,956	519
		1,956	88,845
Current liabilities			
Bank loans	16	87,974	-
Bank overdrafts	18	15,188	19,759
Short term bank loans	19	3,475	-
Trade and other payables	20	2,776	6,361
Provisions	33	26	300
Current tax payable	21	-	102
Derivative financial instruments	17	2,125	3,458
		111,564	29,980
Total liabilities		113,520	118,825
Total equity and liabilities		281,891	291,801
Net asset valuation per share			
Basic and diluted net asset valuation per share (US $)	22	0.86	0.87

These consolidated Financial Statements were approved by the Board of Directors on 26 May 2014.

The notes on pages 37 to 88 form part of these consolidated financial statements.

Livermore Investments Group Limited
Consolidated Statement of Profit or Loss for the year ended 31 December 2013

	Note	2013 US $000	2012 US $000
Investment income			
Interest and dividend income	24	29,068	22,772
Investment property income	25	5,473	5,382
(Loss) / gain on investments	26	(13,652)	7,306
Gross profit		20,889	35,460
Other income	27	55	694
Administrative expenses	28	(12,259)	(5,029)
Operating profit		8,685	31,125
Finance costs	29	(5,242)	(4,868)
Finance income	29	906	610
Profit before taxation		4,349	26,867
Taxation charge	30	(1,875)	(1,210)
Profit for the year		2,474	25,657
Earnings per share			
Basic and diluted earnings per share (US $)	31	0.01	0.12

The profit for the year is wholly attributable to the owners of the parent.

The notes on pages 37 to 88 form part of these consolidated financial statements.

Livermore Investment Group Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2013

	Note	2013 US $000	2012 US $000
Profit for the year		2,474	25,657
Other comprehensive income:			
Items that will be reclassified subsequently to the profit or loss			
• Available for sale financial assets – fair value (losses) / gains		(8,840)	3,329
• Foreign exchange gains from translation of subsidiaries		92	6
		(6,274)	28,992
Reclassification to profit or loss			
Available for sale financial assets			
• Reclassification to profit or loss due to disposals	26	892	(3,178)
• Reclassification to profit or loss due to impairment	26	2,499	18,133
		3,391	14,955
Total comprehensive income for the year		(2,883)	43,947

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

The notes on pages 37 to 88 form part of these consolidated financial statements.

Livermore Investments Group Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2013

	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 2012		–	215,499	(18,772)	5,777	(886)	(4,285)	(51,896)	145,437
Purchase of own shares	14	–	–	(16,408)	–	–	–	–	(16,408)
Transactions with owners		–	–	(16,408)	–	–	–	–	(16,408)
Profit for the year		–	–	–	–	–	–	25,657	25,657
Other comprehensive income:									
Available-for-sale financial assets									
• Fair value gains		–	–	–	–	–	3,329	–	3,329
• Reclassification to profit or loss due to disposals	26	–	–	–	–	–	(3,178)	–	(3,178)
• Reclassification to profit or loss due to impairment	26	–	–	–	–	–	18,133	–	18,133
Foreign exchange gains 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
Purchase of own shares	14	–	–	(1,722)	–	–	–	–	(1,722)
Transactions with owners		–	–	(1,722)	–	–	–	–	(1,722)
Profit / (loss) for the year		–	–	–	–	–	–	2,474	2,474
Other comprehensive income:									
Available-for-sale financial assets									
• Fair value losses		–	–	–	–	–	(8,840)	–	(8,840)
• Reclassification to profit or loss due to disposals	26	–	–	–	–	–	892	–	892

	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
• Reclassification to profit or loss due to impairment	26	-	-	-	-	-	2,499	-	2,499
Foreign exchange gains arising from translation of subsidiaries		-	-	-	-	92	-	-	92
Total comprehensive income for the year		-	-	-	-	92	(5,449)	2,474	(2,883)
Balance at 31 December 2013		-	215,499	(36,902)	5,777	(788)	8,550	(23,765)	168,371

The notes on pages 37 to 88 form part of these consolidated financial statements.

Livermore Investments Group Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2013

	Note	2013 US $000	2012 US $000
Cash flows from operating activities			
Profit before tax		4,349	26,867
Adjustments for			
Depreciation	3	32	81
Provisions for legal and other cases	33	(274)	-
Interest expense	29	4,739	4,868
Interest and dividend income	24	(29,068)	(22,772)
Loss / (Gain) on investments	26	13,652	(7,306)
Exchange differences	29	503	(610)
		(6,067)	1,128
Changes in working capital			
(Increase) / Decrease in trade and other receivables		(817)	213
(Decrease) / Increase in trade and other payables		(3,539)	5,058
Cash flows from operations		(10,423)	6,399
Interest and dividends-received		28,821	28,732
Tax paid		(572)	(228)
Net cash from operating activities		17,826	34,903
Cash flows from investing activities			
Acquisition of investments		(43,597)	(44,456)
Proceeds from sale of investments		28,850	53,151
Acquisition of associate and joint venture	9	(5,000)	-
Net cash used for investing activities		(19,747)	8,695
Cash flows from financing activities			
Purchase of own shares	14	(1,722)	(16,408)
Proceeds from bank loans		48,374	103,975
Repayments of bank loans		(45,605)	(113,077)

	Note	2013 US $000	2012 US $000
Interest paid		(4,739)	(4,868)
Settlement of litigation	33	-	(833)
Net cash used for financing activities		(3,692)	(31,211)
Net (decrease) / increase in cash and cash equivalents		(5,613)	12,387
Cash and cash equivalents at the beginning of the year		(5,254)	(17,246)
Exchange differences on cash and cash equivalents		(182)	(417)
Translation differences on foreign operations' cash and cash equivalents		11	22
Cash and cash equivalents at the end of the year	13	(11,038)	(5,254)

The notes on pages 37 to 88 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 activities 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.
   - Investments in associates and joint ventures are 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 2013, the Company adopted all the new or revised IFRS and relevant amendments which became effective and also were endorsed by the European Union, and are relevant to its operations.

   The adoption of the above did not have a material effect on the consolidated financial statements, other than as described below:

   - IFRS 10: ''Consolidated Financial Statements'' (IFRS 10) supersedes IAS 27: ''Consolidated and Separate Financial Statements'' and SIC 12: ''Consolidation

Special Purpose Entities'' in relation to consolidation. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the periods covered by these consolidated financial statements.

- In accordance with IFRS 11: "Joint Arrangements", which supersedes IAS 31: "Interests in Joint Ventures" the method of proportionate consolidation of jointly controlled entities is eliminated. Based on IFRS 11 such interests are equity accounted in accordance with the revised IAS 28: "Investments in Associates and Joint Ventures".

- IFRS 12: ''Disclosure of Interests in Other Entities'' (IFRS 12) integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

- IFRS 13 'Fair Value Measurement' clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair valued. The scope of IFRS 13 is broad and it applies for both financial and non financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances. IFRS 13 applies prospectively, hence its disclosure requirements need not be applied to comparative information in the first year of application (unless required previously by IFRS 7 'Financial Instruments: Disclosures').

- 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.

All IFRS issued by the International Standards Board (IASB) which are effective for the year ended 31 December 2013, 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 2013:

	Endorsed by the EU	Effective for annual periods beginning on or after
IFRS 9: "Financial Instruments"	No	Not set
IFRS 14: "Regulatory Deferral Accounts"	No	1 January 2016
IFRIC 21: "Levies"	No	1 January 2014
Annual Improvements 2010–2012 Cycle	No	1 July 2014
Annual Improvements 2011–2013 Cycle	No	1 July 2014
Amendment to IFRS 10, IFRS 12, and IAS 27: "Investment Entities"	Yes	1 January 2014
Amendment to IAS 19: "Defined Benefit Plans: Employee Contributions"	No	1 July 2014
Amendment to IAS 32: "Offsetting Financial Assets and Financial Liabilities"	Yes	1 January 2014
Amendment to IAS 36: "Recoverable Amount Disclosures for Non Financial Assets"	Yes	1 January 2014
Amendment to IAS 39: "Novation of Derivatives and Continuation of Hedge Accounting	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.

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

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

All intra-group transactions, balances, income and expenses are eliminated on consolidation. The results and cash flows of any subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

2.4. Investments in associates and joint ventures
An associate is an entity over which the Group is able to exert significant influence but not control.

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

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

2.5. Current assets are those which, in accordance with IAS 1 Presentation Of Financial Statements are:
- expected to be realised within normal operating cycle, via sale or consumption, or
- held primarily for trading, or
- expected to be realised within 12 months from the reporting date, or
- cash and cash equivalent not restricted in their use.

All other assets are non-current.

2.6. Investment property income
Rental income is recognised on a straight line basis over the lease term. Service charges and management fees are recognised as the related costs are incurred and charged. Changes to rental income that arise from reviews to open market rental values or increases that are indexed linked on a periodic basis are recognised from the date on which the adjustment 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.

2.7. 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.

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

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

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

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

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

2.9. Taxation

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

Deferred 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.

2.10. 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%

2.11. 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.

2.12. 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.

2.13. 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.

2.14. 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.

2.15. 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 2013 or 2012.

2.16. 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 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 impairment. Gains and losses arising from investments classified as available-for-sale are recognised in the profit or loss when they are sold or when the investment is impaired.

In the case of impairment of available-for-sale 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.

2.17. 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.

2.18. 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.

2.19. 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.

2.20. 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) Determination of the nature of the investment in Silvermore (note 9)

Management exercised its judgment in determining that the investment in Silvermore, where the Group holds 50% of equity interests and another investor holds the other 50%, is in substance a joint arrangement, as defined in IFRS 11. The type of the arrangement has been determined to be a joint venture.

(iv) Determination of the nature of the investment in Covenant Credit Partners LLC (note 9)

Management exercised its judgment in determining that the investment in Covenant Credit Partners LLC is in substance an investment in associate. In arriving to this conclusion, Management considered that although the Group through its subsidiary Blackline Investments Inc. has a 52.5% equity interest, the other investor holding 47.5% in effect controls the relevant activities of Covenant Credit Partners LLC by virtue of an agreement.

(v) 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.

Refer also to note 4 for estimation uncertainty over the fair value determination of the investment in SRS Charminar.

(ii) Fair value of investments in associate and joint venture

Management uses valuation techniques in measuring the fair value of the investments in associate and joint venture. Details of the bases used 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 investments. 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.

(iii) 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.

(iv) 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.

(v) Comparatives

The interest cost in relation to two interest rate swaps, both with a notional of CHF 10,000,000 – see note 17, have been reclassified from the interest from investments to finance costs (note 29).

The above reclassification has no impact on the Group's financial position at any comparative reporting date; therefore, no consolidated statement of financial position at 1 January 2012 is presented.

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 2012	360	145	106	26	637
Additions	7	18	5	–	30
As at 1 January 2013	367	163	111	26	667
Additions	10	13	2	–	25
As at 31 December 2013	377	176	113	26	692
Accumulated depreciation					
As at 1 January 2012	(309)	(145)	(88)	(14)	(556)
Charge for the year	(58)	(9)	(7)	(7)	(81)
As at 1 January 2013	(367)	(154)	(95)	(21)	(637)
Charge for the year	(10)	(10)	(7)	(5)	(32)
As at 31 December 2013	(377)	(164)	(102)	(26)	(669)
Net book value As at 31 December 2013	–	12	11	–	23
As at 31 December 2012	–	9	16	5	30

4. Available-for-sale financial assets

	2013 US $000	2012 US $000
Non-current assets		
Fixed income investments	91,881	73,181
Private equities	15,897	15,842
Financial and minority holdings	9,068	10,469
	116,846	99,492

Current assets		
Public equity investments	2,214	3,516
Hedge funds	1,026	908
Other investments	2	5
	3,242	4,429

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 2013, the Group's exposure to CLO Income Notes increased by USD 18.7m. The total investment in CLO Income Notes as at 31 December 2013 amounts to USD 91.9m.

During 2013, 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 2013, of USD 2.499m (2012 USD 18.133m), are included within loss on investments (note 26), and represent impairment losses arising due to:

	2013 US $000	2012 US $000
Significant fall in value	1,707	16,816
Prolonged fall in value	792	1,317
	2,499	18,133

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 83m as at 31 December 2013 (2012: 98.9m) 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 2013, there was no change in the status of this case.

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. At the date of issuance of the consolidated financial statements, the necessary Regulatory Approvals were not obtained.

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 2013 is USD 8.9m (2012: USD 10.1m), 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 3.6m (2012: USD 4m) 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 2013 amounts approximately to 13.1% (2012: 16.2%) of its net assets.

5. Financial assets at fair value through profit or loss

	2013 US $000	2012 US $000
Non-current assets		
Private equities	569	1,965
Real estate entities	1,588	1,751
	2,157	3,716
Current assets		
Fixed income investments	1,609	10,248
Public equity investments	10,137	23,182
Hedge funds	1,209	2,078
Other investments	289	287
	13,244	35,795

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 categorises its financial assets at fair value as follows:

- Fixed income investments relate to fixed and floating rate bonds, perpetual bank debt, 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.

- 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 that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

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

Valuation of financial assets and liabilities

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

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

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

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

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

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

- 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.
- The investment in joint venture is valued based on its underling agreement (ISDA) entered (i.e. a total return swap). The agreement's fair value is provided by counter party bank.

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:

	2013 US $000 Level 1	2013 US $000 Level 2	2013 US $000 Level 3	2013 US $000 Total	2012 US $000 Level 1	2012 US $000 Level 2	2012 US $000 Level 3	2012 US $000 Total
Assets								
Fixed income investments	1,609	91,881	–	93,490	10,248	73,181	–	83,429
Private equities	6,816	–	9,650	16,466	5,489	–	12,317	17,806
Financial and minority holdings	–	–	9,068	9,068	–	–	10,469	10,469
Public equity investments	12,351	–	–	12,351	26,698	–	–	26,698
Hedge funds	–	2,235	–	2,235	–	2,986	–	2,986
Real estate entities	–	–	1,588	1,588	–	–	1,752	1,752
Investment in associate and joint venture	–	5,524	–	5,524	–	–	–	–
Other investments	289	–	2	291	287	–	5	292
	21,065	99,640	20,308	141,013	42,722	76,167	24,543	143,432
Liabilities								
Interest rate swaps	–	2,125	–	2,125	–	5,526	–	5,526
	–	2,125	–	2,125	–	5,526	–	5,526

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 level 3 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 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 32)			(5,523)			(5,523)
As at 1 January 2013	10,469	10,352	5	1,752	1,965	24,543
Sales	–	–	–	–	(725)	(725)
Purchases	–	263	–	–	–	263
Gains / (losses) recognised in:						
• Profit or loss	(1,401)	(517)	(3)	(603)	(671)	(3,195)
• Other comprehensive income	–	(1,017)	–	–	–	(1,017)
Exchange difference	–	–	–	439	–	439
As at 31 December 2013	9,068	9,081	2	1,588	569	20,308

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
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)
2013 **Profit or loss**						
• Financial assets held at year-end	(1,401)	(517)	(3)	(603)	(671)	(3,195)
• Financial assets no longer held	–	–	–	–	–	–
	(1,401)	(517)	(3)	(603)	(671)	(3,195)
Other comprehensive income						

• Financial assets held at year-end	–	(1,017)	–	–	–	(1,017)
• Financial assets no longer held	–	–	–	–	–	–
	–	(1,017)	–	–	–	(1,017)
Total gains / (losses) for 2013	(1,401)	(1,534)	(3)	(603)	(671)	(4,212)

The Group has not developed any quantitative unobservable inputs for measuring the fair value of its level 3 financial assets at 31 December 2013 and 2012. Instead the Group used prices from third-party pricing information without adjustment.

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

8. Investment property

	2013 US $000	2012 US $000
Valuation as at 1 January	126,543	122,518
Fair value (loss) / gain – recognised in profit or loss	(179)	961
Exchange difference	3,552	3,064
As at 31 December	129,916	126,543

The investment property relates to Wyler Park property in Bern, Switzerland, which is used for earning rental income. The Group has no restriction on the realizability of the property or the remittance of income and any proceeds of disposal.

Wyler Park property investment loan (note 16) is secured on the property itself.

Fair valuation

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

The investment property was valued by the independent professional valuers Wüest & Partners as at 31 December 2013 and 2012 on the basis of open market value in accordance with the appraisal and valuation guidelines of the Royal Institute of Certified Surveyors, and the European Group of Valuers' Associations. The investment property is revalued annually on 31 December.

The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors at each reporting date.

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

The valuations are based on the following assumptions:

- The property has been appraised as continuation scenario. That means, that no change of use scenarios have been calculated as well that would result to a higher value.
- A one-period DCF model was adopted. 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. Rates are determined individually for each property on the basis of appropriate benchmarks derived from arm's-length transactions. They may be broken down as follows: risk-free interest rate + property risk (immobility of capital) + premium for macro-location + premium for micro-location depending on use + premium for property quality and income risk + any other specific premiums.
- Unless otherwise stated, the valuations assume 1% annual inflation for income and all expenditure. Where a nominal discount rate is applied, this is adjusted accordingly.
- Credit risks posed by specific tenants are not explicitly factored into the valuation.
- Allowance is made for the specific indexing provisions in existing leases. An indexing factor of 80% (Swiss average) is assumed for the period following lease expiry.
- For existing tenancies, the timing of individual payments is assumed to comply with the terms of the lease.
- Following lease expiry, cash flows for commercial premises are taken to be quarterly in advance, for housing monthly in advance.
- In terms of running costs, entirely separate service charge accounts are assumed, with no tenancy-related ancillary costs to be borne by the owner.
- The maintenance (repair and upkeep) costs were calculated by means of a lifecycle analysis of the individual building elements. The building structure's remaining lifespan was estimated and periodic refurbishments modelled on the basis of the general condition of the fabric as determined during the property inspection.

Appropriate annual reserves were calculated accordingly and plausibility tested using comparables and Wüest & Partner's own benchmarks. The calculation factors in 100% of repair costs in the first 10 years; the proportion applied from year 11 onwards is limited to the value-preserving investments (recoverable share).

The valuations are sensitive to the above inputs, all of which are unobservable.

Future rental income

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

	2013 US $000	2012 US $000
Less than 1 year	5,851	5,794
Between 1 and 5 years	26,105	25,820
Over 5 years	-	5,164
	31,956	36,778

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 2013 and 31 December 2012 respectively.

9. Investments in associate and joint venture

	2013 US $000	2012 US $000
As at 1 January	-	-
Additions	5,000	-
Fair value gain	524	-
As at 31 December	5,524	-

Name of investee	Type of investment	Place of incorporation	Principal activity	Proportion of voting rights held	Fair value	
					2013 US $000	2012 US $000
Silvermore Ltd	Joint venture	Cayman Islands	Investment holding	50%	5,524	-
Covenant Credit Partners LLC*	Associate	Delaware, US	Investment holding	52.5%	-	-
					5,524	-

*Held by the subsidiary Blackline Investments Inc.

The activities of both the joint venture and the associate are in line with the Group's activities and strategy.

The joint venture does not prepare any financial information. As at year end Silvermore was a contractual party to a Total Return Swap (ISDA) agreement with Citibank N.A. with market price of US$ 5.5m. As at that date Silvermore had no other assets or liabilities.

The associate also does not prepare any financial information. As at year end Covenant Credit Partners had not entered into any contractual arrangements. As at that date Covenant Credit Partners had a net liability position of USD 0.807m mainly due to the incurrence of administrative expenses.

10. Details of subsidiaries

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 Israel Investments Limited	Israel	Ordinary shares	100%	Holding of investments (Dormant)
Blackline Investments Inc.*	USA	Ordinary shares	52.5%	Holding of investments
Livermore Capital AG	Switzerland	Ordinary shares	100%	Administration services
Livermore Investments AG**	Switzerland	Ordinary shares	100%	Real Estate owner and management
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

* Blackline Investments Inc. was established during the year.
** Held by Enaxor S.a.r.l.

Livermore Management Limited has been closed by the Group during the year.
Livermore Real Estate I AG has been liquated by the Group during the year.

11. 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:

	2013 US $000	2012 US $000
Investment property – revaluation surplus	(5,845)	(4,503)
Derivative financial instruments – recognised carrying amount	344	916
Tax losses	3,545	3,068
Net deferred tax (liability)	(1,956)	(519)

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 2012	(3,538)	1,423	2,603	488
(Charged) / credited to profit or loss (note 30)				
• timing differences	(863)	(532)	393	(1,002)
Exchange difference	(102)	25	72	(5)
As at 1 January 2013	(4,503)	916	3,068	(519)
(Charged) / credited to profit or loss (note 30)				
• timing differences	(1,211)	(596)	390	(1,417)
Exchange difference	(131)	24	87	(20)
As at 31 December 2013	(5,845)	344	3,545	(1,956)

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 2013 and 2012 there is no unrecognised deferred tax asset.

12. Trade and other receivables

	2013 US $000	2012 US $000
Financial items		
Accrued interest and dividend income	79	313
Amounts due by related parties (note 32)	1,339	533
Other receivables	654	646
	2,072	1,492
Non-Financial items		
Other assets (note 32)	4,512	5,640
Prepayments	199	159
	6,783	7,291
Allocated as:		
Current assets	3,399	2,779
Non-current assets	3,384	4,512
	6,783	7,291

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 0.79m (2012: USD 0.313m) 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 0.277m (2012: USD 0.578m) 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 relevant reduction in the loan amount for the year was USD 1.128m. The amount of non-current assets shown above relates wholly to this item.

13. Cash and cash equivalents

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

	2013 US $000	2012 US $000
Cash at bank	4,150	14,505
Bank overdrafts used for cash management purposes	(15,188)	(19,759)
Cash and cash equivalents for the purposes of the consolidated statement of cash flows	(11,038)	(5,254)

14. 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 2012 and 31 December 2013	304,120,401	215,499

Treasury shares	Number of shares	US $000
As at 1 January 2012	49,332,883	18,772
Additions	56,052,180	16,408
As at 1 January 2013	105,385,063	35,180
Additions	3,445,755	1,722
As at 31 December 2013	108,830,818	36,902

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

	2013 US $000	2012 US $000
Share premium	215,499	215,499
Treasury shares	(36,902)	(35,180)
	178,597	180,319

15. 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 2012 and 31 December 2013	11,340,000	0.75	1.25

Exercisable options	Number of options	Average exercise price GBP	Average exercise price* USD
As at 31 December 2012 and 31 December 2013	11,340,000	0.75	1.25

Details of share options outstanding at 31 December 2013

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	1.18	82,739
230,000	07/12/05	07/12/07	07/12/07	07/12/15	0.71	1.18	94,333
230,000	07/12/05	07/12/08	07/12/08	07/12/15	0.71	1.18	103,948
3,383,334	19/07/06	19/07/07	19/07/07	19/07/16	0.78	1.29	1,608,710
3,383,333	19/07/06	19/07/08	19/07/08	19/07/16	0.78	1.29	1,824,133
3,383,333	19/07/06	19/07/09	19/07/09	19/07/16	0.78	1.29	2,001,774
166,667	13/05/08	13/05/09	13/05/09	13/05/18	0.30	0.50	21,703

166,667	13/05/08	13/05/10	13/05/10	13/05/18	0.30	0.50	24,115
166,666	13/05/08	13/05/11	13/05/11	13/05/18	0.30	0.50	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 2013.

16. Bank Loans

	2013 US $000	2012 US $000
As at 1 January	86,258	84,316
Repayment	(706)	(167)
Exchange difference	2,422	2,109
As at 31 December	87,974	86,258
Allocated as:		
Current bank loans	87,974	-
Non-current bank loans	-	86,258
	87,974	86,258

The bank loan relates to Wyler Park investment property purchase (note 8) and is secured on this property. The loan balance is fully repayable on 12 July 2014. However, the Group is currently negotiating the refinancing of this loan with a Swiss Bank for a term of another five years.

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 17). Consequently, the loan's effective interest rate is 4.15%.

17. Derivative financial instruments

	2013 US $000	2012 US $000
Non-current liabilities		
Interest rate swaps	-	2,068
Current liabilities		
Interest rate swaps	2,125	3,458

During 2013 and 2012 the Group used forward currency contracts; however, no such derivatives were open at 31 December 2013 or 2012.

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 78,353,556 (2011: CHF 79,981,921)	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 2013 a fair value gain of USD 3,524,094 (2012: gain USD 3,112,852) has been recognised in the profit or loss in relation to all derivative financial instruments.

18. Bank Overdrafts

	2013 US $000	2012 US $000
Short term bank overdrafts	15,188	19,759

Short term bank overdrafts bear Libor + lender's margin and have an average interest rate of 1.77% (2012 2.46%).

The Group's bank overdraft facilities are secured by the Group's financial assets portfolio up to an amount, as at 31 December 2013, of USD 53m.

19. Short term bank loans

	2013 US $000	2012 US $000
Short term bank loans	3,475	-

Short term bank loans bear Libor + lender's margin and had an average interest rate of 2.66% (2012 1.64%).

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

20. Trade and other payables

	2013 US $000	2012 US $000
Financial items		
Trade payables	532	1,233
Amounts due to related parties (note 32)	1,212	4,012
Accrued expenses	964	946
	2,708	6,191
Non-Financial items		
VAT payable	68	170
	2,776	6,361

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

21. Current tax payable

	2013 US $000	2012 US $000
Corporation Tax	(6)	102

22. Net asset value per share

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

Diluted net asset value per share is calculated after taking into consideration the potentially dilutive shares in existence as at 31 December 2013 and 31 December 2012.

	2013	2012
Net assets attributable to ordinary shareholders (USD 000)	168,371	172,976
Closing number of ordinary shares in issue	195,289,583	198,735,338
Basic net asset value per share (USD)	0.86	0.87
Net assets attributable to ordinary shareholders (USD 000)	168,371	172,976
Dilutive share options – exercise amount	247	242
Net assets attributable to ordinary shareholders including the effect of potentially diluted shares (USD 000)	168,618	173,218
Closing number of ordinary shares in issue	195,289,583	198,735,338
Dilutive share options	500,000	500,000
Closing number of ordinary shares including the effect of potentially diluted shares	195,789,583	199,235,338

Diluted net assets value per share (USD)	0.86	0.87
Number of Shares		
Ordinary shares	304,120,401	304,120,401
Treasury shares	(108,830,818)	(105,385,063)
Closing number of ordinary shares in issue	195,289,583	198,735,338

The Share options (note 15) granted on 13 May 2008 have a dilutive effect on the net asset value per share, given that their exercise price is lower than the net asset value per Company's share at 31 December 2013 and 2012. All other share options do not impact the diluted earnings per share for 2013 and 2012 as their exercise price was higher than the net asset value per Company's share at 31 December 2013 and 2012.

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 2013, the Company bought 3,445,755 (2012: 56,052,180) of its Ordinary shares at an average price of USD 0.50 (2012: USD 0.29) per share.

23. 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	
	2013 US $000	2012 US $000	2013 US $000	2012 US $000	2013 US $000	2012 US $000
Segment results						
Investment income						
Interest and dividend income	29,068	22,772	-	-	29,068	22,772
Investment property income	-	-	5,473	5,382	5,473	5,382
Gain / (loss) on investments	(16,324)	3,830	2,672	3,476	(13,652)	7,306
Gross profit	12,744	26,602	8,145	8,858	20,889	35,460
Other income	55	694	-	-	55	694
Administrative expenses	(11,122)	(4,211)	(1,137)	(818)	(12,259)	(5,029)
Operating profit	1,677	23,085	7,008	8,040	8,685	31,125
Finance costs	(1,680)	(1,314)	(3,562)	(3,554)	(5,242)	(4,868)
Finance income	906	610	-	-	906	610
Profit before taxation	903	22,381	3,446	4,486	4,349	26,867
Taxation charge	(411)	(44)	(1,464)	(1,166)	(1,875)	(1,210)
Profit for year	492	22,337	1,982	3,320	2,474	25,657
Segment assets	150,875	163,648	131,016	128,153	281,891	291,801
Segment liabilities	20,798	26,351	92,722	92,474	113,520	118,825

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	
	2013 US $000	2012 US $000	2013 US $000	2012 US $000	2013 US $000	2012 US $000
Investment Income						
Switzerland	–	–	8,145	8,858	8,145	8,858
Other European countries	(888)	(2,391)	–	–	(888)	(2,391)
United States	18,941	34,707	–	–	18,941	34,707
India	(3,749)	(8,279)	–	–	(3,749)	(8,279)
Asia	(1,560)	2,565			(1,560)	2,565
	12,744	26,602	8,145	8,858	20,889	35,460
Investments						
Switzerland	–	–	129,916	126,543	129,916	126,543
Other European countries	14,521	23,055	–	–	14,521	23,055
United States	98,406	75,575	–	–	98,406	75,575
India	14,887	18,405	–	–	14,887	18,405
Asia	13,199	26,397	–	–	13,199	26,397
	141,013	143,432	129,916	126,543	270,929	269,975

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 2013, 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 (2012: 89%).

24. Interest and dividend income

	2013 US $000	2012 US $000
Interest from investments	663	2,208
Dividend income	28,405	20,564
	29,068	22,772

25. Investment property income

	2013 US $000	2012 US $000
Gross rental income	5,846	5,793
Direct expenses	(373)	(411)
	5,473	5,382

All direct expenses relate to the generation of rental income.

26. (Loss) / gain on investments

	2013 US $000	2012 US $000
(Loss) / gain on sale of investments	(892)	3,178
Investment property revaluation	(179)	961
Foreign exchange gain	81	130
Loss due to impairment of available-for-sale financial assets	(2,499)	(18,133)
Fair value (losses) / gains on financial assets through profit or loss	(13,985)	18,234
Fair value gains on investment in joint venture	524	-
Fair value gains on derivative instruments	3,519	3,124
Bank custody fees	(221)	(188)
	(13,652)	7,306

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

	2013 US $000	2012 US $000
Available-for-sale	(3,953)	497
At fair value through profit or loss	898	22
	(3,055)	519

27. Other income

	2013 US $000	2012 US $000
Disposal gain	-	250
Warehouse Carry income	-	244
Insurance claim received	-	200
Gain on liquidation of subsidiaries	55	-
	55	694

28. Administrative expenses

	2013 US $000	2012 US $000
Legal expenses	57	93
Directors' fees and expenses	9,078	2,593
Professional and consulting fees	1,667	828
Other salaries and expenses	769	503
Office cost	284	306
Depreciation	32	81
Other operating expenses	512	426
Provisions for legal and other cases - reversal	(274)	-
Audit fees	134	199
	12,259	5,029

Throughout 2013 the Group employed 7 members of staff (2012: 6).

Other salaries and expenses include USD 40,694 of social insurance and similar contributions (2012: USD 31,858), as well as USD 15,255 of defined contributions plan costs (2012: USD 18,750).

29. Finance costs and income

	2013 US $000	2012 US $000
Finance costs		
Bank interest on investment property loan*	3,555	3,547
Other swap interest cost	689	632
Other bank interest	495	689
Foreign exchange loss	503	–
	5,242	4,868
Finance income		
Foreign exchange gain	906	610
Net finance costs	4,336	4,258

*Includes interest payments on a related swap (note 16)

30. Taxation

	2013 US $000	2012 US $000
Current tax charge	458	200
Prior year tax charge	–	8
Deferred tax charge	1,417	1,002
	1,875	1,210
The tax charge for the year can be reconciled to the accounting profit as follows:		
Profit before tax	4,349	26,867
Effect of applicable corporation tax rates	706	928
Effect of income not subject to tax	(702)	(855)
Effect of expenses not deductible for tax purposes	61	63
Effect of current year losses	(38)	(109)
Prior year tax charge	–	8
Interest withholding tax	411	44

Property tax	20	129
Deferred tax charge	1,417	1,002
Tax for the year	1,875	1,210

The parent 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 in Switzerland and Cyprus.

31. 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 2013 and the year ended 31 December 2012.

	2013	2012
Profit for the year attributable to ordinary shareholders of the parent (USD 000)	2,474	25,657
Weighted average number of ordinary shares outstanding	196,692,363	220,907,964
Basic earnings per share (USD)	0.01	0.12
Weighted average number of ordinary shares outstanding	196,692,363	220,907,964
Dilutive effect of share options	83,102	-
Weighted average number of ordinary shares including the effect of potentially dilutive shares	196,775,465	220,907,964
Diluted earnings per share (USD)	0.01	0.12

The decrease in the weighted average number of ordinary shares outstanding is due to the acquisition of treasury shares during the year (note 14).

The Share options (note 15) granted on 13 May 2008 have a dilutive effect on the weighted average number of ordinary shares only, given that their exercise price is lower than the average market price of the Company's shares on the London Stock Exchange (AIM division) during the year ended 31 December 2013 (2012: no dilutive effect since exercise price was higher than the average market price). All other share options do not impact the diluted earnings per share for 2013 and 2012 as their exercise price was higher than the average market price of the Company's shares during the year ended 31 December 2013 and 2012.

32. Related party transactions

The Group is controlled by Groverton Management Ltd, an entity owned by Noam Lanir, which at 31 December 2013 held 79.06% (2012: 77.70%) of the Company's effective voting rights.

	2013 US $000	2012 US $000	
Amounts receivable from key management			
Other assets	4,512	5,640	(1)
Directors' current accounts	425	533	
	4,937	6,173	
Amounts receivable from associate			
Promissory notes	914	-	(2)
	914	-	
Amounts payable to other related party			
Loan payable	(1,212)	(4,012)	(3)
Trade payable	-	(810)	
	(1,212)	(4,822)	
Key management compensation			
Short term benefits			
Executive directors' fees	795	795	(4)
Executive directors' reward payments	8,212	1,700	
Non-executive directors' fees	71	98	
	9,078	2,593	

(1) 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. The relevant reduction in the loan amount for the year was USD 1.128m. The loans together with their related accrued interest of USD 0.117m were classified as "other assets" and are included under trade and other receivables (note 12).

(2) Demand promissory notes of USD 0.914m were made from Covenant Credit Partners LLC (maker) to Blackline Investments Inc. (holder). Interest on these notes is at 2.0% per annum and is repayable on the earlier of the holder demand or May 2014.

(3) A loan with a balance at 31 December 2013 of USD 1.2m (31 December 2012: USD 4.0m) 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 20).

(4) These payments were made directly to companies to which they are related.

No social insurance and similar contributions nor any other defined benefit contributions plan costs incurred for the Group in relation to its key management personnel in either 2013 or 2012.

Noam Lanir, through an Israeli partnership, is the major shareholder of Babylon Limited, an Israel based Internet Services Company. The Group as of 31 December 2013 it held a total of 3.915m shares at a value of USD 9.3m (2012: 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).

33. Provisions

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

	2013 US $000	2012 US $000
As at 1 January	300	1,142
Amounts reversed	(274)	-
Settlements	-	(833)
Exchange differences	-	(9)
As at 31 December	26	300

34. 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.
On 5 March 2014, the Labor Court in Tel Aviv issued a ruling in which the court denied most of the plaintiff's claims and accepted only his claim for termination of employment. On 16 April 2014 the plaintiff filed an appeal against the ruling.

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

35. Commitments

The Group has no capital or other commitments as at 31 December 2013.

36. Events after the reporting date

After the reporting period, Livermore has entered into an agreement with Montana Tech Components to sell its shareholding at an average price of EUR 4.56 per share realizing a gain of USD 2.7m in relation to the carrying amount of the investment as at the year end. The transaction is expected to close on 30 June 2014.

In January 2014, the Company announced an interim dividend of USD 5m (USD 0.0256 per ordinary share).

In the first quarter of 2014, Livermore sold approximately half its shareholding in Babylon at an average price of USD 1.98 and now holds approximately 4% of Babylon's issued share capital.

37. 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 38.

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 2013 is the following:

	2013 US $000	2013 US $000	2013 US $000	2012 US $000	2012 US $000	2012 US $000
	Financial assets	Liabilities	Net value	Financial assets	Liabilities	Net value
British Pounds (GPB)	2,160	(12,273)	(10,113)	8,650	(13,478)	(4,828)
Euro	5,106	(203)	4,903	7,856	(154)	7,702
Swiss Francs (CHF)	41,097	(1,646)	39,451	42,660	(1,228)	41,432
Indian Rupee (INR)	8,944	–	8,944	10,106	–	10,106
Israel Shekels (ILS)	9,989	(4,204)	5,785	22,940	(7,851)	15,089
Others	–	(2,350)	(2,350)	–	(2,816)	(2,816)
Total	67,296	(20,676)	46,620	92,212	(25,527)	66,685

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 2013 would have the following impact. A 10% decrease of the following currencies against USD would have an approximately equal but opposite impact.

	2013 US $000	2013 US $000	2012 US $000	2012 US $000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
British Pounds (GPB)	(1,011)	–	(483)	–
Euro	490	–	770	–
Swiss Francs (CHF)	3,945	–	4,143	–
Indian Rupee (INR)	894	–	1,011	–
Israel Shekels (ILS)	579	–	1,509	–
Total	4,897	–	6,950	–

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 88.0m (2012: USD 86.3m) 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 2013 was USD 18.6m (2012: USD 19.7m)

As at 31 December 2013 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:

	2013 US $000	2012 US $000
Financial assets – subject to:		
• fair value changes	1,609	9,954
• interest changes	96,030	87,980
Total	**97,639**	**97,934**
Financial liabilities – subject to:		
• interest changes	106,637	106,017
• both fair value and interest changes	2,125	5,526
Total	**108,762**	**111,543**

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 0.91% change in the net asset value as at 31 December 2013 (2012: 1.22%)

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.

	2013 US $000	2013 US $000	2012 US $000	2012 US $000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Financial assets				
• fair value changes	(137)	-	(535)	-
• interest changes	960	-	880	-
Financial liabilities				
• fair value changes	669	-	1,739	-
• interest changes	38	-	21	-
	1,530	-	2,105	-

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 and a total return swap referencing a portfolio of senior secured loans (note 9). 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 6.80% change in the net asset value as at 31 December 2013 (2012: 6.63%), and would have the following impact (either positive or negative, depending on the corresponding sign of the change):

	2013 US $000	2013 US $000	2012 US $000	2012 US $000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Available-for-sale financial assets	8	9,490	12	7,732
Financial assets at fair value through profit or loss	1,484	-	3,703	-
Investment in joint venture	552	-	-	-
	2,044	9,490	3,715	7,732

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 93.5m (2012: USD 83.4m). The Group's maximum credit risk exposure at 31 December 2013 is as follows:

	2013 US $000	2012 US $000
Financial assets:		
Loans and receivables:		
• Trade and receivables	726	1,077
• Cash at bank	4,150	14,505
	4,876	15,582
Available-for-sale financial assets	91,880	73,181
Financial assets at fair value through profit or loss	1,609	10,248
Investments in associate and joint venture	5,524	-
	103,889	**99,011**

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 and a total return swap facility (note 9). 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 2013 or 2012.

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	2013 Amount US $000	Percentage	2012 Amount US $000	Percentage
A+	337	0.3%	895	0.9%
A-	-	-	872	0.9%
BBB	-	-	463	0.5%
BBB+	3,892	3.8%	14,334	14.5%
BBB-	-	-	1,196	1.2%
BB	3,440	3.3%	1,012	1.0%
BB+	1,090	1.0%	5,221	5.3%
BB-	519	0.5%	481	0.5%
Not Rated	94,611	91.1%	74,536	75.2%
	103,889	100%	99,010	100%

Included within "not rated" amounts are investments in loan market through CLOs of USD 88.440m (2012: USD 73.181m).

The modelled IRRs on the CLO portfolio are in the high single digit to low teens percentage points with current cash distributions of over 20%.

Liquidity Risk

The major financial liability of the Group is the bank loan of CHF 78.4m (USD 88.0m) used for purchase of a real estate property, which has a maturity in 2014. The loan is collateralized by property valued at CHF 115.7m (USD 129.9m) at 31 December 2013. 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 2013				
Borrowings	107,309	-	-	-
Derivative financial instruments	2,125	-	-	-
Other financial liabilities	2,708	-	-	-
Total	112,142	-	-	-

	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	-	-

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 2013, the Group had liquid investments totalling USD 111.8m, comprising of USD 4.2m in cash and cash equivalents, USD 91.9 in investments in loan market through CLOs, USD 1.6m in fixed income investments, USD 11.9m in public equities and USD 2.2m 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 2013				
Available-for-sale financial assets	2	-	224	91,657
Financial assets at fair value through profit or loss	-	-	289	1,609
Cash at bank	4,150	-		
Other financial assets	2,072	-		
	6,224	-	513	93,266

	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

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:

	2013 US $000	2012 US $000
Cash at bank	(4,150)	(14,505)
Bank overdrafts	15,188	19,759
Bank loans	87,974	86,258
Short term bank loans	3,475	-
Net Debt	102,487	91,512
Total equity	168,371	172,976
Net debt to equity ratio	0.61	0.53

The Group utilized cash at bank in 2013 to make additional investments as well as buy back shares which resulted in an increase of the net debt to equity ratio. The Board believes that the ratio remains at an acceptable and manageable level.

38. Financial assets and liabilities by IAS 39 category

	Note	2013 US $000	2012 US $000
Financial assets:			
Loans and receivables:			
Trade and receivables	12	2,072	1,492
Cash at bank	13	4,150	14,505
		6,222	15,997
Available-for-sale financial assets	4	120,088	103,921
Financial assets at fair value through profit or loss	5,9	20,925	39,511
		147,235	159,429
Financial liabilities:			
Financial liabilities at amortised cost:			
Bank loan	16	87,974	86,258
Bank overdrafts	18	15,188	19,759
Short term bank loans	19	3,475	-
Other financial liabilities	20	2,708	6,191
		109,345	112,208
Financial liabilities at fair value through profit or loss:			
Derivative financial instruments	17	2,125	5,526
		111,470	117,734

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

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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 26 August 2014 at 10am for the purposes of the following:

To consider, and if thought fit, to pass the following resolutions, numbers 1 to 5 of which will be proposed as Resolutions of Members and numbers 6 and 7 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 2013.

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

3. 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.

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

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

   (a) the Directors be and are generally and unconditionally authorised to allot up to a maximum aggregate amount of 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.

6. THAT, subject to the passing of resolution 5 set out in the Notice convening this Meeting, the Directors be and are empowered in accordance with article 5.2 of the Articles of Association of the Company to allot new ordinary shares of no par value 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.

7. 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 2014

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 Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF 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 Depositary, to vote on the holder's behalf at the Meeting or, if the Meeting is adjourned, at the adjourned meeting. To be effective, a completed and signed Form of Direction (and any power of attorney or other authority under which it is signed) must be delivered to the Company's Transfer Agent, Capita Asset Services, 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@capita.co.uk to request a Letter of Corporate Representation.

Corporate Directory

Secretary
Chris Sideras

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

Company Number
475668

Registrars
Capita Registrars
PXS
34 Beckenham Road
Beckenham
Kent BR3 4TU
England

Auditor
Grant Thornton (Cyprus) Ltd
10 Filiou Zannetou Street
Limassol 3021
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
CH-8002
Zurich
Switzerland

Bank Hapoalim
18 Boulevard Royal
BP 703
L-2017
Luxembourg

FIBI Bank
Seestrasse 61
Zurich 8027
Switzerland

Credit Suisse AG
Seeefldstrasse 1
Zurich 8070
Switzerland

Livermore Investments Group Ltd.

Trident Chambers
PO Box 146
Road Town
Tortola
British Virgin Islands