



LivermoreInvestments

Livermore Investments Group Limited

Annual Report & Consolidated Financial Statements
for the year ended 31 December 2017



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Highlights

- Net Asset Value per share increased 11.0% to USD 1.00 (December 2016: USD 0.90).
- For the year ended 31 December 2017, the Company announced an interim dividend of USD 8m (USD 0.04576 per share) to members on the register on 26 January 2018. The dividend was paid on 23 February 2018.
- CLO portfolio and warehouse performed strongly generating USD 22.1m gains in 2017.



Chairman's and Chief Executive's Review

Introduction

We are pleased to announce the financial results for Livermore Investments Group Limited ("Livermore" or "the Company") for the year ended 31 December 2017. References to the Company hereinafter also include its consolidated subsidiaries (note 10).

The year-end NAV was USD 1.00 per share (2016 NAV: USD 0.90 per share). Net profit for the year was USD 16.4m (2016 Net Profit: USD 34.0m).

The Company recorded gains from the financial portfolio as the US credit and CLO markets continued to perform well. Management took advantage of lower funding costs to reduce the cost of financing for several of its CLO positions. Interest and distribution income from the financial portfolio totalled USD 28.0m (2016: USD 26.3m).

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

Financial Review

The NAV of the Company at 31 December 2017 was USD 175.4m (2016: USD 157.2m). Net profit, during the year was USD 16.4m, which represents earnings per share of USD 0.09.

Administrative expenses were USD 6.2m (2016: USD 8.2m – including discontinued operations).

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

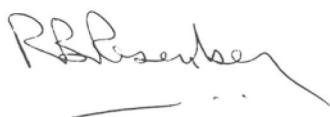
	31 December 2017 US \$m	31 December 2016 US \$m
Shareholders' funds at beginning of year	157.2	148.6
Income from investments	28.0	30.4
Disposal of Wyler Park	-	7.6
Realised (losses) / gains on investments	(0.1)	0.3
Unrealised gains on investments	(4.0)	(2.9)
Unrealised exchange profit	-	1.7
Administration costs	(6.2)	(8.2)
Net finance income / (costs)	0.5	(1.2)
Tax credit / (charge)	-	3.8
Increase in net assets from operations	18.2	31.5
Purchase of own shares	-	(7.9)
Dividends paid	-	(15.0)
Shareholders' funds at end of year	175.4	157.2
Net Asset Value per share	US \$1.00	US \$0.90

Dividend & Buyback

For the year ended 31 December 2017, the Board announced an interim dividend of USD 8m (USD 0.04576 per share) to members on the register on 26 January 2018. The dividend was paid on 23 February 2018.

During 2017, the Company cancelled 129,306,403 Ordinary Shares, which it held as Treasury Shares. As at 31 December 2017, the Company held no shares in treasury.

Richard B Rosenberg
Chairman



28 May 2018

Noam Lanir
Chief Executive Officer




Review of Activities

Introduction and Overview

The Company achieved strong performance in 2017, generating an 11.6% increase in NAV. Active management of its CLO and warehousing portfolio were the key drivers of performance in 2017, demonstrating the knowledge and skills of the management team to create value as well as the resilience of the portfolio.

In 2017, the Company generated interest and distribution income of USD 28.0m. The Company reported NAV/share of USD 1.00 and net profit of USD 16.4m. Administrative expenses amount to USD 6.2m (2016: USD 8.2m – including discontinued operations), finance income USD 0.5m (2016: USD 0m) and finance costs were USD 0m (2016: USD 1.2m – including discontinued operations). The net income was primarily driven by interest and distribution income generated by the CLO and warehousing portfolio partly offset by loss on fair value of investments of USD 5.9m and administrative and financing expenses as noted above.

The Company relies primarily on the interest and distribution income generated by its CLO and warehouse portfolio. During the year, the CLO and warehousing portfolio generated USD 27.8m in income. CLO equity positions typically generate higher cashflow than their expected IRRs because it is expected that future defaults in the loans held by CLOs may erode the residual value over time. Thus, the performance of the company's CLO portfolio is mainly through the cash flow generated on a regular basis.

During 2017, spreads in the US senior secured loan market tightened significantly, and management pro-actively worked with banks and CLO managers to refinance and reduce the financing costs of its individual CLO positions. This helped offset the spread tightening on the assets and increased future potential cashflow from these positions. On the warehousing front, management closed six warehouses generating USD 4m in carry as well as generating cheap entry points into new CLO positions. During the year, the CLO and warehousing portfolio generated 22.7% return on invested capital.

During the year, the Company invested an additional USD 35.9m in primarily new issue CLO equity positions and disposed USD 26.2m of CLO positions, while the warehouse portfolio increased by USD 8.3m as compared to the beginning of the year.

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

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

Global Investment Environment

The global economy gained further momentum in 2017 and global GDP recorded its strongest growth since 2011. Monetary policies in the major currency areas were still accommodative and financing conditions favourable. Increased investment activity further buoyed the broad-based recovery. In the advanced economies, employment continued to grow and unemployment declined. Economic conditions also developed favourably in the emerging economies. While utilisation of production capacity increased globally, wage and price gains remained subdued.

Global trade in goods rose by 4.5%, driven by the upswing in manufacturing and the recovery in information and communications technology. Higher demand from China further fostered global trade and commodity prices continued to recover in 2017. While the price for Brent crude briefly dipped below USD 50 per barrel in the first half of the year, a reduction in high inventory levels, the favourable global economic conditions and the agreement among the major oil-producing countries to limit production saw the price rise continuously from mid-year, reaching approximately USD 65 per barrel at year-end. Prices for industrial metals also increased in the wake of the global economic upturn.

Consumer and business confidence remained healthy until the end of the year, suggesting that the upturn can be expected to continue. Financing conditions, which remain favourable, are also likely to contribute to this. Moreover, in 2017, several countries saw structural reforms implemented that should boost economic growth in the medium term. Political risks in certain countries, as well as potential international tensions, remain a source of uncertainty.

Economic growth in the US was considerably stronger at 2.3% in 2017 than in the previous year (1.5%). After a weak start at the beginning of the year, the economy gained broad-based momentum. The labour market was close to full employment with the unemployment rate falling to 4.1% by the end of the year. Furthermore, substantial tax cuts approved raised consumer confidence. These tax cuts are likely to provide slight growth stimuli as early as 2018.

The economic upswing in the euro area firmed. Annual GDP growth averaged 2.5% in 2017, compared with 1.8% the previous year. The economy picked up in all euro area countries, with Germany remaining a driving force. Employment continued to gain momentum in most member states, and at year-end, the unemployment rate in the euro area was below 9% for the first time since 2009. Against this backdrop, consumer and business confidence continued to improve; the last comparable boost in confidence was observed in 2000.

However, the situation in the individual Euro zone member states painted an uneven picture with respect to the level of unemployment, public debt levels and structural reform. While some countries, such as France, initiated reforms, other countries only made tentative progress. Moreover, the number of non-performing loans remained high in some EU countries, despite an improvement on the previous year. The future economic relationship between the EU and the UK following the UK's decision to leave the union also presents a challenge.

Inflation, as measured by the CPI, remained below central bank targets in most advanced economies. Compared to 2016, however, annual inflation recorded an increase in most cases, predominantly due to higher energy prices. In the euro area, inflation rose to 1.5% from almost zero in the previous year. Core inflation, however, remained at around 1%. US inflation averaged 2.1% and was thus considerably higher than in the year before (1.3%). Core inflation, however, receded slightly to 1.8%, primarily due to a decline in prices for communication services.



In view of the moderate inflation rates, many central banks maintained their expansionary monetary policy. One exception was the US Federal Reserve, which continued to pursue a cautious normalisation of its monetary policy after US inflation had approached its target and the economy was close to full employment. The Federal Reserve increased the target range for its policy rate in three steps by a total of 0.75 percentage points to 1.25 – 1.50%. In October, it also began to reduce its balance sheet by no longer reinvesting a portion of its matured government bonds and mortgage-backed securities. The European Central Bank (ECB) left its deposit rate at – 0.4% and the main refinancing rate at 0.0%. It also continued its asset purchase programme, albeit reducing the purchase volume by EUR 20 billion to EUR 60 billion per month in April. Since developments in inflation were regarded as disappointing, the ECB decided in October to further extend the asset purchase programme until at least September 2018, but to halve its monthly purchase volume to EUR 30 billion from January 2018. Key rates are expected to remain unchanged for an extended period of time and well past the horizon of its net asset purchases. The ECB also decided, as part of its regular refinancing operations, to continue supplying banks with unlimited liquidity until at least the end of 2019.

On the back of a strong economic growth and still accommodative monetary policy, risk assets performed well in 2017. The S&P 500 was up every month of the year and ended with a gain of 21.8% while the EuroStoxx 50 and MSCI ACWI Index generated a 9.15% and 24% return for the year respectively. US Credit markets had a good year in 2017 with High Yield bonds returning 7.5% and Leveraged Loans generating a total return of 4.25% as measured by the Bloomberg Barclays US Corporate High Yield Index and the Credit Suisse Leveraged Loan Index respectively. Volatility in the US equity markets remained exceptionally low during the year and the US 10 year Treasury bond yield was little changed.

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

Livermore's Strategy

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

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

Financial portfolio and trading activity

The Company manages a financial portfolio valued at USD 126.9m as at 31 December 2017, which is invested mainly in fixed income and credit related securities.

The following is a table summarizing the financial portfolio as of year-end 2017

Name	2017 Book Value US \$m	2016 Book Value US \$m
Investment in the loan market through CLOs	97.2	81.8
Open Warehouse facilities	25.5	17.3
Hedge Funds	1.0	1.0
Perpetual Bonds	1.2	1.2
Other Public Equities	2.0	2.0
Invested Total	126.9	103.3
Cash	34.2	60.4
Total	161.1	163.7

Senior Secured Loans and Collateralized Loan Obligations (CLO):

US senior secured loans are a floating rate asset class with a senior secured claim on the borrower and with overall low volatility and low correlation to the equity market. CLOs are managed portfolios invested into diversified pools of senior secured loans and financed with long term financing.

US Leveraged loans continued to perform well in 2017 as demand for floating rate product increased with expectations of higher short terms rates in the US. Net inflows into loan funds amounted to USD 9.4bn as per JP Morgan. The Credit Suisse Leveraged Loan Index had a total return of 4.25% in 2017 and about two-thirds of the loan market was trading over par according to S&P Capital IQ. Borrowers took advantage of the increased demand and successfully refinanced or repriced their spreads at lower levels. At the same time, the 12 month lagging default rate by principal amount on the S&P/LSTA Leveraged Loan Index as of December 2017 was 2.1% versus the long term average of 3%. Market participants expect the default rates to stay at benign levels given economic growth and the corporate tax cuts in the US.

The cost of financing for new CLOs also declined in line with the spreads in the US loan market. Spreads on the AAA rated tranches of CLOs declined from about 140bps at the start of the year to about 110bps by the end of the year. The Company's management took advantage of availability of lower financing costs in the market to refinance and/or extend the reinvestment period of several of its CLOs. As a result, the spread compression on the loans has been significantly offset on such CLOs and an extension of the reinvestment period has created optionality for CLO managers to take advantage of loan price volatility that may arise in the near-mid term.

The Company's CLO and warehousing portfolio generated cashflow of USD 27.8m and a net return of about USD 22.1m in 2017 (approximately 22.7% on the 2017 invested capital). The Company converted six warehouses into CLOs and generated about USD 4m in carry during the year. As of year end 2017, the Company had two open warehouses which have both been converted to CLOs as of the date of publication of



this report. The Company continues to look for opportunities to invest in the first-loss tranche of warehouse facilities with long tenures and no mark-to-market triggers. As of the end of the year 2017, all of the Company's US CLO equity positions were passing their Overcollateralization (OC) tests and remained robust. Management continues to actively monitor the CLO portfolio and position it towards longer reinvestment periods through recycling old CLOs into new or refinancing them with extended reinvestment periods, as well as conducting relative value and opportunistic trading.

Looking into the near future, management believes that default rates should continue to stay below historical averages as only a small percentage of the US Leveraged Loan market matures before 2020 and the US corporate tax cuts and stronger economic growth provide for a stable backdrop. Management continues to focus on sectors such as Retail, Healthcare and Technology that are expected to undergo shifts due to technology or regulation.

While management maintains a positive view on the CLO portfolio, mid-long term performance may be negatively impacted by a strong pull back in the US or European economy or geo-political events that could result in a spike in defaults. Despite positive developments in the overall health of the US economy, we acknowledge the continued below trend growth globally as well as headwinds relating to the potential monetary tightening in the US, weak commodity markets and geopolitical risks.

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

	2017 Amount US \$000	Percentage	2016 Amount US \$000	Percentage
US CLOs	96,536	99.28%	78,725	96.28%
Global Credit CLOs	-	-	2,495	3.05%
European CLOs	699	0.72%	548	0.67%
	97,235	100%	81,768	100%

Private Equity Funds

The other private equity investments held by the Company are incorporated in the form of Managed Funds (mostly closed end funds) mainly in the emerging economies of India and China. The investments of these funds into their portfolio companies were mostly done in 2008 and 2009. The Company expects material exits of portfolio companies from funds to materialize between 2018 and 2020. During the reporting period distributions of USD 0.2m were received from SRS Private.

The following summarizes the book value of the private equity funds as at year-end 2017

Name	Book Value US \$m
Evolution Venture (Israel)	3.8
SRS Private (India)	1.0
Elephant Capital (India)	0.6
Da Vinci (Russia)	0.4
Panda Capital (China)	0.3
Other investments	1.0
Total	7.1

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

SRS Private Fund: SRS Private is a private equity fund focused on real estate in India. The fund has invested in residential and mixed use projects in India as well as directly in certain real estate companies. The assets are primarily located in and around major cities of India such as Mumbai and Hyderabad. In 2017, the fund distributed USD 0.2m from proceeds of its investment in SRS Charminar. As the term of the fund is drawing to a close, the fund manager informed the Company that it is in process of proposing a solution to generate liquidity for the fund investors.

Elephant Capital: India-focused private equity fund, which was AIM quoted (Ticker: ECAP). The fund delisted from the LSE/AIM market in order to reduce costs given the small size of the remaining fund. Livermore owns 9.9% of the delisted fund. As of August 2017, the fund reported an unaudited NAV of 0.27 pence per share.

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

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



The following table reconciles the review of activities to the Company's financial assets as of 31 December 2017

Name	2017 Book Value US \$m
Financial Portfolio	126.9
Private Equity Funds	7.1
Total	134.0
Financial assets at fair value through profit or loss (note 4)	125.8
Financial assets at fair value through other comprehensive income (note 5)	8.2
Total	134.0

Events after the reporting date

The two warehouse facilities that the Company invested in, during 2017, were closed in April and May 2018. For both warehouses, with a carrying amount as at 31 December 2017 of USD 25.5m, the Company invested an additional amount of USD 10m during 2018 (before their closure). For these warehouses, Livermore's investment amount plus net carry amounting to a total of USD 37.6m became receivable in April and May 2018.

At 15 January 2018, the Board announced an interim dividend of USD 8m (USD 0.04576 per share) to members on the register on 26 January 2018. The dividend was paid on 23 February 2018. There were no other material events after the end of the reporting year, which have a bearing on the understanding of these financial statements.

Litigation

At the time of this Report, there is one matter in litigation that the Company is involved in. Further information is provided in note 31 to the financial statements.

Report of the Directors

The Directors submit their annual report and audited financial statements of the Company for the year ended 31 December 2017.

The Board's objectives

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

The Board of Directors

Richard Barry Rosenberg (age 62), Non-Executive Director, Chairman of the Board

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

Noam Lanir (age 51), Founder and Chief Executive Officer

Noam founded the Company in July 1998, to develop a specialist online marketing operation. Noam has led the growth and development of the Company's operations over the last nineteen 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 50), Executive Director and Chief Investment Officer

Ron was appointed as Executive Director and Chief Investment Officer on 10 August 2007. Ron has led the establishment and development of Livermore's investment platform as a leading specialized house in the credit space. Ron also has wide investment and M&A experience. From 2001 to 2006 Ron served as a member of the management at Bank Leumi, Switzerland and was responsible for investment activity. Prior to this he spent five years as a commercial lawyer advising banks and large corporations on corporate transactions, including buy-outs and privatisations. Ron has over 17 years of experience as an investment manager with particular focus on the US credit market and CLOs. He holds an MBA from INSEAD Fontainebleau and a LLB (LAW) and BA in Economics from Tel Aviv University.

Directors' responsibilities in relation to the financial statements

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

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



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

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

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

Disclosure of information to the Auditor

In so far as the Directors are aware:

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

Substantial Shareholdings

As at 25 April 2018 the Directors are aware of the following interests in 3 per cent or more of the Company's issued ordinary share capital:

	Number of Ordinary Shares	% of issued ordinary share capital
Groverton Management Ltd	133,936,588	76.62
RB Investments GmbH	25,456,903	14.56

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

Details of transactions with Directors are disclosed in note 29 to the financial statements.

Corporate Governance Statement

Introduction

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

The Board Constitution and Procedures

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

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

Board Committees

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

Remuneration Committee

The Remuneration Committee comprises of the Non-Executive Chairman of the Board and a Non-Executive Director. 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 Company's performance. The Board will be available at the Annual General Meeting to answer questions from shareholders.

Internal Control

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

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

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

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

Going Concern

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

Independence of Auditor

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

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

Remuneration Report

The Directors' emoluments, benefits and shareholdings during the year ended 31 December 2017 were as follows:

Directors' Emoluments

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

Director	Date of agreement	Fees US \$000	Benefits US \$000	Reward payments US \$000	Total emoluments 2017 US \$000	Total emoluments 2016 US \$000
Richard Barry Rosenberg	10/06/05	59	-	26	85	110
Noam Lanir	10/06/05	400	45	250	695	945
Ron Baron	01/09/07	350	-	2,478	2,828	3,978

The dates are presented in day / month / year format

Directors' Interests

Interests of Directors in ordinary shares

Director	Notes	As at 31 December 2017		As at 31 December 2016		
		Number of Ordinary Shares	Percentage of ordinary share capital	Number of Ordinary Shares	Percentage of ordinary share capital	Percentage of voting rights*
Noam Lanir	a)	133,936,588	76.620%	133,936,588	44.041%	76.620%
Ron Baron	b)	25,456,903	14.560%	25,456,903	8.371%	14.560%
Richard Barry Rosenberg		15,000	0.01%	15,000	0.005%	0.01%

* after consideration of treasury shares (note 14)

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).

Another loan of USD 2.500m was made during 2016, for the acquisition of shares in the Company. Interest is payable on the loan at 6 month US LIBOR plus 0.25% per annum and the loan is secured on the shares acquired. The loan, including interest accrued, is repayable on the earlier of the employee leaving the Company or August 2019. The loan is included within trade and other receivables (note 12).

Interests of Directors in share options

	No of options at 31 December 2017	Date of grant	Exercise price, GBP	Exercise Price*, US \$	Vesting period of options
Richard Barry Rosenberg	500,000	13/05/08	0.30	0.41	Vested

The options are exercisable up to 10 years after the date of grant. No options were exercised during the year ended 31 December 2017.

* The exercise price as per the share option scheme is quoted in British Pounds. The indicative equivalent USD amount shown in the table above is based on the exchange rates as at 31 December 2017.

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

The following key principles guide its policy:

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



Review of the Business and Risks

Risks

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

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

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

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

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

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

As the portfolio of the Company is currently invested in USD denominated assets, movements in other currencies are expected to have a limited impact on the business.

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

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

Further information on Financial risk management is provided in note 34 of the financial statements.

Share Capital

There was no change in the authorised share capital during the year to 31 December 2017. The authorised share capital is 1,000,000,000 ordinary shares with no par value.

Related party transactions

Details of any transactions of the Company with related parties during the year to 31 December 2017 are disclosed in note 29 to the financial statements.

By order of the Board of Directors
Chief Executive Officer
25 May 2018



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

Opinion

We have audited the consolidated financial statements of Livermore Investments Group Limited (the "Company") and its consolidated subsidiaries Livermore Investments Cyprus Limited and Livermore Capital AG (together with the Company the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

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

Emphasis of Matter – Uncertain Outcome of a Legal Claim

We draw attention to note 31 to the consolidated financial statements, which describes the uncertain outcome of a legal claim against one of the custodian banks that the Group and the Company uses on its behalf. Our opinion is not modified in respect of this matter.



Key Audit Matters

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

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

Key audit matter

How the matter was addressed

Investments' valuation Level 3

Our audit work included, but was not restricted to:

The Group has financial assets of \$39m classified within the fair value hierarchy of level 3, as disclosed in note 7 to the consolidated financial statements. The fair value of level 3 financial assets is generally determined either based on third party valuations, or when not available, based on adjusted Net Asset Value (NAV) calculations using inputs from third parties.

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

The Group has invested in five warehouse facilities, of which the two have not been converted to Collateralized Loan Obligations (CLOs) as at the year end. These two warehouse facilities were converted to CLOs in April and May 2018. The directors classify these facilities as Financial Assets at Fair Value through Profit or Loss. Their fair value is determined on an adjusted NAV calculation based on their return which occur in the post year end period on their conversion to CLO.

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

Consolidation of subsidiaries

During 2017 the Directors re-assessed their determination of which of the subsidiaries, that are not investment entities themselves, provide services that relate to the Group's investment activities and therefore need to be consolidated rather than included within the investments in subsidiaries measured at fair value through profit or loss. As a result, two subsidiaries have been identified that are not investment entities themselves and their services relate to the Company's investment activities (note 10 shows further details of the Company's consolidated and unconsolidated subsidiaries). In performing this re-assessment, the Directors exercised significant judgment (note 3.17 (ii)).

Due to the use of significant judgment by the Directors, we consider the consolidation of subsidiaries to be a key audit matter.

Our audit work included, but was not restricted to:

- evaluating the Directors' assessment for the determination of which of the subsidiaries, that are not investment entities themselves, provide services that relate to the Company's investment activities;
- assessing the reasonableness of the Directors' assessment; and
- checking the adequacy of relevant disclosures.



Other Information

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

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

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

Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matter

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



for any other purpose or to any other person to whose knowledge this report may come to.

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

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

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

Limassol, 28 May 2018



Livermore Investments Group Limited

Consolidated Statement of Financial Position as at 31 December 2017

	Note	2017 US \$000	2016 US \$000
Assets			
Non-current assets			
Property, plant and equipment		8	15
Financial assets at fair value through profit or loss	4	97,235	81,769
Financial assets at fair value through other comprehensive income	5	7,129	5,634
Investments in subsidiaries	10	5,426	4,339
Trade and other receivables	12	2,553	2,513
		112,351	94,270
Current assets			
Trade and other receivables	12	3,166	5,507
Financial assets at fair value through profit or loss	4	28,612	20,318
Financial assets at fair value through other comprehensive income	5	1,118	1,039
Cash at bank	13	34,175	60,387
		67,071	87,251
Total assets		179,422	181,521
Equity			
Share capital	14	-	-
Share premium and treasury shares	14	169,187	169,187
Other reserves		(37,978)	(39,842)
Retained earnings		44,236	27,829
Total equity		175,445	157,174
Liabilities			
Current liabilities			
Bank overdrafts	17	-	1,160
Trade and other payables	18	3,977	7,802
Provisions	30	-	385
Dividend payable	19	-	15,000
		3,977	24,347
Total liabilities		3,977	24,347
Total equity and liabilities		179,422	181,521
Net asset valuation per share			
Basic and diluted net asset valuation per share (US \$)	20	1.00	0.90

These financial statements were approved by the Board of Directors on 28 May 2018.
The notes 1 to 35 form part of these consolidated financial statements.



Livermore Investments Group Limited

Consolidated Statement of Profit or Loss for the year ended 31 December 2017

	Note	2017 US \$000	2016 US \$000
Continuing operations			
Investment income			
Interest and distribution income	23	28,043	26,334
(Loss) / profit on investments	24	(5,918)	1,749
Gross profit	25	22,125	28,083
Administrative expenses		(6,204)	(7,942)
Operating profit		15,921	20,141
Finance costs	26	(19)	(218)
Finance income	26	488	-
Profit before taxation		16,390	19,923
Taxation charge	27	(18)	(38)
Profit / (loss) for the year from continuing operations		16,372	19,885
Discontinued operation			
Profit for the year on discontinued operations	21	-	14,091
Profit for the year		16,372	33,976
Earnings per share			
Basic and diluted earnings per share (US \$)			
• From continuing operations	28	0.09	0.11
• On discontinued operations	28	-	0.08
		0.09	0.19

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

The notes 1 to 35 form part of these consolidated financial statements.

Livermore Investment Group Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2017

	Note	2017 US \$000	2016 US \$000
Profit for the year		16,372	33,976
Other comprehensive income:			
<u>Items that will be reclassified subsequently to the profit or loss</u>			
• Foreign exchange gains from translation of subsidiaries		-	190
		16,372	34,166
<u>Items that are not reclassified subsequently to profit or loss</u>			
• Financial assets designated at fair value through other			
• comprehensive income – fair value losses		1,899	(4,301)
<u>Reclassification to profit or loss</u>			
• Foreign exchange losses reclassified on disposal of subsidiary	21	-	1,538
		-	1,538
Total comprehensive income for the year		18,271	31,403

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

The notes 1 to 35 form part of these consolidated financial statements.



Livermore Investments Group Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2017

	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 2016		-	215,499	(38,446)	5,506	(1,728)	(1,147)	(31,047)	148,637
Adjustment on initial application of IFRS 9	3.1	-	-	-	-	-	(34,471)	34,471	-
		-	215,499	(38,446)	5,506	(1,728)	(35,618)	3,424	148,637
Purchase of own shares		-	-	(7,866)	-	-	-	-	(7,866)
Dividends		-	-	-	-	-	-	(15,000)	(15,000)
Transfer on expiry of options	15	-	-	-	(5,429)	-	-	5,429	-
Transactions with owners		-	-	(7,866)	(5,429)	-	-	(9,571)	(22,866)
Profit for the year		-	-	-	-	-	-	33,976	33,976
Other comprehensive income:		-	-	-	-	-	-	-	-
Financial assets at fair value through OCI- Fair value losses		-	-	-	-	-	(4,301)	-	(4,301)
Foreign exchange gains arising from translation of subsidiaries		-	-	-	-	190	-	-	190
Foreign exchange losses reclassified on disposal of subsidiary	21	-	-	-	-	1,538	-	-	1,538
Total comprehensive income for the year		-	-	-	-	1,728	(4,301)	33,976	31,403
Balance at 31 December 2016		-	215,499	(46,312)	77	-	(39,919)	27,829	157,174
Cancellation of shares	14	-	(46,312)	46,312	-	-	-	-	-
Transactions with owners		-	(46,312)	46,312	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	16,372	16,372
Other comprehensive income:		-	-	-	-	-	-	-	-
Financial assets at fair value through OCI- Fair value gains		-	-	-	-	-	1,899	-	1,899
Transfer of realised gains		-	-	-	-	-	(35)	35	-
Total comprehensive income for the year		-	-	-	-	-	1,864	16,407	18,271
Balance at 31 December 2017		-	169,187	-	77	-	(38,055)	44,236	175,445

The notes 1 to 35 form part of these consolidated financial statements.

Livermore Investments Group Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2017

	Note	2017 US \$000	2016 US \$000
Cash flows from operating activities			
profit before tax		16,390	19,923
Adjustments for			
Depreciation		7	7
Interest expense	26	19	216
Interest and distribution income	23	(28,043)	(26,334)
Bank interest income	26	(91)	-
Loss / (profit) on investments	24	5,918	(1,749)
Exchange differences	26	(397)	(243)
		(6,197)	(8,180)
Changes in working capital			
Decrease in trade and other receivables		2,301	24,540
(Decrease) / increase in trade and other payables		(3,825)	4,251
Cash flows from operations		(7,721)	20,611
Interest and distribution received		28,304	26,561
Settlement of litigation	30	(385)	(128)
Tax paid		(18)	(39)
Net cash from operating activities		20,180	47,005
Cash flows from investing activities			
Proceeds from disposal of subsidiary – net of cash and cash equivalents disposed	21	-	31,752
Acquisition of investments		(120,675)	(37,039)
Proceeds from sale of investments		90,140	14,462
Settlement of derivative		-	(148)
Net cash used for investing activities		(30,535)	9,027



	Note	2017 US \$000	2016 US \$000
Cash flows from financing activities			
Purchase of own shares	14	-	(7,866)
Interest paid		(125)	(331)
Dividends paid		(15,000)	-
Net cash used for financing activities		(15,125)	(8,197)
Net (decrease) / increase in cash and cash equivalents:			
• from continuing operations		(25,480)	47,835
• of discontinued operations	21	-	826
Cash and cash equivalents at the beginning of the year		59,227	12,562
Exchange differences on cash and cash equivalents		428	(245)
Cash and cash equivalent of subsidiaries, removed on change in investment entity status	2.1	-	(1,751)
Cash and cash equivalents at the end of the year	13	34,175	59,227

The notes 1 to 35 form part of these consolidated financial statements.

Notes on the Consolidated Financial Statements

1. General Information

Incorporation, principal activity and status of the Company

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

2. Basis of preparation

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

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

References to the Company hereinafter also include its consolidated subsidiaries (note 10).

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

2.1. Investment entity status

On 28 October 2016, Livermore disposed to a third party the 100% of the shares of its subsidiary Livermore Investments AG in Switzerland, and as a result discontinued its investment property activities that constituted an operating segment of the Company (notes 21 and 22). The Directors have determined that since the discontinuance of its investment property activities, Livermore meets the definition of an investment entity, as this is defined in IFRS 10 "Financial Statements". As per IFRS 10 an investment entity is an entity that:

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



In accordance with IFRS 10, an investment entity is exempted from consolidating its subsidiaries, unless any subsidiary which is not itself an investment entity mainly provides services that relate to the investment entity's investment activities. In Livermore's situation, two of its subsidiaries provide such services. Note 10 shows further details of the consolidated and unconsolidated subsidiaries.

Given the above, these financial statements consolidate the Company's subsidiaries up to 28 October 2016. As of that date, the subsidiaries (other than the two ones providing services that relate to the investment entity's investment activities) have been de-consolidated, and recognised as Investments in subsidiaries at their fair value as at 28 October 2016 (note 10). No material gains or losses occurred on this transition.

3. Accounting Policies

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

3.1. Adoption of new and revised IFRS

As from 1 January 2017, the Company adopted all the new or revised IFRS and relevant amendments which became effective and also were endorsed by the European Union, and are relevant to its operations.

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

In 2016, the Company elected to apply IFRS 9 "Financial Instruments" as issued in July 2014, earlier than its effective date, because the new accounting policies reflect better the Company's business model and provide more reliable and relevant information for its users to assess the amounts and timing of future cash flows.

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

The date of the initial application of IFRS 9 was 1 January 2016.

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

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

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

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

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

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

The following IFRS (including relevant amendments and interpretations) had been issued by the date of authorisation of these financial statements but are not yet effective, or have not yet been endorsed by the EU, for the year ended 31 December 2017:

	Endorsed by the EU	Effective date (IASB)
IFRS 14: "Regulatory Deferral Accounts"	No	1 January 2016



IFRS 15: "Revenue from Contracts with Customers"	Yes	1 January 2018
IFRS 16: "Leases"	Yes	1 January 2019
IFRS 17: "Insurance Contracts"	No	1 January 2021
IFRIC 22: "Foreign Currency Transactions and Advance Consideration"	Yes	1 January 2018
IFRIC 23: "Uncertainty over Income Tax Treatments"	No	1 January 2019
Annual Improvements to IFRS 2014–2016 Cycle	Yes	1 January 2018
Annual Improvements to IFRS 2015–2017 Cycle	No	1 January 2019
Amendment to IFRS 2: "Classification and Measurement of Share based Payment Transactions"	Yes	1 January 2018
Amendments to IFRS 4: "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	Yes	1 January 2018
Amendment to IFRS 9: "Prepayment Features with Negative Compensation"	Yes	1 January 2019
Amendment to IFRS 10, and IAS 28: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	No	to be determined
Clarifications to IFRS 15: "Revenue from Contracts with Customers"	Yes	1 January 2018
Amendment to IAS 19: "Plan Amendment, Curtailment or Settlement"	No	1 January 2019
Amendment to IAS 28: "Long term Interests in Associates and Joint Ventures"	No	1 January 2019
Amendment to IAS 40: "Transfers of Investment Property"	Yes	1 January 2018
Conceptual Framework for Financial Reporting (Revised)	No	1 January 2020

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

3.2. Investments in subsidiaries and basis of consolidation

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

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

The financial statements consolidate the financial statements of the Company and, until 28 October 2016, all of its subsidiaries. Since 28 October 2016, the date on which the Company met the definition of an investment entity (note 2.1), the financial statements consolidate the financial statements of the Company and its subsidiaries providing services that relate to the Company's investment activities (note 10 shows further details of the consolidated and unconsolidated subsidiaries).

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

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

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

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

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

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

3.3. Investments in joint ventures

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

Investments in joint ventures are measured at fair value through profit or loss in accordance with IFRS 9, based on the exemption available by IAS 28 "Investments in Associates and Joint Ventures" for entities that are venture capital organisations or similar entities.

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

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

- expected to be realised within normal operating cycle, via sale or consumption, or
- held primarily for trading, or



- expected to be realised within 12 months from the reporting date, or
 - cash and cash equivalent not restricted in their use.
- All other assets are non-current.

3.5. Interest and distribution income

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

3.6. Foreign currency

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

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

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

3.7. Taxation

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

Deferred taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company 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 Company 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.

3.8. Equity instruments

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

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

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

3.9. Share Options

Equity settled share-based payments are measured at fair value at the date of grant.

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

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

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

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

3.10. Borrowing costs

Borrowing costs primarily comprise interest on the Company'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 2017 or 2016

3.11. Financial assets

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

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Company retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Company transfers substantially all the risks and rewards of ownership



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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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

Financial assets at fair value through other comprehensive income

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

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

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is measured at amortised cost is recognised in profit or loss

when the asset is derecognised or impaired. Interest income from these financial assets is recognised based on the effective interest rate method.

Impairment

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

Write offs

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

3.12. Financial liabilities

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

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

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

Financial liabilities at amortised cost

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

Derivative financial liabilities

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

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

3.13. Cash and cash equivalents

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

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

3.14. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the



Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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

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

3.15. Discontinued operations

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

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

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

3.16. Segment reporting

In identifying its operating segments, management generally follows the Company's investment activity lines. Management regards that since the discontinuance of the investment property activity (note 21), the Company's activities fall under a single operating segment.

3.17. Critical accounting judgments and key sources of estimation uncertainty

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

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

Critical accounting judgements

(i) Classification of financial assets

The management exercises significant judgement in determining the appropriate

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

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

(ii) Consolidation of subsidiaries

Management exercised significant judgment in determining which of the subsidiaries that are not investment entities themselves, provide services that relate to the Company's investment activities and therefore need to be consolidated rather than included within the investments in subsidiaries measured at fair value through profit or loss. Following a revised assessment in 2017, two subsidiaries have been identified that are not investment entities themselves and their services relate to the Company's investment activities. As a result, the Company has revised its comparative amounts to consolidate those subsidiaries (note 3.18). Note 10 shows further details of the Company's consolidated and unconsolidated subsidiaries.

Estimation uncertainty

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the bases used for financial assets and liabilities are disclosed in note 7. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable (level 3), management uses its best estimates which may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Further information on level 3 valuations of financial assets is provided in note 7.2.

3.18. Comparatives

As described in note 3.17 (ii), the comparative figures have been restated for the consolidation of two of the subsidiaries that are not investment entities themselves and provide services that relate to the Company's investment activities. The main impact of this restatement is as follows:

	2016 US \$000
..... Decrease in investments in subsidiaries	(913)



Increase in property, plant and equipment	15
Increase in trade and other receivables	80
Increase in cash at bank	4
Decrease in trade and other payables	814
Net assets impact	-
Decrease in fair value loss on investments in subsidiaries	54
Increase in administrative expenses	(54)
Profit or loss impact	-

The Company does not present a third consolidated statement of financial position at 1 January 2016 since the financial position as at that date is not affected from the above reclassifications, and remains unchanged in relation to the previously published consolidated financial statements.

4. Financial assets at fair value through profit or loss

	2017 US \$000	2016 US \$000
Non-current assets		
Fixed income investments (CLO Income Notes)	97,235	81,769
	97,235	81,769
Current assets		
Fixed income investments	26,647	18,368
Public equity investments	1,965	1,950
	28,612	20,318

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

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

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

5. Financial assets at fair value through other comprehensive income

	2017 US \$000	2016 US \$000
Non-current assets		
Private equities	7,129	5,634
Current assets		
Hedge funds	1,118	1,039

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

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

6. Financial assets at fair value

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

- Fixed income investments relate to fixed and floating rate bonds, perpetual bank debt, investments in the loan market through CLOs, and investments in open warehouse facilities.
- Private equities relate to investments in the form of equity purchases in both high growth opportunities in emerging markets and deep value opportunities in mature markets. The Company generally invests directly in prospects where it can exert influence. Main investments under this category are in the fields of real estate.
- Hedge funds relate to equity investments in funds managed by sophisticated investment managers that pursue investment strategies with the goal of generating absolute returns.
- Public equity investments relate to investments in shares of companies listed on public stock exchanges.

7. Fair value measurements of financial assets and liabilities

The following table (note 7.2) 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.



7.1 Valuation of financial assets and liabilities

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

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

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

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

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

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

- Private Equities are valued using market valuation techniques as determined by the Directors, mainly on the basis of valuations reported by third-party managers of such investments. Real Estate entities are valued by independent qualified property valuers with substantial relevant experience on such investments. Underlying property values are determined based on their estimated market values.
- Hedge Funds are valued per reports provided by the funds on a periodic basis, and if traded, per their closing bid market prices on quoted exchanges, or as quoted by market maker.
- Derivative instruments are valued at fair value as provided by counter parties (banks) of the derivative agreement.
- Investments in subsidiaries and joint ventures are valued at fair value as determined on an adjusted net asset valuation basis.

7.2 Fair value hierarchy

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

	2017 US \$000 Level 1	2017 US \$000 Level 2	2017 US \$000 Level 3	2017 US \$000 Total	2016 US \$000 Level 1	2016 US \$000 Level 2	2016 US \$000 Level 3	2016 US \$000 Total
Assets								
Fixed income investments	1,132	97,235	25,515	123,882	1,117	81,769	17,251	100,137
Private equities	-	-	7,129	7,129	-	-	5,634	5,634
Public equity investments	1,965	-	-	1,965	1,951	-	-	1,951
Hedge funds	-	1,118	-	1,118	-	1,038	-	1,038
Investments in subsidiaries	-	-	5,426	5,426	-	-	4,339	4,339
	3,097	98,353	38,070	139,520	3,068	82,807	27,224	113,099
Liabilities								
	-	-	-	-	-	-	-	-

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

No financial assets or liabilities have been transferred between levels, except from a certain equity instrument that was delisted and therefore transferred from Level 1 to Level 3 in 2017.

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



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

	At fair value through OCI	Available-for-sale	At fair value through profit or loss			Investments in subsidiaries	Total
	Private equities US \$000	Private equities US \$000	Real estate US\$000	Private equities US \$000	Fixed Income investments US \$000	US \$000	US \$000
As at 1 January 2016	-	12,518	1,203	330	5,021	-	19,072
Transfer on initial application of IFRS 9 (note 3.1)	12,848	(12,518)	-	(330)	-	-	-
Change in investment entity status (note 2.1)	-	-	(1,288)	-	-	4,600	3,312
Transfer from Level 1	369	-	-	-	-	-	369
Purchases	-	-	-	-	17,000	-	17,000
Settlement	(3,308)	-	-	-	(6,062)	-	(9,370)
Gains / (losses) recognised in:			-				
• Profit or loss	-	-	-	-	1,292	(261)	1,031
• Other comprehensive income	(4,275)	-	-	-	-	-	(4,275)
Exchange difference	-	-	85	-	-	-	85
As at 1 January 2017	5,634	-	-	-	17,251	4,339	27,224
Purchases	-	-	-	-	83,500	1,200	84,700
Settlement	(124)	-	-	-	(75,500)	-	(75,624)
Gains / (losses) recognised in:							
• Profit or loss	-	-	-	-	264	(113)	151
• Other comprehensive income	1,619	-	-	-	-	-	1,619
As at 31 December 2017	7,129	-	-	-	25,515	5,426	38,070

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

	At fair value through OCI	At fair value through profit or loss	Investments in subsidiarie	
	Private equities US \$000	Fixed Income investments US \$000	US \$000	Total US \$000
2016				
Profit or loss				
• Financial assets held at year-end	-	1,292	(261)	1,031
Other comprehensive income				
• Financial assets held at year-end	(4,275)	-	-	(4,275)
Total (losses) / gains for 2016	(4,275)	1,292	(261)	(3,244)

	At fair value through OCI	At fair value through profit or loss	Investments in subsidiarie	
	Private equities US \$000	Fixed Income investments US \$000	US \$000	Total US \$000
2017				
Profit or loss				
• Financial assets held at year-end	-	264	(113)	151
Other comprehensive income				
• Financial assets held at year-end	1,619	-	-	1,619
Total (losses) / gains for 2017	1,619	264	(113)	1,770



The Company has not developed itself any quantitative unobservable inputs for measuring the fair value of its level 3 financial assets at 31 December 2017 and 2016. Instead the Company used prices from third-party pricing information without adjustment.

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

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

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

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

8. Investment property

	2017 US \$000	2016 US \$000
Valuation as at 1 January	-	123,324
Fair value (loss) / gain	-	(102)
Additions	-	102
Exchange difference	-	1,439
Disposal (note 21)	-	(124,763)
As at 31 December	-	-

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

9. Investment in joint venture

	2017 US \$000	2016 US \$000
As at 1 January / 31 December	-	-

Details of the company's investment in joint venture are as follows:

Name of investee	Place of incorporation	Proportion of voting rights and shares held	Principal activity
Silvermore Ltd	Cayman Islands	50%	Investment Holding (dormant)

10. Investments in subsidiaries

	2017 US \$000	2016 US \$000
Unconsolidated subsidiaries		
As at 1 January	4,339	-
Additions	1,200	4,600
Fair value loss	(113)	(261)
As at 31 December	5,426	4,339

Additions in 2016 relate to the initial recognition of the unconsolidated subsidiaries, following the change into investment entity status of the Company (note 2.1).

Additions in 2017 relate to the fair value of receivable amounts from two of the Company's unconsolidated subsidiaries, that have been waived by the Company. The nominal amount of these balances was a total of USD 4.143m (Livermore Properties Ltd: USD 3.103m, and Sandhirst Ltd: USD 1.040m).

Details of the investments in which the Company has a controlling interest as at 31 December 2017 are as follows:



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

11. Deferred tax

The Company is a British Virgin Islands (BVI) international business company and, under the BVI laws, is not subject to taxation. Deferred taxes relate to temporary differences between carrying amounts and corresponding tax base of its subsidiaries in Switzerland, which were discontinued in 2016 (note 21).

The movement on the deferred taxation account is as follows:

	Investment property US \$000	Tax losses US \$000	Total US \$000
As at 1 January 2016	(6,362)	2,425	(3,937)
Charged to profit or loss (note 21)			
• timing differences	-	(380)	(380)
Exchange difference	(77)	28	(49)
Reversal on disposal of subsidiary (note 21)	6,439	(2,073)	4,366
As at 31 December 2016 and 2017	-	-	-

As at 31 December 2017 and 2016 there is no unrecognised deferred tax asset.

12. Trade and other receivables

	2017 US \$000	2016 US \$000
Financial items		
Accrued interest and distribution income	2	65
Amounts due by related parties (note 29)	5,577	9,634
Allowance for impairment	-	(2,940)
	5,579	6,759
Non-Financial items		
Other assets (note 29)	-	1,128
Prepayments	130	133
VAT receivable	10	-
	5,719	8,020
Allocated as:		
Current assets	3,166	5,507
Non-current assets (note 29(3))	2,553	2,513
	5,719	8,020

Allowance for impairment

The allowance relates to amounts due by subsidiaries (note 29), which are regarded as credit-impaired and have been assessed on an individual basis.

	2017 US \$000	2016 US \$000
As at 1 January	2,940	-
Addition (note 2.1)	-	2,818
Charge for the year	-	122
Eliminated upon waiver of balances (notes 10 and 29)	(2,940)	-
As at 31 December	-	2,940



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

No receivable amounts have been written-off during either 2017 or 2016.

13. Cash and cash equivalents

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

	2017 US \$000	2016 US \$000
Cash at bank	34,175	60,387
Bank overdrafts used for cash management purposes	-	(1,160)
Cash and cash equivalents	34,175	59,227

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 1 January and 31 December 2016	304,120,401	215,499
Cancellation of shares	(129,306,403)	(46,312)
As at 31 December 2017	174,813,998	169,187

Treasury shares	Number of shares	US \$000
As at 1 January 2016	111,830,818	38,446
Additions	17,475,585	7,866
As at 31 December 2016	129,306,403	46,312
Cancellation of shares	(129,306,403)	(46,312)
As at 31 December 2017	-	-

In August 2017 at the Annual General Meeting of the Company, a resolution was passed to cancel 129,306,403 treasury shares registered in the name of the Company, as a capital reduction.

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

	2017 US \$000	2016 US \$000
Share premium	169,187	215,499
Treasury shares	-	(46,312)
	169,187	169,187

15. Share options

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

Outstanding and exercisable options	Number of options	Average exercise price GBP	Average exercise price* USD
As at 1 January 2016	10,650,000	0.76	1.12
Options expired	(10,150,000)	0.78	0.96
As at 31 December 2016	500,000	0.30	0.37
As at 31 December 2017	500,000	0.30	0.41

Details of share options outstanding at 31 December 2017

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
166,667	13/05/08	13/05/09	13/05/09	13/05/18	0.30	0.41	21,703
166,667	13/05/08	13/05/10	13/05/10	13/05/18	0.30	0.41	24,115
166,666	13/05/08	13/05/11	13/05/11	13/05/18	0.30	0.41	25,820
500,000							71,638

* The exercise prices as per the share option scheme are quoted in British Pounds. The indicative equivalent USD amounts shown in the table of details above as well as the average exercise prices are based on the exchange rates as at 31 December 2017.



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.

16. Bank Loans

	2017 US \$000	2016 US \$000
As at 1 January	-	76,410
Interest charge	-	923
Repayments of principal	-	(1,138)
Repayments of interests	-	(923)
Exchange difference	-	936
Amortization of refinancing fees	-	79
Disposal (note 21)	-	(76,287)
As at 31 December	-	-

The bank loan relates to Wyler Park investment property purchase (note 8) and was secured on this property.

17. Bank Overdrafts

	2017 US \$000	2016 US \$000
Bank overdrafts	-	1,160

The Company has no bank overdraft undrawn facilities at 31 December 2017.

18. Trade and other payables

	2017 US \$000	2016 US \$000
Financial items		
Trade payables	50	13
Amounts due to related parties (note 29)	2,828	2,377
Accrued expenses	1,099	2,362
	3,977	4,752
Non-Financial items		
Employee benefits accrued	-	3,050
	3,977	7,802

19. Dividend payable

	2017 US \$000	2016 US \$000
Dividend payable	-	15,000

At 15 January 2018, the Board announced an interim dividend of USD 8m (USD 0.04576 per share) to members on the register on 26 January 2018. The dividend was paid on 23 February 2018.

20. 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 2017 and 31 December 2016.



	2017	2016
Net assets attributable to ordinary shareholders (USD 000)	175,445	157,174
Closing number of ordinary shares in issue	174,813,998	174,813,998
Basic net asset value per share (USD)	1.00	0.90
Net assets attributable to ordinary shareholders (USD 000)	175,445	157,174
Dilutive share options – exercise amount	203	185
Net assets attributable to ordinary shareholders including the effect of potentially diluted shares (USD 000)	175,648	157,359
Closing number of ordinary shares in issue	174,813,998	174,813,998
Dilutive share options	500,000	500,000
Closing number of ordinary shares including the effect of potentially diluted shares	175,313,998	175,313,998
Diluted net asset value per share (USD)	1.00	0.90
Number of Shares		
Ordinary shares	174,813,998	304,120,401
Treasury shares	-	(129,306,403)
Closing number of ordinary shares in issue	174,813,998	174,813,998

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 2017 and 2016.

Repurchase of own shares

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

In 2016, the Company bought 17,475,585 of its Ordinary shares at an average price of USD 0.45 per share.

21. Discontinued operations

The discontinued operations relate to the investment property (Wyler Park) activities that constituted an operating segment of the Company (note 22). These activities were carried out through the Company's subsidiary, Livermore Investments AG in Switzerland, of which 100% of shares were disposed to a third party on 28 October 2016.

21.1. Profit or loss

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

	2017 US \$000	2016 US \$000
Gross rental income	-	4,459
Direct expenses	-	(423)
Other operating expenses	-	(278)
Investment property revaluation	-	(102)
Bank interest on investment property loan	-	(1,004)
Gain on disposal of subsidiary (note 21.2)	-	7,563
Profit before taxation on discontinued operations	-	10,215
Taxation credit (note 21.3)	-	3,876
Profit for the year on discontinued operations	-	14,091

21.2. Gain on disposal of subsidiary

	2017 US \$000	2016 US \$000
Cash consideration received	-	31,758
Net assets at disposal date		
- investment property	-	(124,763)
- cash and cash equivalents	-	(6)
- other assets	-	(1,075)
- Bank loan	-	76,287
- other liabilities	-	26,900
Foreign exchange losses reclassified from translation reserve	-	(1,538)
Gain on disposal of subsidiary	-	7,563



21.3. Taxation

Taxation credit on the discontinued operations is analysed as follows:

	2017 US \$000	2016 US \$000
Tax on ordinary activities	-	(110)
Deferred taxation (note 11)	-	3,986
Taxation credit	-	3,876

21.4. Cash flows

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

	2017 US \$000	2016 US \$000
Operating activities	-	2,975
Investing activities	-	(102)
Financing activities	-	(2,061)
Translation differences on foreign operations' cash and cash equivalents	-	14
Net cash from discontinued operations	-	826

24. Segment reporting

Following the discontinuance of the investment property activities (note 21), the Directors determined that the Company's activities fall under a single operating segment.

Segment information can be analysed as follows:

	Equity and debt instruments investment activities		Investment property activities (discontinued – note 21.1)		Total per financial statements	
	2017 US \$000	2016 US \$000	2017 US \$000	2016 US \$000	2017 US \$000	2016 US \$000
Segment results						
Investment income						
Interest and distribution income	28,043	26,334	-	-	28,043	26,334
Investment property income	-	-	-	4,036	-	4,036

	Equity and debt instruments investment activities		Investment property activities (discontinued – note 21.1)		Total per financial statements	
	2017 US \$000	2016 US \$000	2017 US \$000	2016 US \$000	2017 US \$000	2016 US \$000
(Loss) / gain on investments	(5,918)	1,749	-	(102)	(5,918)	1,647
Gross profit	22,125	28,083	-	3,934	22,125	32,017
Administrative expenses	(6,204)	(7,746)	-	(478)	(6,204)	(8,224)
Operating profit	15,921	20,337	-	3,456	15,921	23,793
Finance costs	(19)	(212)	-	(1,008)	(19)	(1,220)
Finance income	488	-	-	-	488	-
Profit before taxation	16,390	20,125	-	2,448	16,390	22,573
Taxation (charge) / credit	(18)	(5)	-	3,844	(18)	3,839
Profit for year	16,372	20,120	-	6,292	16,372	26,412
Segment assets	179,422	181,521	-	-	179,422	181,521
Segment liabilities	3,977	24,347	-	-	3,977	24,347

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

	Equity and debt instruments investment activities		Investment property activities (discontinued – note 21.1)		Total per financial statements	
	2017 US \$000	2016 US \$000	2017 US \$000	2016 US \$000	2017 US \$000	2016 US \$000
Investment Income						
Switzerland	-	-	-	3,884	-	3,884
Other European countries	156	330	-	-	156	330
United States	22,255	27,904	-	-	22,255	27,904



India	(68)	102	-	-	(68)	102
Asia	(218)	(203)	-	-	(218)	(203)
	22,125	28,133	-	3,884	22,125	32,017
Investments						
Switzerland	-	-	-	-	-	-
Other European countries	3,047	3,154	-	-	3,047	3,154
United States	125,407	100,399	-	-	125,407	100,399
India	1,600	2,022	-	-	1,600	2,022
Asia	9,466	7,524	-	-	9,466	7,524
	139,520	113,099	-	-	139,520	113,099

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

During 2016, 81.6% of the Company's rent related to rental income from a single customer (SBB – Swiss national transport authority) in the investment property activities segment. The Company has no significant dependencies in respect of its investment income to any single issuer.

23. Interest and distribution income

	2017 US \$000	2016 US \$000
Interest from investments	115	114
Distribution income	27,928	26,220
	28,043	26,334

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

	2017			2016		
	Interest from investments US \$000	Distribution income US \$000	Total US \$000	Interest from investments US \$000	Distribution income US \$000	Total US \$000
Financial assets at fair value through profit or loss						
Fixed income investments	75	27,826	27,901	114	26,024	26,138
Public equity investments	-	6	6	-	196	196
	75	27,832	27,907	114	26,220	26,334
Financial assets at fair value through other comprehensive income						
Private equities	-	96	96	-	-	-
Financial assets at amortised cost						
Loan receivable (note 29)	40	-	40	-	-	-
	115	27,928	28,043	114	26,220	26,334

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



24. (Loss) / profit on investments

	2017 US \$000	2016 US \$000
Fair value (losses) / gains on financial assets through profit or loss	(5,699)	2,056
Fair value loss on investment in subsidiaries	(113)	(261)
Fair value gains on derivative investments	-	69
Bank custody fees	(106)	(115)
	(5,918)	1,749

For the year ended 31 December 2016, a net fair value gain of USD 0.069m has been recognised in relation to derivative financial instruments.

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

	Disposed in 2017			Disposed in 2016		
	Realised (losses)/ gains* US \$000	Cumulative distribution or interest US \$000	Total financial impact US \$000	Realised losses* US \$000	Cumulative distribution or interest US \$000	Total financial impact US \$000
Financial assets at fair value through profit or loss						
Fixed income investments	(11,567)	19,686	8,119	(3,540)	4,998	1,458
	(11,567)	19,686	8,119	(3,540)	4,998	1,458
Financial assets at fair value through other comprehensive income						
Private equities	35	-	35	-	-	-
	(11,532)	19,686	8,154	(3,540)	4,998	1,458

* difference between disposal proceeds and original acquisition cost

25. Administrative expenses

	2017 US \$000	2016 US \$000
Legal expenses	19	19
Directors' fees and expenses	3,608	5,033
Other salaries and expenses	152	149
Professional fees	1,385	1,799
Office costs	409	306
Depreciation	7	7
Other operating expenses	512	388
Audit fees	112	119
Impairment charge on receivables	-	122
	6,204	7,942

Throughout 2017 the Company employed 4 members of staff (2016: 4). Two of those members are the Company's executive Directors.

Other salaries and expenses include USD 13,212 of social insurance and similar contributions (2016: USD 18,706), as well as USD 3,223 of defined contributions plan costs (2016: USD 16,655).

26. Finance costs and (income)

	2017 US \$000	2016 US \$000
Finance costs		
Other bank interest	19	216
Foreign exchange loss	-	2
	19	218
Finance income		
Foreign exchange gain	(397)	-
Bank interest income	(91)	-
	(469)	218



29. Taxation

	2017 US \$000	2016 US \$000
Current tax charge	18	38
	18	38

The Company is a British Virgin Islands (BVI) international business company and, under the BVI laws, is not subject to corporation tax. Corporation tax for 2016, relates to the results of the Company's consolidated subsidiaries in Switzerland and Cyprus (note 10).

28. Earnings per share

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

Diluted earnings per share is calculated after taking into consideration other potentially dilutive shares in existence during the year ended 31 December 2017 and the year ended 31 December 2016.

	2017	2016
Continuing operations		
Profit / (loss) for the year attributable to ordinary shareholders (USD 000)	16,372	19,885
Weighted average number of ordinary shares outstanding	174,813,998	186,255,696
Basic earnings per share (USD)	0.09	0.11
Weighted average number of ordinary shares outstanding	174,813,998	186,255,696
Dilutive effect of share options	183,891	24,715
Weighted average number of ordinary shares including the effect of potentially dilutive shares	174,997,889	186,280,411
Diluted earnings per share (USD)	0.09	0.11

	2017	2016
Discontinued operations		
Profit / (loss) for the year attributable to ordinary shareholders (USD 000)	-	14,091
Weighted average number of ordinary shares outstanding	-	186,255,696

Basic earnings per share (USD)	-	0.08
Weighted average number of ordinary shares outstanding	-	186,255,696
Dilutive effect of share options	-	24,715
Weighted average number of ordinary shares including the effect of potentially dilutive shares	-	186,280,411
Diluted earnings per share (USD)	-	0.08

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 2017 and 2016.



29. Related party transactions

The Company is controlled by Groverton Management Ltd, an entity owned by Noam Lanir, which at 31 December 2017 held 76.62% (2016: 76.62%) of the Company's effective voting rights.

	2017 US \$000	2016 US \$000	
Amounts receivable from unconsolidated subsidiaries			
Livermore Properties Limited	-	3,103	(1)
Sandhirst Limited	24	1,018	(1)
Allowance for impairment	-	(2,940)	(1)
	24	1,181	
Amounts receivable from key management			
Directors' current accounts	3,000	3,000	(1)
Other assets	-	1,128	(2)
Loan receivable	2,553	2,513	(3)
	5,553	6,641	
Amounts payable to unconsolidated subsidiaries			
Livermore Israel Investments Ltd	(2,603)	(2,210)	(4)
Amounts payable to other related party			
Loan payable	(149)	(149)	(5)
Amounts payable to key management			
Directors' current accounts	(69)	(13)	(4)
Other key management personnel	(7)	(5)	(6)
	(76)	(18)	
Key management compensation			
Short term benefits			
Executive Directors' fees	795	795	(7)
Executive Directors' reward payments	2,728	4,128	
Non-executive Directors' fees	59	60	
Non-executive Directors' reward payments	26	50	
Other key management fees	994	1,092	(8)
	4,602	6,125	

- (1) The amounts receivable from subsidiaries and the Director's current accounts with debit balances are interest free, unsecured, and have no stated repayment date.
- (2) Loans of USD 5.523m were made to a key management employee for the acquisition of shares in the Company. Interest was payable on these loans at 6 month US LIBOR plus 0.25% per annum and the loans were secured on the shares acquired. The loans were repayable on the earlier of the employee leaving the Company or April 2013. In December 2012 the Board decided to renew the outstanding amount of these loans for a period of another five years. Based on the Board's decision, the outstanding amount is reduced annually on a straight line over five years, as long as the key management employee remains with the Company. The relevant reduction in the loan amount for the year was USD 1.128m. The loans are classified as "other assets" and are included under trade and other receivables (note 12).
- (3) A loan of USD 2.500m was made to a key management employee, during 2016, for the acquisition of shares in the Company. Interest is payable on the loan at 6 month US LIBOR plus 0.25% per annum and the loan is secured on the shares acquired. The loan, including interest accrued, is repayable on the earlier of the employee leaving the Company or August 2019. The loan is included within trade and other receivables (note 12).
- (4) The amounts payable to subsidiaries and Director's current accounts with credit balances are interest free, unsecured, and have no stated repayment date.
- (5) A loan with a balance at 31 December 2017 of USD 0.149m (31 December 2016: USD 0.149m) has been received from a related company (under common control), Chanpak Ltd. The loan is free of interest, is unsecured and is repayable on demand. This loan is included within trade and other payables (note 18).
- (6) The amount payable to other key management personnel relates to a payment made on behalf of the Company for investment purposes and accrued consultancy fees.
- (7) These payments were made directly to companies which are related to Directors.
- (8) Other Key management fees are included within professional fees in note 25.

During the year, the Company has waived its receivable balances from its subsidiaries Livermore Property Ltd (USD: 3.103m) and Sandhirst Ltd (USD: 1.040m) as a means of capital contribution to the subsidiaries (note 10).

No social insurance and similar contributions nor any other defined benefit contributions plan costs were incurred for the Company in relation to its key management personnel in either 2017 or 2016.

Noam Lanir, through an Israeli partnership, is the major shareholder of Babylon Limited, an Israel based Internet Services Company. The Company as of 31 December 2017 held a total of 1.941m shares at a value of USD 0.845m (2016: 1.941m shares at a value of USD 0.973m) which represents 4% of its effective voting rights. The investment in Babylon Ltd is held through the subsidiary Livermore Israel Investments Ltd.

In 2016, the Company bought 17,475,585 of its Ordinary shares from Groverton Management Ltd, at an average price of USD 0.45 per share. These shares were included in Treasury shares (note 14).

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

During the year the Company received administrative services of USD 0.048m (2016: 0.048m) in connection with investments from a related company (under common control).



30. Provisions

The movement in provisions for the year is as follows:

	2017 US \$000	2016 US \$000
As at 1 January	385	513
Settlements	(385)	(128)
As at 31 December	-	385

31. Litigation

Fairfield Sentry Ltd vs custodian bank and beneficial owners

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

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

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

Ex employee vs Empire Online Ltd

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

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

On 5 March 2014, the Labor Court in Tel Aviv issued a ruling in which the court denied most of the plaintiff's claims and accepted only his claim for termination of employment. On 16 April 2014 the plaintiff filed an appeal against the ruling. On 10 June 2015 the court held a hearing of the appeal and suggested that both sides settle the dispute by means of mediation. On 20 January 2016 the parties reached an agreement for an out of court settlement, for which a corresponding provision was made in 2016 and settled in 2017 (note 30).

32. Commitments

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

Other than the above, the Company has no capital or other commitments as at 31 December 2017.

33. Events after the reporting date

The two warehouse facilities that the Company invested in, during 2017, were closed in April and May 2018. For both warehouses, with a carrying amount as at 31 December 2017 of USD 25.5m, the Company invested an additional amount of USD 10m during 2018 (before their closure). For these warehouses, Livermore's investment amount plus net carry amounting to a total of USD 37.6m became receivable in April and May 2018.

At 15 January 2018, the Board announced an interim dividend of USD 8m (USD 0.04576 per share) to members on the register on 26 January 2018. The dividend was paid on 23 February 2018.

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

34. Financial risk management objectives and policies

Background

The Company's financial instruments comprise financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets and liabilities at amortised cost that arise directly from its operations. For an analysis of financial assets and liabilities by category, refer to note 35.

Risk objectives and policies

The objective of the Company is to achieve growth of shareholder value, in line with reasonable risk, taking into consideration that the protection of long-term shareholder value is paramount. The policy of the Board is to provide a framework within which the investment manager can operate and deliver the objectives of the Company.

Risks associated with financial instruments

Foreign currency risk

Foreign currency risks arise in two distinct areas which affect the valuation of the investment portfolio, 1) where an investment is denominated and paid for in a foreign currency; and 2) where an investment has substantial exposure to non-US Dollar underlying assets or cash flows denominated in a foreign currency. The Company in general does not hedge its currency exposure. The Company discretionally and partially hedges against foreign currency movements affecting the value of the investment portfolio based on its view on the relative strength of certain currencies. Any hedging transactions represent economic hedges; the Company does not apply hedge accounting in any case. Management monitors the effect of foreign currency fluctuations through the pricing of the investments. The level of financial instruments denominated in foreign currencies held by the Company at 31 December 2017 is the following:



	2017 US \$000	2017 US \$000	2017 US \$000	2016 US \$000	2016 US \$000	2016 US \$000
	Financial assets	Financial liabilities	Net value	Financial assets	Financial liabilities	Net value
British Pounds (GBP)	1,587	(111)	1,476	1,754	(355)	1,399
Euro	994	(211)	783	2,715	(284)	2,431
Swiss Francs (CHF)	4,757	(774)	3,983	8,090	(1,966)	6,124
Israel Shekels (ILS)	6,253	(2,603)	3,650	5,052	(2,212)	2,840
Others	-	-	-	-	(6)	(6)
Total	13,591	(3,699)	9,892	17,611	(4,823)	12,788

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 2017 would have the following impact. A 10% decrease of the following currencies against USD would have an approximately equal but opposite impact.

	2017 US \$000	2017 US \$000	2016 US \$000	2016 US \$000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
British Pounds (GBP)	93	55	77	63
Euro	78	-	243	-
Swiss Francs (CHF)	398	-	590	-
Israel Shekels (ILS)	365	-	284	-
Total	934	55	1,194	63

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

Interest rate risk

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

The Company has banking credit lines which are available on short notice for the Company to use in its investment activities, the costs of which are based on variable rates plus a margin. When an investment is made utilising the facility, consideration is given to the financing costs which would impact the returns. The level of banking facilities used is monitored by both the Board and the management on a regular basis. The level of these banking facilities utilised at 31 December 2017 was USD 0m (2016: USD 1.2m).

As at 31 December 2017 the Company 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 Company has fixed and floating rate financial assets including bank balances that bear interest at rates based on the banks floating interest rates. In particular, the fair value of the Company's fixed rate financial assets is likely to be negatively impacted by an increase in interest rates. The interest income of the Company's floating rate financial assets is likely to be positively impacted by an increase in interest rates.

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

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

	2017 US \$000	2016 US \$000
Financial assets – subject to:		
• fair value changes	1,132	3,550
• interest changes	34,167	60,383
Total	35,299	63,933
Financial liabilities – subject to:		
• interest changes	-	1,160
Total	-	1,160



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.

	2017 US \$000	2017 US \$000	2016 US \$000	2016 US \$000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Financial assets				
• fair value changes	(148)	-	(256)	-
• interest changes	342	-	604	-
Financial liabilities				
• interest changes	-	-	(12)	-
	194	-	336	-

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

Market price risk

By the nature of its activities, most of the Company's investments are exposed to market price fluctuations. The Board monitors the portfolio valuation on a regular basis and consideration is given to hedging or adjusting the portfolio against large market movements.

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

Management of risks is primarily achieved by having a diversified portfolio to spread the market price risk. The Company mainly has investments in CLO equity tranches as well as first loss tranches of warehouse facilities. 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 Company's portfolio of financial assets (excluding level 3 investments) would result in a 7.24% change in the net asset value as at 31 December

2017 (2016: 6.56%), and would have the following impact (either positive or negative, depending on the corresponding sign of the change):

	2017 US \$000	2017 US \$000	2016 US \$000	2016 US \$000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Financial assets at fair value through other comprehensive income	-	112	-	104
Financial assets at fair value through profit or loss	12,585	-	10,209	-
	12,585	112	10,209	104

Derivatives

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

Credit Risk

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

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

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

The Company's maximum credit risk exposure at 31 December 2017 is as follows:



	2017 US \$000	2016 US \$000
Financial assets:		
At amortised cost		
• Trade and other receivables	5,579	6,759
• Cash at bank	34,175	60,387
	39,754	67,146
Financial assets at fair value through profit or loss	123,884	100,137
	163,638	167,283

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

The fair values of the above financial assets at fair value through profit or loss are also affected by the credit risk of those instruments. However, it is not practical to provide an analysis of the changes in fair values due to the credit risk impact for the year or previous periods, nor to provide any relevant sensitivity analysis.

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

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

The Company has no investment in sovereign debt as at 31 December 2017 or 2016.

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

Rating	2017 Amount		2016 Amount	
	US \$000	Percentage	US \$000	Percentage
AA	16,563	10.1%	30,870	18.5%
A	9,768	6.0%	86	-
A-	7,111	4.4%	29,495	17.6%
BB	-	-	2,433	1.5%
BB+	1,132	0.7%	1,117	0.7%
BBB	734	0.4%	-	-
Not Rated	128,330	78.4%	103,282	61.7%
	163,638	100%	167,283	100%

Included within "not rated" amounts are investments in loan market through CLOs (equity tranches) of USD 97.237m and open warehouses of USD 25.139m (2016: CLOs of USD 79.336m and open warehouses of USD 17.251m).

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

Liquidity Risk

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

	Carrying amount	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 2017					
Trade and other payables	3,977	3,977	-	-	-
Total	3,977	3,977	-	-	-



	Carrying amount	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 2016					
Bank overdraft	1,160	1,160	-	-	-
Trade and other payables	4,752	4,752	-	-	-
Total	5,912	5,912	-	-	-

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

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

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

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

At 31 December 2017, the Company had liquid investments totalling USD 135.6m, comprising of USD 34.2m in cash and cash equivalents, USD 97.2m in investments in loan market through CLOs, USD 1.1m in other fixed income investments, USD 2.0m in public equities and USD 1.1m in hedge funds. management structures and manages the Company's portfolio based on those investments which are considered to be long term, core investments and those which could be readily convertible to cash, are expected to be realised within normal operating cycle and form part of the Company's treasury function.

Capital Management

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

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

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

	2017 US \$000	2016 US \$000
Cash at bank	(34,175)	(60,387)
Bank overdrafts	-	1,160
Net Debt	(34,175)	(59,227)
Total equity	175,445	157,174
Net debt to equity ratio	(0.19)	(0.38)

35. Financial assets and liabilities by class

	Note	2017 US \$000	2016 US \$000
Financial assets:			
Financial assets at amortised cost	12,13	39,754	67,146
Financial assets at fair value through profit or loss	4	125,847	102,087
Financial assets designated at fair value through other comprehensive income	5	8,247	6,673
		173,848	175,906
Financial liabilities:			
Financial liabilities at amortised cost	17,18	3,977	5,912
		3,977	5,912

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



Shareholder Information

Registrars

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

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

Change of Address

Shareholders can change their address by notifying Link Asset Services in writing at the above address.

Website

www.livermore-inv.com

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

Direct Dividend Payments

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

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

As an alternative, shareholders can download a dividend mandate and complete and post to Link Asset Services.

Lost Share Certificate

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

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

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 21 August 2018 at 10am for the purposes of the following:

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

1. To receive and adopt the Report of Directors, the financial statements and the Report of the Auditor for the year ended 31 December 2017.
2. To re-elect Mr. Richard Rosenberg, who is due to retire as Director in accordance with the Articles of Association of the Company.
3. To re-elect Mr. Noam Lanir, who is due to retire as Director in accordance with the Articles of Association of the Company.
4. To re-appoint Grant Thornton Cyprus as auditor of the Company to hold office from the conclusion of this Meeting until the conclusion of the next general meeting at which financial statements are laid before the Company.
5. To authorise the Directors to determine the auditor's remuneration.
6. That for the purposes of article 5.1 of the Articles of Association of the Company:
 - (a) the Directors be and are generally and unconditionally authorised to allot up to a maximum aggregate amount of 116,542,664 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 2019 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) provided that not more than 58,271,332 of such new ordinary shares shall be issued otherwise than by way of a fully pre-emptive rights issue; and
 - (b) the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require such ordinary shares to be issued in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution,so that all previous authorities of the Directors pursuant to the said article 5.1 be and are hereby revoked.
7. THAT, subject to the passing of resolution 6 set out in the Notice convening this Meeting, the Directors be and are empowered in accordance with article 5.2 of the Articles of Association of the Company to allot new ordinary shares of no par value in the capital of the Company ("ordinary shares") for cash, pursuant to the authority conferred on them to allot such shares by that resolution 6 as if the pre-emption provisions contained in article 5.2 did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:



- (a) the allotment of ordinary shares in connection with an issue or offering in favour of holders of ordinary shares and any other persons entitled to participate in such issue or offering where the shares respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of ordinary shares held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and
- (b) the allotment of up to an aggregate amount of 17,481,399 of such ordinary shares (representing approximately 10% of the Company's issued ordinary share capital as at the date of this Notice),

and this power, unless renewed, shall expire at the end of the Annual General Meeting of the Company in 2019 or, if earlier, 15 months from the date of the passing of this resolution (unless previously revoked or varied by the Company in general meeting) but shall extend to the making, before such expiry, of an offer or agreement which would or might require ordinary shares to be allotted after such expiry and the Directors may allot such shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

- 8. That, in accordance with the Articles of Association 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 34,962,798;
 - (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

29 June 2018

Notes

- (i) (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 Link 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 Link Market Services 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, Link Asset Services, 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. Depositary Interest holders wishing to attend the Meeting should contact the Depositary on the above address or email custodymgt@linkgroup.co.uk to request a Letter of Corporate Representation.

- (v) Resolution 7 – Disapplication of pre-emption rights - If the Directors wish to allot any equity securities for cash, the Articles of Association of the Company require that such equity securities are offered first to existing shareholders in proportion to their existing holdings. The Directors intend to adhere to the provisions in the Pre-Emption Group's Statement of Principles, as updated in March 2015 and therefore Resolution 7 asks shareholders to grant the Directors authority to allot shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 6, but such allotment shall not be:
 - a) in excess of an amount equal to 5% of the total issued ordinary share capital of the Company (excluding any treasury shares) as at the date of this Notice; or
 - b) in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company (excluding treasury shares) within a rolling three-year period, without prior consultation with shareholders,

in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

Resolution 7 also asks shareholders to disapply the statutory pre-emption provisions in connection with a rights issue, but only in relation to the amount permitted under Resolution 6, and allows the Directors, in the case of a rights issue, to make appropriate arrangements in relation to fractional entitlements or other legal or practical problems that might arise.



Corporate Directory

Secretary

Chris Sideras

Registered Office

Trident Chambers
PO Box 146
Road Town
Tortola
British Virgin Islands

Company Number

475668

Registrars

Link Asset Services
34 Beckenham Road
Beckenham
Kent BR3 4TU
England

Auditor

Grant Thornton (Cyprus) Ltd
143, Spyrou Kyprianou Avenue
Limassol 3083
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

Bank Hapoalim

18 Boulevard Royal
BP 703
L-2017
Luxembourg

CBH Compagnie Bancaire Helvétique SA

Löwenstrasse 29 Zurich 8021
Switzerland

Credit Suisse AG

Seeefldstrasse 1
Zurich 8070
Switzerland

UBS AG

Paradeplatz 6
CH-8098 Zürich
Switzerland

Bank Julius Baer & Co. Ltd.

Bahnhofstrasse 36,
CH-8010 Zurich,
Switzerland



Livermore Investments Group Ltd.

Trident Chambers
PO Box 146
Road Town
Tortola
British Virgin Islands