



LivermoreInvestments

Livermore Investments Group Limited

Annual Report & Consolidated Financial Statements
for the year ended 31 December 2015



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Highlights

- Net Asset Value per share - USD 0.77 after payment of interim dividend of USD 0.0256 per share (December 2014: USD 0.82).
- In addition to the USD 5m dividend, the Company bought back 3,000,000 shares during the year at an average price of GBP0.34.
- Wyler Park property in Bern, Switzerland was refinanced for a minimum term of 5 years. Lease with SBB was extended by another 10 years until 2029.
- No material developments in the private equity portfolio.



Chairman's and Chief Executive's Review

Introduction

We are pleased to announce the consolidated financial results for Livermore Investments Group Limited ("Livermore" or "the Company") and its subsidiaries (together "the Group") for the year ended 31 December 2015.

The year-end NAV was USD 0.77 per share after payment of a USD 5m dividend, USD 0.0256 per share (2014 NAV: USD 0.82 per share). Further, the Company bought back 3,000,000 shares for a total cost of USD 1.54m. Net loss for the year was USD 4.7m (2014 Net Profit: USD 7.2m).

Wyler Park, our investment property in Bern, Switzerland performed well, generating over CHF 5.4m (USD 5.6m) in net rent during the year. All of the 39 apartments and commercial spaces are fully rented. The loan against Wyler Park was successfully refinanced in January 2015 for a minimum term of 5 years and annual interest expense was reduced to CHF 1.1m from circa CHF 3.3m in prior years. Further, management successfully extended the lease with SBB by another 10 years until 2029.

The portfolio recorded gains from revaluation as well as increased income from the Wyler Park project. These gains were offset by administration expenses, negative mark-to-market on the CLO portfolio on account of lower loan prices and credit concerns in the high-yield market, as well as certain impairments on legacy private equity positions. Interest and dividend income from the financial portfolio totalled USD 25.7m (2014: USD 26.6m).

Financial Review

The NAV of the Group at 31 December 2015 was USD 148.6m. Net loss during the year was USD 4.7m, which represents earnings per share of USD (0.02).

Administrative expenses excluding provisions were USD 4.6m (2014: USD 7.2m).

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

	31 December 2015 US \$m	31 December 2014 US \$m
Shareholders' funds at beginning of year	160.0	168.4
Income from investments	30.9	31.8
Other income	0.1	0.5
Realised losses on investments	(2.4)	(1.6)
Loss on impairment of investments	(31.7)	(8.9)
Unrealised gains / (losses) on investments	8.5	(9.4)
Unrealised exchange losses	(0.4)	(0.6)
Administration costs	(5.2)	(7.2)
Net finance costs	(2.5)	(7.2)
Tax charge	(1.9)	(0.8)
Decrease in net assets from operations	(4.6)	(3.4)
Purchase of own shares	(1.5)	-
Dividends paid	(5.0)	(5.0)
Adjustments for share option expiry	(0.3)	-
Shareholders' funds at end of year	148.6	160.0
Net Asset Value per share	US \$0.77	US \$0.82

Dividend & Buyback

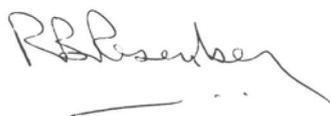
For the year ended 31 December 2015, the Company paid a dividend of USD 5m (USD 0.0256 per share).

During 2015, the Company bought back 3,000,000 shares to be held in treasury for a total cost of USD 1.54m. As at 31 December 2015, the Company held 111,830,818 shares in treasury.

In addition since 1 January 2016 to date, the Company has purchased 17,475,585 shares to be held in treasury for a total cost of USD 7.86m.

Richard B Rosenberg
Chairman

23 May 2016



Noam Lanir
Chief Executive Officer




Review of Activities

Introduction and Overview

2015 was a challenging year for financial markets as investors fretted over several issues ranging from slow global economic growth, persistently low inflation, low productivity growth, the length of the current business cycle, further slowdown in China, falling energy and commodity prices, and policy tools remaining with central banks to manage a potential downturn. The main issue, however, was the strength of the US Dollar on the back of monetary policy divergence between the US and the rest of the developed world. The strength of the US Dollar created significant monetary policy tightening via the currency route in the rest of the world and especially in emerging markets. In the US, cutbacks in spending from the energy and mining sector offset gains from lower oil prices. Corporate earnings declined as exporters and multinational companies struggled with the stronger currency and energy and mining sector faced lower prices for their products. Indicators in the high yield and credit market flashed warning signs in the latter half of the year and gave up a significant part of their first half gains.

During the year, significant effort was put into first, refinancing the Wyler Park property at good terms, and second, to extend the lease with SBB. Both efforts were successful. The new financing has reduced the interest burden from CHF 3.3m per annum in prior years to about CHF 1.1m per annum going forward, and the lease extension until 2029 has contributed to the increase of the value of the property from CHF 115.8m in 2014 to CHF 123.3m in 2015.

The Group financial portfolio continued to generate strong cash flows despite mark-to-market losses on the CLO portfolio as concerns over the health of speculative grade credit markets and forced liquidations significantly affected investor sentiment.

In 2015, the Group generated interest and dividend income of USD 25.7m and investment property income of USD 5.2m. The Group reported NAV/share of US D0.77 after a dividend of USD 0.0256/share (2014: USD 0.82) and net loss of USD 4.7m. Administrative expenses amount to USD 5.2m (2014: USD 7.2m) and finance costs were USD 2.5m (2014: USD 7.3m), of which USD 1.3m relates to the loan against the Wyler Park property.

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

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

Global Investment Environment

The global economy continued to recover in 2015, however, contrary to expectations, growth did not strengthen and stayed at anaemic levels. While the economies of Euro area and US grew moderately driven by services sector on the back of domestic demand, industrial activity was lacklustre as growth in China slowed. The economic environment continued to be dominated by considerable

uncertainty including that from the Greek debt crisis, geopolitical tensions such as Ukraine, and military conflict in the Middle East.

Energy and commodity prices continued to fall in 2015 amid slow growth and the Chinese efforts to transition to a services oriented economy. Low oil commodity prices negatively affected growth in several emerging market countries dependent on commodity exports. Low prices further contributed to low inflation rates in many countries.

In the US, GDP grew by a modest 2.4% in 2015 but labour market conditions continued to improve towards full employment levels supported by robust services sector growth and unemployment rate fell to 5% by the end of the year. This prompted a sharp divergence in expected monetary policy between the US and rest of the developed world and the US Dollar strengthened against most currencies. A stronger US Dollar had the effect of creating tighter monetary conditions across the world further depressing growth. Concerned about potential inflation due to high employment levels, the US Federal Reserve indeed raised its main interest rate by 0.25% in December 2015 for the first time since 2008.

In the Euro area, GDP grew by 1.6% in 2015 as compared to 0.9% in 2014. This moderate recovery was supported by the highly expansionary monetary policy of the European Central Bank (ECB) and the associated weakening of the Euro. The ECB started purchasing securities at the rate of EUR 60 billion per month in March and by December announced extending these purchases until March 2017 in addition to lowering its deposit rate by another 0.10% to -0.30%. Credit conditions gradually improved and business confidence picked up. Low energy prices also improved household purchasing power. Although the unemployment rate continued to decline in the Euro area, it remained at elevated levels with a reading of 10.4% as of year-end 2015.

The Swiss economy faced several challenges in 2015, mainly emanating from sharp appreciation of the Swiss franc following discontinuation of minimum exchange rate versus the Euro in mid-January 2015 as well as weakening of the global economy in the second half of the year. Against a backdrop of increasingly divergent monetary policy between the US and Euro zone, the Swiss National Bank (SNB) could no longer support the minimum exchange rate regime and its discontinuation caused a sharp increase in the value of the Swiss franc. To discourage safe haven inflows in the Swiss Franc, the SNB cut the deposit rates further into negative territory to -0.75%. GDP declined in the first quarter and recovered only marginally by year end 2015. Overall, GDP increased by 0.9% in 2015 vs 1.9% in 2014. Sales and profit margins came under severe pressure in several industries and the tough business environment left an impact on the labour market with unemployment rate increasing to 3.4% in December 2015. Inflation as measured by the Swiss consumer price index was -1.1% in 2015.

Growth in emerging economies presented an uneven picture. Economic growth in China slowed slightly to 6.9% reflecting robust growth in services sector. However, momentum in industrial activity slowed perceptibly dampened by overcapacity in heavy industry and construction. Recession in Brazil and Russia deepened further as a result of the slump in commodity prices. The People's Bank of China (PBOC) eased monetary policy significantly in 2015. While in the first half of the year the PBOC focussed on stimulating the economy, further easing in the second half was driven by turbulence in China's stock market and the PBOC's efforts to make its currency exchange rate more flexible.

Financial markets faced significant volatility in 2015 as investors braced for slow global growth, a long structure transition of the Chinese economy, cut backs in investment due to low energy and commodity prices, a stronger US Dollar and potentially higher short term rates in the US amidst geopolitical tensions and conflict in the Middle East.



The S&P 500 Index managed to generate a positive total return of 1.38% in 2015 including dividends while the EuroSTOXX 50 Index generated a net return of 6.4% driven by aggressive monetary and a lower exchange rate. The US Dollar was up 9.25% against international currencies as measured by the DXY Index. The Euro on the other hand ended the year at 1.086 as compared to 1.21 versus the US Dollar at the start of 2015.

Against widely held expectations of higher longer term rates, the US and German 10 year treasury yields were only marginally changed yielding 2.26% and 0.629% respectively at the end of the year as compared to 2.17% and 0.54% respectively at the beginning of 2015. 2015 was a challenging year for US credit as concerns over potential rate increases in the US as well as declining earnings growth and low energy and commodity prices raised the specter of higher default rates in 2016 with potentially lower recoveries if commodity prices stay low. Both investment grade and high yield finished 2015 with negative returns. Total returns for investment grade and high yield were -0.75% and -5.56%, respectively. Spreads widened on the year (+32bp for investment grade, +168bp for high yield), resulting in excess returns of -1.64% and -7.15% for investment grade and high yield, respectively. Loans outperformed high yield, but still had only the second negative return (-0.69%) in 19 years of data.

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 with some exposure to Europe and emerging markets.

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

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

Review of Significant Investments

Name	Book Value US \$m
Wyler Park*	46.9
SRS Charminar	7.1
Other Real Estate Assets	1.2
Total	55.2

* Net of related loan

Wyler Park – Switzerland

Wyler Park is a top quality mixed-use property located in Bern, Switzerland. It has over 16,800 square meters of commercial space, 4,100 square meters of residential space, and another 7,800 square meters available for additional commercial development. The commercial part is leased entirely to SBB (AAA rated), the Swiss national transport authority wholly owned by the Swiss Confederation, and serves as the headquarters of their Passenger Traffic division. The annual rental income from the commercial area of the project is CHF 4.43m (USD 4.61m).

Following the successful development of 39 residential apartments, management rented out all of them. The entire property is fully rented and the annual rental income from the residential area is about CHF 0.98m (USD1.02m).

Livermore is the sole owner of Wyler Park through its wholly owned Swiss subsidiary, Livermore Investments AG. The loan outstanding on the project as of 31 December 2015 is CHF 76.6m (USD 76.4m), which is a non-recourse loan to Livermore Investments AG backed only by this property. In January 2015, management successfully refinanced the loan against Wyler Park with a Swiss bank. The principal amount of the new loan facility is CHF 78.0m. The facility is committed until at least 30 June 2019 at a margin of CHF Libor + 1.4%.

In September 2015, management successfully negotiated a lease extension with SBB for an additional 10 years. The lease now extends until 2029. As part of the agreement, Livermore will invest up to a maximum of CHF 3.95m to upgrade the ventilation and cooling systems and to increase capacity. SBB is expected to invest CHF 9m.

The valuation of the property on current-use basis, as of year-end 2015 is CHF 123.3m (USD 123.3m). Management continues to evaluate the potential development of the additional commercial development rights of 7,800 square meters attached to the property.

SRS Charminar – India

Livermore invested USD 20m in 2008 in a leading Indian Real Estate company, in association with SRS Private and other investors as part of a total investment of USD 132.1m. In 2009, the promoters of the investee company were arrested on charges of criminal conspiracy, cheating, and misappropriation of funds. Later it was discovered that the investee company had breached the terms of the investment agreement resulting in a default. On 13 January 2011 the Company Law Board ("CLB") passed an order and allowed Infrastructure Leasing & Financial Services Limited ("IL&FS") to become an 80% shareholder and control the management of the company. SRS Charminar and other investors have agreed to a settlement with IL&FS wherein the settlement amount will be paid in four tranches over five years.

In November 2015, Livermore received the first tranche of the settlement in the amount of USD 2.9m. The next tranche is expected in late 2016.

The carrying amount of the investment is based on discounted expected cash flows and as of year-end was USD 7.1m (2014: USD 9.1m).

Financial portfolio and trading activity

The Group manages a financial portfolio valued at USD 90.3m (net of leverage) as at 31 December 2015, which is invested mainly in fixed income and credit related securities.



The following is a table summarizing the financial portfolio as of year-end 2015

Name	2015 Book Value US \$m	2014 Book Value US \$m
Investment in the loan market through CLOs	66.0	82.2
Fixed income investment	5.0	-
Babylon	0.9	0.9
Hedge Funds	1.0	1.1
Corporate bonds	1.8	2.0
Other Public Equities	2.0	1.9
Total	76.7	88.1
Total net of leverage	90.3*	99.1**

* this figure includes USD 5m which the Company invested during the period in the first loss tranche of a warehouse facility for accumulating loans with the intention to transfer these loans to a CLO.

** this figure includes USD 16m which the Company invested during the period in the first loss tranche of warehouse facilities for accumulating loans with the intention to transfer these loans to a CLO.

Senior Secured Loans and Collateralized Loan Obligations (CLO):

2015 was a volatile year in the US Leveraged Loan market. Although the US Leveraged Loan market generated a total return of -0.70% as measured by the S&P LSTA Total Return Index, the market experienced significant intra-year volatility. Earlier in the year, conditions in the Leveraged Loan market continued to stay difficult much alike the fourth quarter of 2014. Concerns were driven by declines in the high yield market, continued withdrawals from retail funds, and intensified pressure on the Energy and Metals/Mining sector as oil and commodity prices stayed low and new issue CLO issuance was muted. Late in the first quarter and the second quarter, however, saw a sharp recovery as oil prices bounced back and loan prices recovered sharply further helped by strong new issue CLO creation. CLO equity prices increased in tandem and management reduced exposure to short reinvestment period CLO equity positions at high levels. Further, management took advantage of lower loan prices by pricing a new CLO in the first quarter and also accumulating loans for another CLO which was priced in July 2015 when liability costs were near the lows for the year. Both these new issue CLOs ramped well and generated strong first payments. In the third quarter, however, oil and commodity prices took another step down bringing significant stress into the high yield and leveraged loan market. Outflows from retail funds accelerated and loan prices fell on concerns of higher default and risks in the credit market as well as serious lack of liquidity. CLO equity prices suffered one of their worst mark-to-market declines. According to estimates, the total return in 2015 for USD CLO equity issued after 2010 was between -13.4% to -15%¹.

The Group's CLO portfolio, however, continued to generate strong cash flows aggregating USD 21.3m in 2015. Also, warehousing for CLO's generated net cash income of USD 1.6m during the year. Management reinvested proceeds into long new issue CLOs with clean collateral. As of the end of the year 2015, all of the Group's US CLO equity positions were comfortably passing their Overcollateralization (OC) tests and remain in healthy shape. CLO Managers also took the opportunity of loan price volatility and wide new issue loan

spreads to trade out of some credit risk loans and purchase better quality loans at low prices. Management continues to actively monitor the CLO portfolio and position it towards longer reinvestment period and better quality collateral CLOs.

While default rates stayed low at 1.5% on a trailing twelve month basis, management expects the default rate to tick up as energy and metals/mining related companies run out of liquidity in 2016 and idiosyncratic situations arise in other sectors if the US high yield and leveraged loan markets deteriorate further. Management is also focused and engaged with CLO managers to actively manage exposure to Caa/CCC rated loans in the underlying CLO portfolios ahead of rating agency downgrades of credit risk loans.

1. Morgan Stanley, in its written January 2016 CLO market commentary, estimated total returns for 2015 to be -15%; Citi Research, in a report published in January 2016, estimated total returns for 2015 to be -14.1%; and the total return of J.P. Morgan's PricingDirect, a pricing source for CLO 2.0 equity that is published annually, was -13.4% for 2015.

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

	2015 Amount US \$000	Percentage	2014 Amount US \$000	Percentage
US CLOs	60,401	91.6%	68,704	83.6%
Global Credit CLOs	4,780	7.2%	12,008	14.6%
European CLOs	765	1.2%	1,505	1.8%
	65,946	100%	82,217	100%

Private Equity Funds

The other private equity investments held by the Group are incorporated in the form of Managed Funds (mostly closed end funds) mainly in the emerging economies of India and China. The investments of these funds into their portfolio companies were mostly done in 2008 and 2009. Blue Ridge fund was unwound during the year and all distributions paid. The Group expects material exits of portfolio companies from other funds to materialize between 2016 and 2018. During the reporting period distributions of USD 0.22m from SRS Private and USD 0.06m from Blue Ridge fund were received.

The following is a table summarizing the financial portfolio as of year-end 2015

Name	Book\ValueUS \$m
SRS Private (India)	1.7
Evolution Venture (Israel)	1.6
India Blue Mountains (India)	0.7
Elephant Capital (India)	0.4
Da Vinci (Russia)	0.3
Panda Capital (China)	0.3
Other investments	1.0
Total	6.0



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. Approximately 58% of the net asset value of the fund is invested in mixed-use assets (commercial and residential combined), 20% is in SRS Charminar, 10.6% is in land primarily for residential assets, 3.5% is invested at the entity level of real estate developers, and 8% in net cash and receivables. In 2015, the fund distributed USD 0.22m from proceeds of partial sale of a mixed use property in Mumbai. As of year-end 2015, the investment was valued at USD 1.7m.

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 keyboard and language correction software company and the virtualization technology company have been performing well. The Wi-Fi solutions company has not recovered from a failed launch and has been written down.

India Blue Mountains:

India Blue Mountains was a fund developing 4 star hotels in India. In September 2015, the fund was restructured into three separate SPV's holding the Mumbai, Pune, and Goa assets and liabilities. Livermore now holds the same percentage in each of the SPV's as it held in India Blue Mountains.

Given the high debt load on the individual assets, as well as delays and underperformance, net asset values for the properties held under the SPVs have declined. As of year-end 2015, the Group's investment in India Blue Mountain properties were valued at USD 0.7m.

Elephant Capital:

India-focused private equity fund, which is listed on the AIM exchange (Ticker: ECAP). The fund has realized some of its investments and remains with its unlisted portfolio of investments in Amar Chitra Katha (offline and digital content company), Air Works India (aircraft maintenance company), and Global Cricket Ventures (online venture to distribute cricket content).

As of August 2015, the audited NAV of the fund was GBP 5.44m or 36 pence per share. The fund returned GBP 1m to shareholders via its buy-back programme in March 2015. Further details on Elephant Capital and its portfolio companies is available at www.elephantcapital.com.

On 26 February 2016, the Board announced its intention to delist from the AIM exchange in order to reduce expenses relative to the value of its remaining assets. The delisting has been completed and Elephant Capital is now a private company.

Da Vinci:

The fund is primarily focused on Russia and CIS countries and is primarily invested in the Moscow Exchange and a Ukrainian coal company. The Moscow Exchange performed well in local currency terms increasing turnover in derivative and spot markets. The coal company is located in Western Ukraine. The fund is building a club of investors to support and facilitate this investment. The Group's investment in the fund was valued at USD 0.3m as of 31 December 2015.

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.

Blue Ridge:

Blue Ridge is a China focused private equity fund. The fund was dissolved on 30 December 2015. To date, the fund has distributed USD 1.7m (77.9% of investment).

The following table reconciles the review of activities to the Group's financial assets and investment property as of year-end 2015

Name	2015 Book Value US \$m
Significant Investments	55.2
Private Equity Funds	6.0
Financial Portfolio	76.7
Total	137.9
Available-for-sale financial assets (note 4)	81.2
Financial assets at fair value through profit or loss (note 5)	9.8
Net Investment property (note 8 & 17)	46.9
Total	137.9

Events after the reporting date

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

Litigation

At the time of this Report, there is one matter in litigation that the Group is involved in. Further information is provided in note 32 to the consolidated financial statements.



Report of the Directors

The Directors submit their annual report and audited consolidated financial statements of the Group for the year ended 31 December 2015.

The Board's objectives

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

The Board of Directors

Richard Barry Rosenberg (age 60), Non-Executive Director, Chairman of the Board

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

Noam Lanir (age 49), Founder and Chief Executive Officer

Noam founded the Group in July 1998, to develop a specialist online marketing operation. Noam has led the growth and development of the Group's operations over the last sixteen 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 48), 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's activity. Prior to this he spent five years as a commercial lawyer advising banks and large corporations on corporate transactions, including buy-outs and privatisations. Ron has over 16 years of experience as an investment manager with particular focus on the US credit market and CLOs. He holds an MBA from INSEAD Fontainebleau and a LLB (LAW) and BA in Economics from Tel Aviv University.

Directors' responsibilities in relation to the consolidated financial statements

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

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

In preparing these consolidated financial statements, the Directors are required to:

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

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

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

Disclosure of information to the Auditor

In so far as the Directors are aware:

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

Substantial Shareholdings

As at 28 April 2016 the Directors are aware of the following interests in 3 per cent or more of the Company's issued ordinary share capital:

	Number of Ordinary Shares	% of issued ordinary share capital	% of voting rights*
Groverton Management Ltd	154,412,173	49.79	78.74
RB Investments GmbH	25,456,903	8.37	13.24
Merrill Lynch Pierce, Fenner & Smith, Inc	9,329,051	3.07	4.85

* after consideration of treasury shares (note 14)

Save as disclosed in this report and in the remuneration report, the Company is not aware of any person who is interested directly or indirectly in 3% 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 30 to the consolidated financial statements.



Corporate Governance Statement

Introduction

The Company recognises the importance of the principles of good Corporate Governance and the Board is pleased to accept its commitment to such high standards throughout the year. As an AIM quoted company, Livermore is not required to follow the provisions of the UK Corporate Governance Code–September 2012 (the “Code”).

The Board Constitution and Procedures

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

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

Board Committees

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

Remuneration Committee

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

Audit Committee

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

Communication with Investors

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

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

Internal Control

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

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

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

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

Going concern

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

Independence of Auditor

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

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



Remuneration Report

The Directors' emoluments, benefits and shareholdings during the year ended 31 December 2015 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	Share options expense US \$000	Total emoluments 2015 US \$000	Total emoluments 2014 US \$000
Richard Barry Rosenberg	10/06/05	69	-	22	-	91	99
Noam Lanir	10/06/05	400	45	-	-	445	445
Ron Baron	01/09/07	350	-	1,528	-	1,878	2,978

The dates are presented in day / month / year format

Directors' Interests

Interests of Directors in ordinary shares

Director	Notes	As at 31 December 2015			As at 31 December 2014		
		Number of Ordinary Shares	Percentage of ordinary share capital	Percentage of voting rights	Number of Ordinary Shares	Percentage of ordinary share capital	Percentage of voting rights
Noam Lanir	a)	151,412,173	49.787%	78.740%	154,412,173	50.773%	79.068%
Ron Baron	b)	25,456,903	8.371%	13.240%	13,915,419	4.576%	7.126%
Richard Barry Rosenberg		15,000	0.005%	0.01%	15,000	0.005%	0.008%

Notes:

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

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

Interests of Directors in share options

	No of options at 31 December 2015	Date of grant	Exercise price, GBP	Exercise Price**, US \$	Vesting period of options
Noam Lanir	10,000,000	19/07/06	0.78	1.15	Vested
Richard Barry Rosenberg	500,000	13/05/08	0.30	0.44	Vested
	150,000	19/07/06	0.78	1.15	Vested

The options are exercisable up to 10 years after the date of grant. No options were exercised during the year ended 31 December 2015.

* The exercise prices as per the share option scheme are quoted in British Pounds. The indicative equivalent USD amounts shown in the table above are based on the exchange rates as at 31 December 2015.

Share Option Scheme

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

The option exercise price per Ordinary Share is determined by the Committee but will be no less than market value of the Ordinary Shares on the dealing day immediately preceding the date of grant. The

options are subject to continuous service conditions but are not subject to any performance criteria. The Share Option Scheme will terminate ten years after it was adopted by the Company, or earlier in certain circumstances.

Remuneration Policy

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

The following key principles guide its policy:

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



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

Review of the Business and Risks

Risks

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

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

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

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

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

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

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

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

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

Further information on Financial risk management is provided in note 35 of the consolidated financial statements.

Share Capital

There was no change in the authorised share capital during the year to 31 December 2015. The authorised share capital is 1,000,000,000 ordinary shares with no par value.

Related party transactions

Details of any transactions of the Group with related parties during the year to 31 December 2015 are disclosed in note 30 to the consolidated financial statements.

By order of the Board of Directors
Chief Executive Officer
23 May 2016



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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Livermore Investments Group Limited (the "Company") and its subsidiaries (together with the Company, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Emphasis of Matter

We draw attention to Note 4 to the consolidated financial statements which describes the existence of material uncertainty of the future cash flows relating to the investment of the Group through SRS Charminar Investments Ltd, an Indian Real Estate company.

We also draw attention to Note 32 to the consolidated financial statements which describes the existence of material uncertainty over the outcome of a legal case against one of the custodian banks that the Group uses and Livermore as the beneficial owner.

Our opinion is not qualified in respect of these matters.

Other Matter

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

Augoustinos Papathomas

Certified Public Accountant and Registered Auditor for and on behalf of

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

Date: 23 May 2016



Livermore Investments Group Limited

Consolidated Statement of Financial Position as at 31 December 2015

	Note	2015 US \$000	2014 US \$000
Assets			
Non-current assets			
Property, plant and equipment	3	26	42
Available-for-sale financial assets	4	78,464	99,374
Financial assets at fair value through profit or loss	5	1,533	1,806
Investment property	8	123,324	116,609
Other assets	12	1,128	2,538
		204,475	220,369
Current assets			
Trade and other receivables	12	4,490	20,890
Available-for-sale financial assets	4	2,683	2,561
Financial assets at fair value through profit or loss	5	8,268	3,704
Current tax asset	20	6	-
Derivative financial instruments	16	-	1,125
Cash at bank	13	25,770	3,807
		41,217	32,087
Total assets		245,692	252,456
Equity			
Share capital	14	-	-
Share premium and treasury shares	14	177,053	178,597
Other reserves		2,631	2,937
Retained earnings		(31,047)	(21,560)
Total equity		148,637	159,974
Liabilities			
Non-current liabilities			
Bank loans	17	75,003	-
Deferred tax	11	3,937	2,272
Provisions	31	385	-
		79,325	2,272
Current liabilities			
Bank loans	17	1,407	78,092
Bank overdrafts	18	13,208	10,355
Trade and other payables	19	2,770	1,758
Provisions	31	128	-
Current tax payable	20	-	5
Derivative financial instruments	16	217	-
		17,730	90,210
Total liabilities		97,055	92,482
Total equity and liabilities		245,692	252,456
Net asset valuation per share			
Basic and diluted net asset valuation per share (US \$)	21	0.77	0.82

These consolidated Financial Statements were approved by the Board of Directors on 23 May 2016. The notes on pages 34 to 83 form part of these consolidated financial statements.

Livermore Investments Group Limited

Consolidated Statement of Profit or Loss for the year ended 31 December 2015

	Note	2015 US \$000	2014 US \$000
Investment income			
Interest and dividend income	23	25,675	26,619
Investment property income	24	5,227	5,159
Loss on investments	25	(26,136)	(9,885)
Gross profit			
Other income		35	462
Administrative expenses	26	(5,155)	(7,219)
Operating (loss) /profit			
		(354)	15,136
Finance costs	27	(2,454)	(7,286)
Finance income	27	-	109
(Loss) / profit before taxation			
Taxation charge	28	(1,951)	(755)
(Loss) / profit for the year			
		(4,759)	7,204
Earnings per share			
Basic and diluted earnings per share (US \$)	29	(0.02)	0.04

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

The notes on pages 34 to 83 form part of these consolidated financial statements.



Livermore Investment Group Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2015

	Note	2015 US \$000	2014 US \$000
(Loss) / profit for the year		(4,759)	7,204
Other comprehensive income:			
<u>Items that will be reclassified subsequently to the profit or loss</u>			
• Available for sale financial assets – fair value losses		(34,906)	(17,128)
• Foreign exchange losses from translation of subsidiaries		(314)	(626)
		(39,979)	(10,550)
<u>Reclassification to profit or loss</u>			
Available for sale financial assets			
• Reclassification to profit or loss due to disposals	25	3,459	(1,709)
• Reclassification to profit or loss due to impairment	25	31,726	8,861
		35,185	7,152
Total comprehensive income for the year		(4,794)	(3,398)

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

The notes on pages 34 to 83 form part of these consolidated financial statements.

Livermore Investments Group Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2015

	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 2014		-	215,499	(36,902)	5,777	(788)	8,550	(23,765)	168,371
Dividends		-	-	-	-	-	-	(4,999)	(4,999)
Transactions with owners		-	-	-	-	-	-	(4,999)	(4,999)
Profit for the year		-	-	-	-	-	-	7,204	7,204
Other comprehensive income:									
Available-for-sale financial assets									
• Fair value losses		-	-	-	-	-	(17,128)	-	(17,128)
• Reclassification to profit or loss due to disposals	25	-	-	-	-	-	(1,709)	-	(1,709)
• Reclassification to profit or loss due to impairment	25	-	-	-	-	-	8,861	-	8,861
Foreign exchange gains arising from translation of subsidiaries		-	-	-	-	(626)	-	-	(626)
Total comprehensive income for the year		-	-	-	-	(626)	(9,976)	7,204	(3,398)
Balance at 31 December 2014		-	215,499	(36,902)	5,777	(1,414)	(1,426)	(21,560)	159,974
Purchase of own shares		-	-	(1,544)	-	-	-	-	(1,544)
Dividends		-	-	-	-	-	-	(4,999)	(4,999)
Transfer on expiry of options		-	-	-	(271)	-	-	271	-
Transactions with owners		-	-	(1,544)	(271)	-	-	(4,728)	(6,543)
Loss for the year		-	-	-	-	-	-	(4,759)	(4,759)



	Note	Share capital US \$000	Share premium US \$000	Treasury Shares US \$000	Share option reserve US \$000	Translation reserve US \$000	Investments revaluation reserve US \$000	Retained earnings US \$000	Total US \$000
Other comprehensive income:									
Available-for-sale financial assets									
• Fair value losses		-	-	-	-	-	(34,906)	-	(34,906)
• Reclassification to profit or loss due to disposals	25	-	-	-	-	-	3,459	-	3,459
• Reclassification to profit or loss due to impairment	25	-	-	-	-	-	31,726	-	31,726
Foreign exchange gains arising from translation of subsidiaries		-	-	-	-	(314)	-	-	(314)
Total comprehensive income for the year		-	-	-	-	(314)	279	(4,759)	(4,794)
Balance at 31 December 2015		-	215,499	(38,446)	5,506	(1,728)	(1,147)	(31,047)	148,637

The notes on pages 34 to 83 form part of these consolidated financial statements.

Livermore Investments Group Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2015

	Note	2015 US \$000	2014 US \$000
Cash flows from operating activities			
(Loss) / profit before tax		(2,808)	7,959
Adjustments for			
Depreciation	3	16	13
Provision charge	31	513	-
Interest expense	27	1,607	3,780
Interest and dividend income	23	(25,675)	(26,619)
Loss on investments	25	26,136	9,885
Exchange differences	27	723	3,506
		512	(1,476)
Changes in working capital			
Increase in trade and other receivables		17,164	(16,292)
Decrease in trade and other payables		959	(1,050)
Cash flows from operations		18,635	(18,818)
Interest and dividends received		25,969	25,773
Settlement of litigation		-	(26)
Tax paid		(216)	(167)
Net cash from operating activities		44,388	6,762
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(32)
Acquisition of investments		(32,415)	(27,340)
Proceeds from sale of investments		13,679	33,262
Settlement of derivative		2,332	
Acquisition of associate	9	(7,500)	-
Capital return of associate		8,183	-
Capital return of joint venture		-	5,000
Net cash used for investing activities		(15,721)	10,890



	Note	2015 US \$000	2014 US \$000
Cash flows from financing activities			
Purchase of own shares	14	(1,544)	-
Proceeds from bank loans		78,610	7,242
Repayments of bank loans		(79,751)	(11,547)
Interest paid		(1,731)	(3,884)
Dividends paid		(4,999)	(4,999)
Net cash used for financing activities		(9,415)	(13,188)
Net increase / (decrease) in cash and cash equivalents			
		19,252	4,464
Cash and cash equivalents at the beginning of the year		(6,548)	(11,038)
Exchange differences on cash and cash equivalents		(124)	93
Translation differences on foreign operations' cash and cash equivalents		(18)	(67)
Cash and cash equivalents at the end of the year	13	12,562	(6,548)

The notes on pages 34 to 83 form part of these consolidated financial statements.

Notes on the Financial Statements

1. General Information

Incorporation, principal activity and status of the Company

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

2. Accounting Policies

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

2.1. Basis of preparation

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

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

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

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

2.2. Adoption of new and revised IFRS

As from 1 January 2015, the Group adopted all the new or revised IFRS and relevant amendments which became effective and also were endorsed by the European Union, and are relevant to its operations.

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

All IFRS issued by the International Accounting Standards Board (IASB) which are effective for the year ended 31 December 2015, have been adopted by the EU through



the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39: "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The following Standards, Amendments to Standards and Interpretations had been issued by the date of authorisation of these consolidated financial statements but are not yet effective, or have not yet been endorsed by the EU, for the year ended 31 December 2015:

	Endorsed by the EU	Effective for annual periods beginning on or after
IFRS 9: "Financial Instruments"	No	1 January 2018
IFRS 14: "Regulatory Deferral Accounts"	No	1 January 2016
IFRS 15: "Revenue from Contracts with Customers"	No	1 January 2018
IFRS 16: "Leases"	No	1 January 2019
Annual Improvements to IFRS 2012–2014 Cycle	Yes	1 January 2016
Amendment to IFRS 10, IFRS 12, and IAS 28: "Investment Entities: Applying the Consolidation Exception"	No	1 January 2016
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
Amendment to IFRS 11: "Accounting for Acquisitions of Interests in Joint Operations"	Yes	1 January 2016
Amendment to IAS 1: "Disclosure Initiative"	Yes	1 January 2016
Amendment to IAS 7: "Disclosure Initiative"	No	1 January 2017
Amendment to IAS 12: "Recognition of Deferred Tax Assets for Unrealised Losses"	No	1 January 2017
Amendment to IAS 16 and IAS 38: "Clarification of Acceptable Methods of Depreciation and Amortisation"	Yes	1 January 2016
Amendments to IAS 16 and IAS 41: "Bearer Plants"	Yes	1 January 2016
Amendment to IAS 27: "Equity Method in Separate Financial Statements"	Yes	1 January 2016

The Board of Directors expects that when the above Standards or Interpretations become

effective in future periods, they will not have a material effect on the consolidated financial statements, other than for IFRS 9.

IFRS 9 "Financial Instruments" 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. IFRS 9 also provides new guidance on the application of hedge accounting.

Management is not yet in a position to provide quantified information regarding the impact of IFRS 9. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Company's financial assets will need to be reviewed based on the new criteria that consider the assets' contractual cash flows and the business model in which they are managed
- an expected credit loss based impairment will need to be recognised on the Company's financial assets at amortised cost and any investments in debt type assets, unless classified as at fair value through profit or loss in accordance with the new criteria

2.3. Basis of consolidation

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

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

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

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

2.4. Investments in associates and joint ventures

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

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

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

2.5. Current assets are those which, in accordance with IAS 1 Presentation Of Financial



Statements are:

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

All other assets are non-current.

2.6. Investment property income

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

2.7. Interest and dividend income

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

2.8. Foreign currency

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

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

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

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

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

2.9. Taxation

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

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

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

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

2.10. Investment property

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

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

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

2.11. Equity instruments

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



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

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

2.12. Share Options

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

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

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

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

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

2.13. Borrowing costs

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

No borrowing costs have been capitalised for either 2015 or 2014.

2.14. Financial assets

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

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

Financial assets are measured initially at fair value plus transaction costs, except for

financial assets carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are measured subsequently as described below.

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

Loans and receivables

- **Trade and other receivables**

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

- **Cash and cash equivalents**

Cash comprises cash in hand and 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 Group's cash management.

Financial assets at fair value through profit or loss

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

Available-for-sale financial assets

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

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



can be related objectively to an event occurring after the impairment loss was recognised in the profit or loss.

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

2.15. Financial liabilities

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

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

Financial liabilities are measured initially at fair value plus 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 Group's financial liabilities also include financial derivative instruments.

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

2.16. Provisions

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

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

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

2.17. Segment reporting

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

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

2.18. Critical accounting judgments and key sources of estimation uncertainty

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

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

Critical accounting judgments

i. Impairment of available-for-sale financial assets

The Group follows the guidance in IAS 39 on determining when an investment is impaired. This determination requires significant judgments. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and financing cash flow. The management regards a fall in fair value below cost of 30% or more, or for 12 months or more, to be significant.

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

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

ii. Classification of financial assets

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

Investments in loan markets through CLOs are classified as available-for-sale. All other investments are classified as at fair value through profit or loss upon initial recognition, because this reflects more fairly the way these assets are managed by the Group. The Group's business is investing in financial assets with a view to profiting from their total return in



the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Group's Board of Directors and other key management personnel.

iii. Deferred tax assets

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

Estimation uncertainty

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

i. Fair value of financial instruments

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

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

ii Fair value of investment property

Investment property is stated at fair value. The fair valuation is based on discounted cash-flow (DCF) method. Under this method, the current market value of the property is determined as the total of all projected future net earnings (before interest, taxes, depreciation and amortization) discounted to present-day equivalents. These net earnings are discounted individually for property with due allowance for specific opportunities and threats, and with adjustment in line with market conditions and risks. A one-period DCF model was adopted under which the valuation period extends for 100 years from the valuation date, with an implicit residual value in the 11th period. Discounting is based on a risk-adjusted interest rate and a gross yield determined individually for each property on the basis of appropriate benchmarks derived from arm's-length transactions. The weighted average discount rate used is 4.09% and the weighted average gross yield used is 4.68%. The valuations assume 1% annual inflation for income and all expenditure.

Further details are disclosed in note 8.

3. Property, plant and equipment

	Office Renovation US \$000	Computer Hardware US \$000	Fixtures and Fittings US \$000	Motor Vehicles US \$000	Total US \$000
Cost					
As at 1 January 2014	377	176	113	26	692
Additions	-	-	-	32	32
Disposals	-	-	-	(26)	(26)
As at 1 January 2015	377	176	113	32	698
Additions	-	-	-	-	-
As at 31 December 2015	377	176	113	32	698
Accumulated depreciation					
As at 1 January 2014	(377)	(164)	(102)	(26)	(669)
Charge for the year	-	(8)	(5)	-	(13)
On disposals	-	-	-	26	26
As at 1 January 2015	(377)	(172)	(107)	-	(656)
Charge for the year	-	(4)	(3)	(9)	(16)
As at 31 December 2015	(377)	(176)	(110)	(9)	(672)
Net book value					
As at 31 December 2015	-	-	3	23	26
As at 31 December 2014	-	4	6	32	42

4. Available-for-sale financial assets

	2015 US \$000	2014 US \$000
Non-current assets		
Fixed income investments (CLO Income Notes)	65,946	82,217
Private equities	5,295	7,891
Financial and minority holdings	7,223	9,266



	78,464	99,374
Current assets		
Public equity investments	1,619	1,491
Hedge funds	1,064	1,070
	2,683	2,561

For description of each of the above categories, refer to note6.

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

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

The related impairment charges in 2015, of USD 31.726m (2014 USD 8.861m), are included within loss on investments (note 25),and represent impairment losses arising due to:

	2015 US \$000	2014 US \$000
Significant fall in value	11,119	5,693
Prolonged fall in value	1,490	1,328
Significant and prolonged fall in value	19,117	1,840
	31,726	8,861

Investment in SRS Charminar

Included in the Financial and minority holdings is the investment in SRS Charminar Investments Ltd ("SRS Charminar"), a private company incorporated in the Republic of Mauritius. Livermore invested USD 20m in SRS Charminar acquiring a 15% ownership stake. SRS Charminar through its wholly owned subsidiaries invested INR 5.2b (USD 132.1m at date of investment) which is equivalent to USD 82.5m as at 31 December 2014 (2013: 83m) in a real estate company in India ("investee company").

In 2009, the promoters of the investee company were arrested on charges of criminal conspiracy, cheating, and misappropriation of funds. Later it was discovered that the investee company had breached the terms of the investment agreement resulting in a default.

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

SRS Charminar and other investors have agreed to a settlement with IL&FS wherein the settlement amount will be paid in four tranches over five years. The last two tranches are not guaranteed by IL&FS and the significant uncertainty of these payments has been considered

in the discount rates used of 35% and 30% respectively in contrast to the 8% used for discounting the first two tranches. Also, all regulatory and court approvals were received and the effective date of the settlement was fixed.

The Group received the first tranche of USD 2.9m in late 2015. The carrying amount of the investment is based on discounted expected cash flows and was USD 7.1m (2014: USD 9.1m), which represents its estimated fair value. SRS Charminar's only holding is its investment in the investee company (through its wholly owned subsidiaries) and thus its fair value is wholly attributable to the above mentioned investment.

Also included in Private equities is the investment in SRS Private Investments, L.P. ("SRS Private") with a carrying amount at reporting date of USD 1.7m (2014: USD 3.7m) which is based on a net asset valuation (NAV). SRS Private through a fund has invested in various real estate projects in India as well as in SRS Charminar, and its investment in SRS Charminar as at 31 December 2015 amounts approximately to 20% (2014: 17%) of its net assets.

5. Financial assets at fair value through profit or loss

	2015 US \$000	2014 US \$000
Non-current assets		
Private equities	330	330
Real estate entities	1,203	1,476
	1,533	1,806
Current assets		
Fixed income investments	6,655	1,623
Public equity investments	1,613	1,717
Hedge funds	-	65
Other investments	-	299
	8,268	3,704

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

6. Financial assets at fair value

The Group 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, and investments in the loan market through CLOs.
- Private equities relate to investments in both high growth opportunities in emerging markets and deep value opportunities in mature markets. The company generally invests directly in prospects where it can exert significant influence.
- Financial and minority holdings relate to significant investments (of over USD 5m) which are strategic for the Company and are done in the form of equity purchases or convertible loans. Main investments under this category are in the fields of real estate.



- Hedge funds relate to investments in funds managed by sophisticated investment managers that pursue investment strategies with the goal of generating absolute returns.
- Public equity investments relate to investments in shares of companies listed on public stock exchanges.
- Real estate entities relate to investments in real estate projects.
- Other investments are investments not otherwise included in the categories above.

7. Fair value measurements of financial assets and liabilities

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

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

Valuation of financial assets and liabilities

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

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

Prepayment rates: Senior loans can be pre-paid by borrowers. CLOs that are within their reinvestment period may, subject to certain conditions, reinvest such prepayments into other loans which may have different spreads and maturities. CLOs that are beyond their reinvestment period typically pay down their senior liabilities

from proceeds of such pre-payments. Therefore the rate at which the underlying collateral prepays impacts the future cash flows that the CLO may generate.

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

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

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

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:

	2015 US \$000 Level 1	2015 US \$000 Level 2	2015 US \$000 Level 3	2015 US \$000 Total	2014 US \$000 Level 1	2014 US \$000 Level 2	2014 US \$000 Level 3	2014 US \$000 Total
Assets								
Fixed income investments	1,634	65,946	5,021	72,601	1,623	82,217	-	83,840
Private equities	-	-	5,625	5,625	-	-	8,221	8,221
Financial and minority holdings	-	-	7,223	7,223	-	-	9,266	9,266
Public equity investments	3,232	-	-	3,232	3,208	-	-	3,208



Hedge funds	-	1,064	-	1,064	-	1,135	-	1,135
Real estate entities	-	-	1,203	1,203	-	-	1,476	1,476
Investment in associate and joint venture	-	-	-	-	-	-	-	-
Other investments	-	-	-	-	299	-	-	299
Total return swaps	-	-	-	-	-	-	1,125	1,125
	4,866	67,010	19,072	90,948	5,130	83,352	20,088	108,570
Liabilities								
Forward contract	-	217	-	217	-	-	-	-
	-	217	-	217	-	-	-	-

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

No financial assets or liabilities have been transferred between levels.

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

	Available-for-sale		At fair value through profit or loss			Derivative financial instruments		Total US \$000
	Financial and minority holdings US \$000	Private equities US \$000	Other investments US \$000	Real estate US \$000	Private equities US \$000	Fixed Income investments US \$000	Total return swap	
As at 1 January 2014	9,068	9,081	2	1,588	569	-	-	20,308
Purchases	-	323	-	-	-	-	-	323
(Losses) / gains recognised in:								
• Profit or loss	-	(1,470)	-	68	(239)	-	1,125	(516)
• Other comprehensive income	198	(43)	(2)	-	-	-	-	153
Exchange difference	-	-	-	(180)	-	-	-	(180)
As at 1 January 2015	9,266	7,891	-	1,476	330	-	1,125	20,088
Purchases	-	-	-	-	-	5,000	-	5,000
Settlement	-	(59)	-	-	-	-	(1,332)	(1,391)
(Losses) / gains recognised in:								
• Profit or loss	(2,043)	(2,134)	-	104	-	21	207	(3,845)
• Other comprehensive income	-	(403)	-	-	-	-	-	(403)
Exchange difference	-	-	-	(377)	-	-	-	(377)
As at 31 December 2015	7,223	5,295	-	1,203	330	5,021	-	19,072



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

	Available-for-sale		At fair value through profit or loss				Derivative financial instruments	
	Financial and minority holdings US \$000	Private equities US \$000	Other investments US \$000	Real estate US \$000	Private equities US \$000	Fixed Income investments US \$000	Total return swap	Total US \$000
2014 Profit or loss								
• Financial assets held at year-end	-	(1,470)	-	68	(239)	-	1,125	(516)
	-	(1,470)	-	68	(239)	-	1,125	(516)
Other comprehensive income								
• Financial assets held at year-end	198	(43)	(2)	-	-	-	-	153
	198	(43)	(2)	-	-	-	-	153
Total gains / (losses) for 2014	198	(1,513)	(2)	68	(239)	-	1,125	(363)
2015 Profit or loss								
• Financial assets held at year-end	(2,043)	(2,134)	-	104	-	21	-	(4,052)
• Financial assets not held at year-end	-	-	-	-	-	-	207	207
	(2,043)	(2,134)	-	104	-	21	207	(3,845)
Other comprehensive income								
• Financial assets held at year-end	-	(403)	-	-	-	-	-	(403)
	-	(403)	-	-	-	-	-	(403)
Total gains / (losses) for 2015	(2,043)	(2,537)	-	104	-	21	207	(4,248)

The Group has not developed any quantitative unobservable inputs for measuring the fair value of its level 3 financial assets at 31 December 2015 and 2014. Instead the Group used prices from third-party pricing information without adjustment.

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

8. Investment property

	2015 US \$000	2014 US \$000
Valuation as at 1 January	116,609	129,916
Fair value gain (note 25)	7,819	61
Exchange difference	(1,104)	(13,368)
As at 31 December	123,324	116,609

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

Wyler Park investment property loan (note 17) is secured on the property itself.

Fair valuation

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

The investment property was valued by the independent professional valuers Wüest & Partners as at 31 December 2015 and 2014 on the basis of open market value in accordance with the appraisal and valuation guidelines of the Royal Institute of Certified Surveyors, and the European Group of Valuers' Associations. The investment property is revalued annually on 31 December.

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

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

The valuations are based on the following assumptions:



- The property has been appraised as continuation scenario. That means, that no change of use scenarios have been calculated as well that would result to a higher value.
- A one-period DCF model was adopted. The valuation period extends for 100 years from the valuation date, with an implicit residual value in the 11th period.
- Discounting is based on a risk-adjusted interest rate. Rates are determined on the basis of appropriate benchmarks derived from arm's-length transactions. These are broken down as follows: risk-free interest rate + property risk (immobility of capital) + premium for macro location + premium for micro-location depending on use + premium for property quality and income risk + any other specific premiums.
- The valuations assume 1% annual inflation for income and all expenditure. Where a nominal discount rate is applied, this is adjusted accordingly.
- Credit risks posed by specific tenants are not explicitly factored into the valuation.
- Allowance is made for the specific indexing provisions in existing leases. An indexing factor of 80% (Swiss average) is assumed for the period following lease expiry.
- For existing tenancies, the timing of individual payments is assumed to comply with the terms of the lease.
- Following lease expiry, cash flows for commercial premises are taken to be quarterly in advance, for housing monthly in advance.
- In terms of running costs, entirely separate service charge accounts are assumed, with no tenancy-related ancillary costs to be borne by the owner.
- The maintenance (repair and upkeep) costs were calculated by means of a lifecycle analysis of the individual building elements. The building structure's remaining lifespan was estimated and periodic refurbishments modelled on the basis of the general condition of the fabric as determined during the property inspection.

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

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

Future rental income

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

	2015 US \$000	2014 US \$000
Less than 1 year	5,629	5,923
Between 1 and 5 years	23,050	21,186
Over 5 years	36,879	-
	65,558	27,109

Rental agreements are quoted in Swiss Francs. The equivalent USD amounts shown in the table above are based on the exchange rates as at 31 December 2015 and 31 December 2014 respectively.

9. Investments in associate and joint venture

	2015 US \$000	2014 US \$000
As at 1 January	-	5,524
Additions	7,500	-
Capital return	(8,183)	(5,000)
Fair value (loss) / gain	683	(524)
As at 31 December	-	-

Name of investee	Type of investment	Place of incorporation	Principal activity	Proportion of voting rights held	Fair value	
					2015 US \$000	2014 US \$000
Silvermore Ltd	Joint venture	Cayman Islands	Investment holding (dormant)	50%	-	-
					-	-

As at 31 December 2014 Silvermore had ceased to be a contractual party to a Total Return Swap (ISDA) agreement with Citibank N.A. and had no other assets or liabilities. Silvermore Ltd is dormant since January 2015.

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



10. Details of subsidiaries

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

Name of Subsidiary	Place of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Livermore Properties Limited	British Virgin Islands	Ordinary shares	100%	Holding of investments
Mountview Holdings Limited	British Virgin Islands	Ordinary shares	100%	Investment vehicle
Silvermore 2 Ltd	Cayman Islands	Ordinary shares	100%	Investment vehicle (Dormant)
Sycamore Loan Strategies Ltd	Cayman Islands	Ordinary shares	100%	Investment vehicle
Sycamore Loan Funding Ltd	Cayman Islands	Ordinary shares	100%	Investment vehicle
Livermore Israel Investments Ltd	Israel	Ordinary shares	100%	Holding of investments
Livermore Capital AG	Switzerland	Ordinary shares	100%	Administration services
Livermore Investments AG*	Switzerland	Ordinary shares	100%	Real Estate owner and management
Enaxor S.a.r.l	Luxembourg	Ordinary shares	100%	Holding of investment
Livermore Investments Cyprus Limited	Cyprus	Ordinary shares	100%	Administration services
Sandhirst Limited*	Cyprus	Ordinary shares	100%	Holding of investments

* Held by Enaxor S.a.r.l.

Silvermore 2 Ltd was dissolved in 2016.

Blackline Investments Inc. was dissolved during the year.

11. Deferred tax

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

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

	2015 US \$000	2014 US \$000
Investment property – revaluation surplus	(6,362)	(5,805)
Derivative financial instruments – recognised carrying amount	-	47
Tax losses	2,425	3,486
Net deferred tax (liability)	(3,937)	(2,272)

The movement on the deferred taxation account is as follows:

	Investment property US \$000	Derivative financial instruments US \$000	Tax losses US \$000	Total US \$000
As at 1 January 2014	(5,845)	344	3,545	(1,956)
(Charged) / credited to profit or loss (note 28)				
• timing differences	(329)	(294)	166	(457)
Exchange difference	369	(3)	(225)	141
As at 1 January 2015	(5,805)	47	3,486	(2,272)
(Charged) / credited to profit or loss (note 28)				
• timing differences	(895)	(46)	(913)	(1,854)
Exchange difference	338	(1)	(148)	189
As at 31 December 2015	(6,362)	-	2,425	(3,937)

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

As at 31 December 2015 and 2014 there is no unrecognised deferred tax asset.



12. Trade and other receivables

	2015 US \$000	2014 US \$000
Financial items		
Accrued interest and dividend income	304	514
Amounts due by related parties (note 30)	2,514	2,497
Other receivables	272	16,757
	3,090	19,768
Non-Financial items		
Other assets (note 30)	2,256	3,384
Prepayments	272	276
	5,618	23,428
Allocated as:		
Current assets	4,490	20,890
Non-current assets (other assets – note 30)	1,128	2,538
	5,618	23,428

Other receivables at 31 December 2014 include:

- a. an amount of USD 15m that the Company invested during the period in the first loss tranche of a warehouse facility for accumulating loans with the intention to transfer these loans to a CLO. In December 2014, the said CLO was priced and the loans accumulated in the warehouse were agreed to be transferred at purchase price to the CLO on 10 January, 2015. Consequently, Livermore's investment amount plus net carry earned became receivable as of the end of December 2014. On 16 January 2015 Livermore received a net amount of USD 16.3m.
- b. an amount of USD 1m that the Company invested during the period in the first loss tranche of a warehouse facility for accumulating loans with the intention to transfer these loans to a CLO. In December 2014, the said CLO was priced and the loans accumulated in the warehouse were agreed to be transferred at purchase price to the CLO on 15 January, 2015. Consequently, Livermore's investment amount plus net carry earned became receivable as of the end of December 2014. On 16 January 2015 Livermore received a net amount of USD 1.039m.

13. Cash and cash equivalents

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

	2015 US \$000	2014 US \$000
Cash at bank	25,770	3,807
Bank overdrafts used for cash management purposes	(13,208)	(10,355)
Cash and cash equivalents for the purposes of the consolidated statement of cash flows	12,562	(6,548)

14. Share capital

Authorised share capital

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

Issued share capital	Number of shares	Share premium arising US \$000
Ordinary shares with no par value		
As at 31 December 2014 and 31 December 2015	304,120,401	215,499

Treasury shares	Number of shares	US \$000
As at 1 January 2014	108,830,818	36,902
As at 1 January 2015	108,830,818	36,902
Additions	3,000,000	1,544
As at 31 December 2015	111,830,818	38,446



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

	2015 US \$000	2014 US \$000
Share premium	215,499	215,499
Treasury shares	(38,446)	(36,902)
	177,053	178,597

15. Share options

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

Outstanding options	Number of options	Average exercise price GBP	Average exercise price* USD
As at 1 January 2014 and 31 December 2014	11,340,000	0.75	1.18
Options expired	(690,000)	0.71	1.05
As at 31 December 2015	10,650,000	0.76	1.12

Exercisable options	Number of options	Average exercise price GBP	Average exercise price* USD
As at 31 December 2014 and 31 December 2015	11,340,000	0.75	1.18
Options expired	(690,000)	0.71	1.05
As at 31 December 2015	10,650,000	0.76	1.12

Details of share options outstanding at 31 December 2015

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
3,383,334	19/07/06	19/07/07	19/07/07	19/07/16	0.78	1.15	1,608,710
3,383,333	19/07/06	19/07/08	19/07/08	19/07/16	0.78	1.15	1,824,133
3,383,333	19/07/06	19/07/09	19/07/09	19/07/16	0.78	1.15	2,001,774
166,667	13/05/08	13/05/09	13/05/09	13/05/18	0.30	0.44	21,703
166,667	13/05/08	13/05/10	13/05/10	13/05/18	0.30	0.44	24,115
166,666	13/05/08	13/05/11	13/05/11	13/05/18	0.30	0.44	25,820
10,650,000							5,506,255

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

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

* The exercise prices as per the share option scheme are quoted in British Pounds. The indicative equivalent USD amounts shown in the table of details above as well as the average exercise prices are based on the exchange rates as at 31 December 2015.

16. Derivative financial instruments

	2015 US \$000	2014 US \$000
Current assets		
Total return swap	-	1,125
Current liabilities		
Forward contract	217	-

Forward contracts

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

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

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

During 2014 the Group used forward currency contracts; however, no such derivatives were open at 31 December 2014.



Total Return Swaps

As at 31 December 2014 the Group was a contractual party to a Total Return Swap (ISDA) agreement with Macquarie bank. Based on the swap agreement the Group is entitled to receive the total returns arising from a portfolio of loan assets (referenced assets), and is obliged to pay interest at a floating rate on the facility amount (warehouse facility):

Referenced assets amount	Total returns	Facility amount	Floating rate	Maturity date
USD 300,000,000	Interest payments, fees, repayment premiums or penalties, and other distributions	USD 270,000,000	3M USD Libor + 1.9%	18 Sept. 2015

The swap was entered as a means for accumulating loans with the intention to transfer these loans to a CLO. In December 2014, the said CLO was priced and the loans accumulated in the warehouse were agreed to be transferred to the CLO on 10 January, 2015. Consequently, on 16 January 2015 the swap was terminated.

The calculation of the fair value of the swap is based on discounted cash flows of future anticipated interest payments compared with the discounted cash flows of anticipated total returns receivable.

For the year ended 31 December 2015 a net fair value gain of USD 990,787 (2014: gain USD 3,133,381) has been recognised in the profit or loss in relation to all derivative financial instruments.

17. Bank Loans

	2015 US \$000	2014 US \$000
As at 1 January	78,092	87,974
Additions	78,822	-
Repayment	(79,751)	(830)
Exchange difference	(541)	(9,052)
Refinancing fees	(212)	-
As at 31 December	76,410	78,092
Allocated as:		
Current bank loans	1,407	78,092
Non-current bank loans	75,003	-
	76,410	78,092

The bank loan relates to Wyler Park investment property purchase (note 8) and is secured on this property. The loan was refinanced during the year. The principal amount of the loan facility as of 31 December 2015 is CHF 76.6 million. The facility is committed until at least 30 June 2019. The loan facility maybe extended up to 30 June 2029, unless terminated by either party.

The loan bears interest at 3-Month CHF Libor (with a floor rate at zero) plus 1.40% margin. The effective Interest rate of the loan as at 31 December 2015 is 1.40%.

18. Bank Overdrafts

	2015 US \$000	2015 US \$000
Short term bank overdrafts	13,208	10,355

Short term bank overdrafts bear Libor + lender's margin and have an average interest rate of 1.78% (2014 1.49%).

The Group's bank overdraft facilities are secured by the Group's financial assets portfolio up to an amount, as at 31 December 2015, of USD 31.5m.

The Group's bank overdraft undrawn facilities at 31 December 2015 amount to USD 18.3m.

19. Trade and other payables

	2015 US \$000	2014 US \$000
Financial items		
Trade payables	444	727
Amounts due to related parties (note 30)	1,377	579
Accrued expenses	386	430
	2,207	1,736
Non-Financial items		
Prepayment from tenants	510	-
VAT payable	53	22
	2,770	1,758

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



20. Current tax (asset) / payable

	2015 US \$000	2014 US \$000
Corporation Tax	(6)	5

21. Net asset value per share

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

Diluted net asset value per share is calculated after taking into consideration the potentially dilutive shares in existence as at 31 December 2015 and 31 December 2014.

	2015	2014
Net assets attributable to ordinary shareholders (USD 000)	148,637	159,974
Closing number of ordinary shares in issue	192,289,583	195,289,583
Basic net asset value per share (USD)	0.77	0.82
Net assets attributable to ordinary shareholders (USD 000)	148,637	159,974
Dilutive share options – exercise amount	221	234
Net assets attributable to ordinary shareholders including the effect of potentially diluted shares (USD 000)	148,858	160,208
Closing number of ordinary shares in issue	192,289,583	195,289,583
Dilutive share options	500,000	500,000
Closing number of ordinary shares including the effect of potentially diluted shares	192,789,583	195,789,583
Diluted net asset value per share (USD)	0.77	0.82

Number of Shares		
Ordinary shares	304,120,401	304,120,401
Treasury shares	(111,830,818)	(108,830,818)
Closing number of ordinary shares in issue	192,289,583	195,289,583

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 2015 and 2014. All other share options do not impact the diluted net asset value per share for 2015 and 2014 as their exercise price was higher than the net asset value per share at 31 December 2015 and 2014.

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 2015, the Company bought 3,000,000 of its Ordinary shares at an average price of USD 0.51 per share. In 2014 the Company did not buy any own shares.

22. Segment reporting

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

Segment information can be analysed as follows:

	Equity and debt instruments investment activities		Investment property activities		Total per financial statements	
	2015 US \$000	2014 US \$000	2015 US \$000	2014 US \$000	2015 US \$000	2014 US \$000
Segment results						
Investment income						
Interest and dividend income	25,675	26,619	-	-	25,675	26,619



	Equity and debt instruments investment activities		Investment property activities		Total per financial statements	
	2015 US \$000	2014 US \$000	2015 US \$000	2014 US \$000	2015 US \$000	2014 US \$000
Investment property income	-	-	5,227	5,159	5,227	5,159
(Loss) / gain on investments	(33,955)	(9,946)	7,819	61	(26,136)	(9,885)
Gross (loss) / profit	(8,280)	16,673	13,046	5,220	4,766	21,893
Other income	35	462	-	-	35	462
Administrative expenses	(4,510)	(5,417)	(645)	(1,802)	(5,155)	(7,219)
Operating (loss) / profit	(12,755)	11,718	12,401	3,418	(354)	15,136
Finance costs	(1,109)	(4,254)	(1,345)	(3,032)	(2,454)	(7,286)
Finance income	-	109	-	-	-	109
(Loss) / profit before taxation	(13,864)	7,573	11,056	386	(2,808)	7,959
Taxation charge	-	-	(1,951)	(755)	(1,951)	(755)
(Loss) / profit for year	(13,864)	7,573	9,105	(369)	(4,759)	7,204
Segment assets	121,104	134,815	124,588	117,641	245,692	252,456
Segment liabilities	15,681	11,278	81,374	81,204	97,055	92,482

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

	Equity and debt instruments investment activities		Investment property activities		Total per financial statements	
	2015 US \$000	2014 US \$000	2015 US \$000	2014 US \$000	2015 US \$000	2014 US \$000
Investment Income						
Switzerland	-	-	13,046	6,732	13,046	6,732
Other European countries	(22)	(723)	-	-	(22)	(723)
United States	(5,950)	18,400	-	-	(5,950)	18,400
India	(2,235)	(1,729)	-	-	(2,235)	(1,729)
Asia	(73)	(787)			(73)	(787)
	(8,280)	15,161	13,046	6,732	4,766	21,893
Investments						
Switzerland	-	-	123,324	116,609	123,324	116,609
Other European countries	5,089	6,225	-	-	5,089	6,225
United States	72,030	83,843	-	-	72,030	83,843
India	10,004	14,219	-	-	10,004	14,219
Asia	3,825	4,283	-	-	3,825	4,283
	90,948	108,570	123,324	116,609	214,272	225,179

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

During 2015, 81.9% of the Group's rent relates to rental income from a single customer (SBB – Swiss national transport authority) in the investment property activities segment (2014: 89%).



23. Interest and dividend income

	2015 US \$000	2014 US \$000
Interest from investments	127	434
Dividend income	25,548	26,185
	25,675	26,619

24. Investment property income

	2015 US \$000	2014 US \$000
Gross rental income	5,634	5,923
Direct expenses	(407)	(764)
	5,227	5,159

All direct expenses relate to the generation of rental income.

25. Loss on investments

	2015 US \$000	2014 US \$000
(Loss) / gain on sale of investments	(3,459)	1,709
Investment property revaluation	7,819	61
Foreign exchange loss	-	(232)
Loss due to impairment of available-for-sale financial assets	(31,726)	(8,861)
Fair value losses on financial assets through profit or loss	(320)	(5,067)
Fair value gain on associate	683	-
Fair value loss on investment in joint venture	-	(524)
Fair value gains on derivative instruments	991	3,133
Bank custody fees	(124)	(104)
	(26,136)	(9,885)

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

	2015 US \$000	2014 US \$000
Available-for-sale	(5,723)	(2,682)
At fair value through profit or loss	(303)	(2,374)
	(6,026)	(5,056)

26. Administrative expenses

	2015 US \$000	2014 US \$000
Legal expenses	188	118
Directors' fees and expenses	2,414	3,522
Other salaries and expenses	213	1,152
Professional and consulting fees	872	1,299
Office costs	358	299
Depreciation	16	13
Other operating expenses	447	657
Provision charge	513	-
Audit fees	134	159
	5,155	7,219

Throughout 2015 the Group employed 7 members of staff (2014: 6).

Other salaries and expenses include USD 21,640 of social insurance and similar contributions (2014: USD 82,632), as well as USD 6,593 of defined contributions plan costs (2014: USD 19,499).

27. Finance costs and income

	2015 US \$000	2014 US \$000
Finance costs		
Bank interest on investment property loan*	1,340	3,032
Other swap interest cost	-	496
Other bank interest	267	252



Foreign exchange loss	847	3,506
	2,454	7,286
Finance income		
Foreign exchange gain	-	109
Net finance costs	2,454	7,177

*Includes interest payments on a related swap.

28. Taxation

	2015 US \$000	2014 US \$000
Current tax charge	97	298
Deferred tax charge	1,854	457
	1,951	755
The tax charge for the year can be reconciled to the accounting profit as follows:		
(Loss) / profit before tax	(2,808)	7,959
Effect of applicable corporation tax rates	2,301	177
Effect of income not subject to tax	(1,961)	(131)
Effect of expenses not deductible for tax purposes	39	232
Effect of current year losses	(383)	(87)
Property tax	101	107
Deferred tax charge	1,854	457
Tax for the year	1,951	755

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

29. Earnings per share

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

Diluted earnings per share is calculated after taking into consideration other potentially dilutive shares in existence during the year ended 31 December 2015 and the year ended 31 December 2014.

	2015	2014
(Loss) / profit for the year attributable to ordinary shareholders of the parent (USD 000)	(4,759)	7,204
Weighted average number of ordinary shares outstanding	194,599,172	195,289,583
Basic earnings per share (USD)	(0.02)	0.04
Weighted average number of ordinary shares outstanding	194,599,172	195,289,583
Dilutive effect of share options	59,005	84,418
Weighted average number of ordinary shares including the effect of potentially dilutive shares	194,658,177	195,374,001
Diluted earnings per share (USD)	(0.02)	0.04

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 2015 and 2014. All other share options do not impact the diluted earnings per share for 2015 and 2014 as their exercise price was higher than the average market price of the Company's shares during the year ended 31 December 2015 and 2014.



30. Related party transactions

The Group is controlled by Groverton Management Ltd, an entity owned by Noam Lanir, which at 31 December 2015 held 78.74% (2014: 79.06%) of the Company's effective voting rights.

	2015 US \$000	2014 US \$000	
Amounts receivable from key management			
Other assets	2,256	3,384	(1)
Directors' current accounts	2,514	2,497	
	4,770	5,881	
Amounts payable to other related party			
Loan payable	(499)	(499)	(2)
	(499)	(499)	
Amounts payable to key management			
Directors' current accounts	(35)	(80)	
Other key management personnel	(843)	-	(3)
	(878)	(80)	
Key management compensation			
Short term benefits			
Executive directors' fees	795	795	(4)
Executive directors' reward payments	1,528	2,628	
Non-executive directors' fees	69	74	
Non-executive directors' reward payments	22	25	
Other key management fees	383	-	
	2,797	3,522	

(1) Loans of USD 5.523m were made to a key management employee for the acquisition of shares in the Company. Interest was payable on these loans at 6 month US LIBOR plus 0.25% per annum and the loans were secured on the shares acquired. The loans were repayable on the earlier of the employee leaving the Company or April 2013. In December 2012 the Board decided to renew the outstanding amount of these loans for a period of another five years. Based on the Board's decision, the outstanding amount 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).

(2) A loan with a balance at 31 December 2015 of USD 0.499m (31 December 2014: USD 0.499m) has been received from an other related company, Chanpak Ltd. The loan is free of interest, it is unsecured and is repayable on demand. This loan is included within trade and other payables (note 19).

(3) 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.

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

No social insurance and similar contributions nor any other defined benefit contributions plan costs were incurred for the Group in relation to its key management personnel in either 2015 or 2014.

Noam Lanir, through an Israeli partnership, is the major shareholder of Babylon Limited, an Israel based Internet Services Company. The Group as of 31 December 2015 held a total of 1.941m shares at a value of USD 0.931m (2014: 1.941m shares at a value of USD 0.922m) which represents 4% of its effective voting rights. The investment in Babylon Ltd is included within public equity investments under financial assets at fair value through profit or loss (note 5).

During the year the Group received administrative services of USD 0.039m (2014: 0.103) in connection with investments from another related company, Mash Medical Life Tree Marketing Ltd.

During the year deeds of pledges of an amount of USD 5.4m were given for an other related party, Chanpak Ltd, in relation to a bank loan which was repaid in February 2016.

31. Provisions

The movement in provisions for the year is as follows:

	2015 US \$000	2014 US \$000
As at 1 January	-	26
Additions (note 32)	513	-
Settlements	-	(26)
As at 31 December	513	-
Allocated as:		
Current liability	128	-
Non-current liability	385	-
	513	-



32. Litigation

Fairfield Sentry Ltd vs custodian bank and beneficial owners

One of the custodian banks that the Group 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 lawsuit 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 to settle the dispute by means of mediation. On 20 January 2016 the parties reached an agreement for an out of court settlement, for which a corresponding provision has been made (note 31).

33. Commitments

As part of the lease extension agreement with SBB in 2015, the Group will invest up to a maximum of CHF 3.95m and SBB is expected to invest up to CHF 9m to upgrade the property and allow for additional workspaces.

Other than the above, the Group has no capital or other commitments as at 31 December 2015.

34. Events after the reporting date

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

35. Financial risk management objectives and policies

Background

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

category, refer to note 36.

Risk objectives and policies

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

Risks associated with financial instruments

Foreign currency risk

Foreign currency risks arise in two distinct areas which affect the valuation of the investment portfolio, 1) where an investment is denominated and paid for in a foreign currency; and 2) where an investment has substantial exposure to non-US Dollar underlying assets or cash flows denominated in a foreign currency. The Group in general does not hedge its currency exposure. The Group discretionally and partially hedges against foreign currency movements affecting the value of the investment portfolio based on its view on the relative strength of certain currencies. Any hedging transactions represent economic hedges; the Group does not apply hedge accounting in any case. Management monitors the effect of foreign currency fluctuations through the pricing of the investments. The level of financial instruments denominated in foreign currencies held by the Group at 31 December 2015 is the following:

	2015 US \$000	2015 US \$000	2015 US \$000	2014 US \$000	2014 US \$000	2014 US \$000
	Financial assets	Liabilities	Net value	Financial assets	Liabilities	Net value
British Pounds (GBP)	1,611	(4,475)	(2,864)	1,485	(6,982)	(5,497)
Euro	2,641	(253)	2,388	3,947	(228)	3,719
Swiss Francs (CHF)	28,653	(9)	28,644	31,109	(8)	31,101
Indian Rupee (INR)	7,099	-	7,099	9,142	-	9,142
Israel Shekels (ILS)	2,850	(90)	2,760	2,892	(90)	2,802
Others	-	(5)	(5)	-	(5)	(5)
Total	42,854	(4,832)	38,022	48,575	(7,313)	41,262

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 2015 would have the following impact. A 10% decrease of the following currencies against USD would have an approximately equal but opposite impact.



	2015 US \$000	2015 US \$000	2014 US \$000	2014 US \$000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
British Pounds (GBP)	(445)	159	(696)	146
Euro	162	77	221	150
Swiss Francs (CHF)	2,842	-	3,110	-
Indian Rupee (INR)	-	710	-	914
Israel Shekels (ILS)	273	3	280	-
Total	2,832	949	2,915	1,210

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

Interest rate risk

The Group is exposed to interest rate risk on its interest-bearing instruments which are affected by changes in market interest rates. The Group has borrowings of USD 76.4m (2014: USD 78.0m) related to a real estate asset (Wylerpark, Bern).

The Group has banking credit lines which are available on short notice for the Group to use in its investment activities, the costs of which are based on variable rates plus a margin. When an investment is made utilising the facility, consideration is given to the financing costs which would impact the returns. The level of banking facilities used is monitored by both the Board and the management on a regular basis. The level of banking facilities utilised at 31 December 2015 was USD 13.2m (2014: USD 10.4m).

As at 31 December 2015 the Group had no financial liabilities that bore an interest rate risk, other than the previously disclosed bank facilities.

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

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

The Group has exposure to US bank loans and to a lesser degree emerging market loans through CLO equity tranches. An investment in the CLO equity tranche represents a leveraged

investment into such loans. As these loans (assets of a CLO) and the liabilities of a CLO are floating rate in nature (typically 3 month LIBOR as the base rate), the residual income to CLO equity tranches is normally linked to the floating rate benchmark and thus normally do not carry substantial interest rate risk. In the current low rate environment, however, most loans feature a LIBOR floor. The presence of LIBOR floors creates an interest rate risk to CLO equity distributions as long as the benchmark rate is below the weighted average LIBOR floor level on the CLO loan portfolio. Thus, an increase in the benchmark floating rate up to the weighted average LIBOR floor level is expected to cause distributions to CLO equity to reduce whereas a decrease in the benchmark floating rate is expected to increase such distributions.

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

	2015 US \$000	2014 US \$000
Financial assets – subject to:		
• fair value changes	4,534	4,903
• interest changes	88,816	83,869
Total	93,350	88,772
Financial liabilities – subject to:		
• interest changes	89,618	88,447
Total	89,618	88,447

Changes in market interest rates will affect the valuation of fixed rate interest bearing instruments. A 1% (100 basis points) change in market interest rates would result in an estimated -0.18% change in the net asset value as at 31 December 2015 (2014: -0.23%).

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.

	2015 US \$000	2015 US \$000	2014 US \$000	2014 US \$000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Financial assets				
• fair value changes	(269)	-	(322)	-
• interest changes	888	-	839	-



	2015 US \$000	2015 US \$000	2014 US \$000	2014 US \$000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Financial liabilities				
• interest changes	(896)	-	(884)	-
	(277)	-	(367)	-

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

Market price risk

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

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

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

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

A 10% uniform change in the value of the Group's portfolio of financial instruments (excluding private equities and financial and minority holdings) would result in a 4.84% change in the net asset value as at 31 December 2015 (2014: 5.55%), and would have the following impact (either positive or negative, depending on the corresponding sign of the change):

	2015 US \$000	2015 US \$000	2014 US \$000	2014 US \$000
	Profit or loss	Other comprehensive income	Profit or loss	Other comprehensive income
Available-for-sale financial assets	-	6,721	-	7,677
Financial assets at fair value through profit or loss	358	-	403	-
	358	6,721	403	7,677

Derivatives

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

Credit Risk

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

The Group only transacts with regulated institutions on normal market terms which are trade date plus one to threedays. The levels of amounts outstanding from brokers are regularly reviewed by the management. The duration of credit risk associated with the investment transactions is the period between the date the transaction took place, the trade date and the date the stock and cash are transferred, the settlement date. The level of risk during the period is the difference between the value of the original transaction and its replacement with a new transaction. The Group is mainly exposed to credit risk in respect of its fixed income investments (mainly CLOs) of USD 72.6m (2014: USD 83.8m). The Group's maximum credit risk exposure at 31 December 2015 is as follows:

	2015 US \$000	2014 US \$000
Financial assets:		
Loans and receivables:		
• Trade and other receivables	3,090	19,768
• Cash at bank	25,770	3,807
	28,860	23,575



Available-for-sale financial assets	65,946	82,217
Financial assets at fair value through profit or loss	6,655	1,623
Investments in associate and joint venture	-	-
Derivatives	-	1,125
	101,461	108,540

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

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

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

The Group has no investment in sovereign debt as at 31 December 2015 or 2014.

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

Rating	2015 Amount		2014 Amount	
	US \$000	Percentage	US \$000	Percentage
AA	18,772	18.5%		
A+	-	-	1,000	0.9%
A	976	1.0%	16,125	14.9%
A-	6,326	6.2%	4,321	4.0%

BB	2,900	2.9%	3,280	3.0%
BB+	1,116	1.1%	1,111	1.0%
BB-	518	0.5%	512	0.5%
Not Rated	70,853	69.8%	82,191	75.7%
	101,461	100%	108,540	100%

Included within "not rated" amounts are investments in loan market through CLOs of USD 63.046m (2014: USD 78.936m).

The modelled IRRs on the CLO portfolio are in low teens percentage points.

Liquidity Risk

The major financial liability of the Group is the bank loan of CHF76.4m (USD78.0m) used for purchase of a real estate property, which has a maturity in 2029. The loan is collateralized by property valued at CHF 123.3m (USD 123.3m) at 31 December 2015. The loan is non-recourse, i.e. the holding company and its assets (apart from the Wyler Park property) are neither pledged for this loan nor liable for recovery in case of default. The following table summarizes the contractual cash outflows in relation to the Group's financial liabilities according to their maturity.

	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 2015					
Bank loan	76,410	2,477	2,557	75,531	-
Bank overdraft	13,208	13,208	-	-	-
Trade and other payables	2,207	2,207	-	-	-
Forward contracts			-	-	-
Total	91,825	17,892	2,557	75,531	-



	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 2014					
Bank loan	78,092	78,143	-	-	-
Bank overdraft	10,355	10,355			
Trade and other payables	1,736	1,736	-	-	-
Total	90,183	90,234	-	-	-

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

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

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

At 31 December 2015, the Group had liquid investments totalling USD 102.6m, comprising of USD 25.8m in cash and cash equivalents, USD 65.9 in investments in loan market through CLOs, USD 6.6m in other fixed income investments, USD 3.2m in public equities and USD 1.1m in hedge funds. Management structures and manages the Group's portfolio based on those investments which are considered to be long term, core investments and those which could be readily convertible to cash, are expected to be realised within normal operating cycle and form part of the Group's treasury function.

Capital Management

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

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

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

	2015 US \$000	2014 US \$000
Cash at bank	(25,770)	(3,807)
Bank overdrafts	13,208	10,355
Bank loans	76,410	78,092
Net Debt	63,848	84,640
Total equity	148,637	159,974
Net debt to equity ratio	0.43	0.53

The Board believes that the ratio remains at an acceptable and manageable level.



36. Financial assets and liabilities by IAS 39 category

	Note	2015 US \$000	2014 US \$000
Financial assets:			
Loans and receivables:			
Trade and receivables	12	3,090	19,768
Cash at bank	13	25,770	3,807
		28,860	23,575
Available-for-sale financial assets	4	81,147	101,935
Financial assets at fair value through profit or loss	5	9,801	5,510
Derivative financial instruments	16	-	1,125
		119,808	132,145
Financial liabilities:			
Financial liabilities at amortised cost:			
Bank loan	17	76,410	78,092
Bank overdrafts	18	13,208	10,355
Trade and other payables	19	2,207	1,736
		91,825	90,183
Financial liabilities at fair value through profit or loss:			
Derivative financial instruments	16	217	-
		92,042	90,183

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

Shareholder Information

Registrars

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

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

Change of Address

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

Website

www.livermore-inv.com

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

Direct Dividend Payments

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

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

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

Lost Share Certificate

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

Duplicate Shareholder Accounts

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

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



Corporate Directory

Secretary

Chris Sideras

Registered Office

Trident Chambers
PO Box 146
Road Town
Tortola
British Virgin Islands

Company Number

475668

Registrars

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

Auditor

Grant Thornton (Cyprus) Ltd
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

FIBI Bank

Seestrasse 61
Zurich 8027
Switzerland

Credit Suisse AG

Seeefdstrasse 1
Zurich 8070
Switzerland

UBS AG

Paradeplatz 6
CH-8098 Zürich
Switzerland

Bank Julius Baer & Co. Ltd.

Bahnhofstrasse 36,
CH-8010 Zurich,
Switzerland



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 24 August 2016 at 10am for the purposes of the following:

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

1. To receive and adopt the Report of Directors, the financial statements and the Report of the Auditor for the year ended 31 December 2015.
2. To re-elect Mr. Ron Baron, who is due to retire as Director in accordance with the Articles of Association of the Company.
3. To re-appoint Grant Thornton Cyprus as auditor of the Company to hold office from the conclusion of this Meeting until the conclusion of the next general meeting at which financial statements are laid before the Company.
4. To authorise the Directors to determine the auditor's remuneration.
5. That for the purposes of article 5.1 of the Articles of Association of the Company:
 - (a) the Directors be and are generally and unconditionally authorised to allot up to a maximum aggregate amount of 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 2017 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 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.
6. THAT, subject to the passing of resolution 5 set out in the Notice convening this Meeting, the Directors be and are empowered in accordance with article 5.2 of the Articles of Association of the Company to allot new ordinary shares of no par value in the capital of the Company ("ordinary shares") for cash, pursuant to the authority conferred on them to allot such shares by that resolution 5 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 2017 or, if earlier, 15 months from the date of the passing of this resolution (unless previously revoked or varied by the Company in general meeting) but shall extend to the making, before such expiry, of an offer or agreement which would or might require ordinary shares to be allotted after such expiry and the Directors may allot such shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

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

- (a) the maximum number of ordinary shares hereby authorised to be purchased is 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

24 June 2016



Notes

- (i) A member entitled to attend and vote at the Meeting convened by the above Notice is entitled to appoint one or more proxies to attend and, on a poll, to vote in his place. A proxy need not be a member of the Company. Completion of the Form of Proxy will not prevent you from attending and voting in person.
- (ii) To appoint a proxy you should complete the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be delivered to the offices of Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by no later than 48 hours (not including weekends or banks holidays) before the time fixed for the Meeting or any adjourned meeting.
- (iii) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (iv) In the case of holders of depositary interests representing ordinary shares in the Company, a Form of Direction must be completed in order to appoint Capita IRG Trustees Limited, the Depository, to vote on the holder's behalf at the Meeting or, if the Meeting is adjourned, at the adjourned meeting. To be effective, a completed and signed Form of Direction (and any power of attorney or other authority under which it is signed) must be delivered to the Company's Transfer Agent, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 72 hours (not including weekends or bank holidays) before the time fixed for the Meeting or any adjourned meeting.

Completion of the Form of Direction will not prevent you from attending and voting in person. Depository Interest holders wishing to attend the Meeting should contact the Depository on the above address or email custodymgt@capita.co.uk to request a Letter of Corporate Representation.

- (v) Resolution 6 – 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 6 asks shareholders to grant the Directors authority to allot shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 5, 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 treasury shares as at of 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 6 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 5, 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.



FORM OF DIRECTION

Form of Direction for completion by holders of Depository Interests representing shares on a one for one basis in the Company in respect of the Annual General Meeting of the Company to be held at 10 am on 24 August 2016 at 10 Snow Hill, London EC1A 2AL (and at any adjournment thereof),

I/We.....
 (Please inserts full name(s) and address(es) in BLOCK CAPITALS)
 of.....

being a holder of Depository Interests representing shares in the Company hereby direct Capita IRG Trustees Limited, the Depository, to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on the above date (and at any adjournment thereof) as directed by an "X" in the spaces below.

Please indicate with an "X" in the spaces below how you wish your vote to be cast. If no indication is given you will be deemed as instructing the Depository to abstain from voting on the specified resolution.

Resolutions of Members	For	Against	Abstain
1. To approve the annual report			
2. To re-elect Ron Baron as Director			
3. To re-appoint Grant Thornton Cyprus as auditor of the Company			
4. To authorize the Directors to determine the auditor's remuneration			
5. To authorize the Directors to allot new ordinary shares			
Special business resolutions			
6. To authorize the Directors to allot new ordinary shares as if pre-emption rights did not apply			
7. To authorize the Directors to buy back the Company's own shares			

Signed Dated2016

Notes:

- To be effective, this Form of Direction and the power of attorney or other authority (if any) under which it is signed, or a notarially or otherwise certified copy of such power or authority, must be deposited with Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham Kent, BR3 4TU not later than 10am 18 August 2016
- Any alterations made to this Form of Direction should be initialed.
- In the case of a corporation this Form of Direction should be given under its Common Seal or under the hand of an officer or attorney duly authorized in writing.
- Please indicate how you wish your votes to be cast by placing "X" in the box provided. On receipt of this form duly signed, you will be deemed to have authorized the Depository to vote, or to abstain from voting, as instructed.
- The 'Abstain' option is provided to enable you to abstain from voting on the resolutions. However, it should be noted that a 'Vote Abstain' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
- The Depository will appoint the Chairman of the meeting as its proxy to cast your votes. The Chairman may also vote or abstain from voting as he or she thinks fit on any other business (including amendments to resolutions) which may properly come before the meeting.
- Depository Interest holders wanting to attend the Annual General Meeting should contact the Depository, Capita IRG Trustees Limited, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or email custodymgt@capita.co.uk by no later than 10am 18 August 2016.



FORM OF PROXY

For use at the Annual General Meeting of the Company to be held at 10 am on 24 August 2016 at 10 Snow Hill, London EC1A 2AL (and at any adjournment thereof),

I/We.....
 (in BLOCK CAPITALS please)
 of.....

being a shareholder(s) of the above-named Company, appoint the Chairman of the Meeting or
 to act as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on the above mentioned date (and at any adjournment thereof) and direct my/our proxy to vote for me/us on my/our behalf on a poll as directed below.

Please indicate with an "X" in the spaces below how you wish your vote to be cast. If no indication is given your proxy will vote for or against the resolutions or abstain from voting as he thinks fit on the specified resolutions, and unless instructed otherwise, on any other business (including amendments to Resolutions) which may properly come before the meeting.

Resolutions of Members	For	Against	Abstain
1. To approve the annual report			
2. To re-elect Ron Baron as Director			
3. To re-appoint Grant Thornton Cyprus as auditor of the Company			
4. To authorize the Directors to determine the auditor's remuneration			
5. To authorize the Directors to allot new ordinary shares			
Special business resolutions			
6. To authorize the Directors to allot new ordinary shares as if pre-emption rights did not apply			
7. To authorize the Directors to buy back the Company's own shares			

Signed Dated2016

Notes:

1. If any other proxy is preferred, strike out the words "the Chairman of the Meeting or" and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
2. If the appointer is a corporation this form must be completed under its common seal or under the hand of some officer or attorney duly authorized in writing.
3. The signature of any one of joint holders will be sufficient, but the names of all joint holders should be stated.
4. To be valid, this form and the power of attorney of other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach the Capita Asset Services, PXS1 34 Beckenham Road, Beckenham, Kent, BR3 4ZF not less than 48 hours (not including weekends or bank holidays) before the time appointed for holding the General Meeting or adjournment as the case may be.
5. The completion of this form will not preclude a member from attending the Meeting and voting in person.
6. Any alteration of this form must be initialed.



Livermore Investments Group Ltd.

Trident Chambers

PO Box 146

Road Town

Tortola

British Virgin Islands