**20 September, 2013**

# LIVERMORE INVESTMENTS GROUP LIMITED

**("Livermore" or "Company")**

## UNAUDITED INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2013

Livermore Investments Group Limited (the “Company” or “Livermore”) today announces its interim results for the six months ended 30 June 2013.

For further investor information please go to www.livermore-inv.com.

Enquiries:

| | |
|---|---|
| Livermore Investments Group Limited | +41 43 344 3200 |
| Arden Partners plc<br>Adrian Trimmings<br>Katelin Kennish | +44 (0)20 7614 5900 |

# Chairman's and Chief Executive's Review

## Introduction

We are pleased to announce the interim consolidated financial results for Livermore Investments Group Limited ("Livermore" or "the Company") and its subsidiaries (together "the Group") for the six months ended 30 June 2013.

During the first half of 2013, the Group generated net income of USD 7.3m, which represents earnings per share of USD 0.04. Overall NAV increased by 2.3% to USD 0.89 per share. During the reporting period, management continued to actively manage the financial portfolio and reduced exposure to subordinated bank bonds while increasing exposure to the US credit markets, which provided attractive risk adjusted returns, albeit at a lower rate than prior years.

Wyler Park, our investment property in Bern, Switzerland performed well, generating over CHF 2.7m in rent during the period. The property is fully rented. Market valuation of Wyler Park has remained stable.

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

## Financial Review

The NAV of the Group as at 30 June 2013 was approximately USD 174.2m. The profit after tax for the first half of 2013 was USD 7.3m, which represents earnings per share of USD 0.04. The increase in NAV relates largely to gains from the financial portfolio partly offset by write downs on certain investments.

| | **30 June 2013 US $m** | **30 June 2012 US $m** | **31 December 2012 US $m** |
|---|---|---|---|
| Shareholders' funds at beginning of period | 173.0 | 145.4 | 145.4 |
| | ——— | ——— | ——— |
| Income from investments | 15.2 | 10.2 | 27.5 |
| Other income | 0.0 | 0.5 | 0.7 |
| Realised gains on investments | 0.0 | 1.9 | 6.8 |
| Loss on impairment on investments | (1.3) | (14.0) | (18.1) |
| Unrealised (losses) / gains on investments | (1.9) | 37.0 | 36.9 |
| Unrealised exchange losses | (0.1) | 0.0 | (0.0) |
| Administration costs including provisions for legal cases | (6.5) | (3.4) | (5.0) |
| Finance costs | (2.5) | (2.2) | (3.6) |
| Tax charge | 0.0 | (0.2) | (1.2) |
| | ——— | ——— | ——— |
| Increase in net assets from operations | 2.9 | 29.8 | 44.0 |
| Purchase of own shares | (1.7) | (6.6) | (16.4) |
| | ——— | ——— | ——— |
| Shareholders' funds at end of period | 174.2 | 168.6 | 173.0 |
| | ═══ | ═══ | ═══ |
| *Net Asset Value per share* | *US $0.89* | *US $0.74* | *US $0.87* |

# Livermore's Strategy

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

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

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

# Repurchase of shares

Between 31 December 2012 and 30 June 2013, the Company repurchased 3,445,755 shares at an average price of USD 0.506 (£0.335) per share. On 30 June 2013, the Company held 108,830,818 shares in treasury. No additional shares were purchased between 30 June 2013 and before the beginning of the interim close period.

# Dividends

No dividends are declared for the period ended 30 June 2013.

The Board of Directors will decide on the Company's dividend policy for 2013 based on profitability, liquidity requirements, portfolio performance, market conditions, and the share price of the Group relative to its NAV.

| | |
|---|---|
| Richard Rosenberg | Noam Lanir |
| Chairman | Chief Executive |

20 September 2013

# Review of Activities

## Economic & Investment Environment

Global growth increased only slightly from an annualized rate of 2.5 percent in the second half of 2012 to 2.75 percent in the first quarter of 2013. Growth continued to disappoint in major emerging market economies, reflecting, to varying degrees, infrastructure bottlenecks and capacity constraints, slower external demand growth, lower commodity prices, financial stability concerns, and, in some cases, weaker policy support. The Euro area faced a deeper recession as low demand, depressed confidence, and weak balance sheets interacted to exacerbate the effects on growth and the impact of tight fiscal and financial conditions. The U.S. economy expanded at a weaker pace as stronger fiscal contraction weighed on improving private demand. Japan, on the other hand, saw stronger than expected growth driven by consumption and net exports—the latter helped by the 20 percent depreciation of the yen since late 2012.

The second quarter saw the US economy grow 2.5% as compared to 1.1% in the first quarter and the Euro zone economy grew 0.3% as compared to a decline of 0.2% in the first quarter as financial conditions in the developing world eased. In Switzerland, real GDP grew by 0.5% in the second quarter following a 0.6% growth in the first quarter. Labour conditions in the US continued to improve and the headline unemployment rate declined. The housing sector in the US continued to recover and house prices increased steadily across the nation as investors and end-users took advantage of the low borrowing rates promoted by the US Federal Reserve's bond buying program.

Global financial and market conditions improved appreciably in the first five months of 2013 as developed market central banks continued to add stimulus to grow their respective economies. The US Federal Reserve continued its USD 85bn/month purchase of US Treasury and Mortgage Backed Securities, the European Central Bank reduced its main interest rate by 25bps and issued forward interest rate guidance, and the Japan Central Bank revealed plans to double its monetary base along with fiscal stimulus plans by the Japanese government to fight deflation. Equity markets recorded their peaks in mid-May 2013 with the S&P 500 Index up by 19%, the EuroStoxx 50 Index up by 7.5% and the Indian NIFTY 50 Index higher by 4.8%.

In May, however, uncertainty and financial markets volatility increased again in the wake of speculation that the US Federal Reserve may start scaling back its securities purchases and following disappointment over initial structural reform plans in Japan. In advanced economies, longer-term interest rate and financial market volatility increased. Emerging market economies were generally hit hardest, as recent increases in advanced economy interest rates and asset price volatility, combined with weaker domestic activity led to some capital outflows, equity price declines, rising local yields, and currency depreciation. While the EuroStoxx 50 Index and NIFTY 50 Index gave up all their gains of the year ending down 1.26% and 1% respectively, the S&P 500 Index recorded a gain of 14.5% from the levels at the start of the year. US 10 year Treasury bond yields ended the first half at a yield of 2.48% versus 1.7% at the end of last year.

High yield and bank loan spreads also tightened substantially between January and mid-May of 2013 as investors chased for yield. In particular, the High Yield and the Leveraged Loan markets performed relatively well amid steady credit fundamentals, low default rates, and increased inflows into funds before giving up some of the gains following the increase in longer term interest rates. High yield issuance swelled to USD 219bn as compared to USD 159.5bn for the same period last year. Bank Loan new issuance recorded its highest total ever with USD 398bn due to strong demand from investors looking for floating rate securities and the strong pace of CLO new issuance. As of 30 June 2013, the US last 12-month institutional loan default rate by principal was 1.37%. The S&P/LSTA Leveraged Loan Total Return Index was up 2.3% in the first half of the year.

Sources: International Monetary Fund (IMF), Swiss National Bank (SNB), European Central Bank (ECB), US Federal Reserve, Bloomberg

## Review of Significant Investments

| Name | Book Value US $m |
|---|---|
| Wyler Park* | 39.4 |
| SRS Charminar | 9.3 |
| Montana Tech Components | 6.4 |
| Other Real Estate Assets | 1.6 |
| **Total** | **56.7** |

* 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 area, 4,100 square meters of residential area, and another 7,100 square meters available for additional commercial development. The commercial part is leased entirely to SBB (AAA rated), the Swiss national transport authority wholly owned by the Swiss Confederation, and serves as the headquarters of their Passenger Traffic division. The commercial lease is 100% linked to inflation and ends in 2019 with two 5 year extension periods thereafter. The annual rental income from the commercial area of the project is CHF 4.26m.

Following the successful development of 39 residential apartments, the entire property is now fully rented. The annual rental income expected from the residential area is CHF 1.06m.

The property generated rent of CHF 2.7m during the first half of 2013.

Livermore is the sole owner of Wyler Park through its wholly owned Swiss subsidiary, Livermore Investments AG. The loan outstanding on the project is CHF 78.7m, which is a non-recourse loan to Livermore Investments AG backed only by this property. The loan matures in July 2014.

Management continues to evaluate the potential development of the additional commercial development rights of 7,100 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 154m.

The investment in the investee company was in the form of compulsorily convertible debt and included a put option, which can be exercised if the investee company does not have an IPO within 3 years or if certain terms in the agreement are not met. As reported previously, the Manager for this investment served a put option exercise notice to the promoters in 2009 and entered into an arbitration process to resolve disputes. The arbitrator ruled in favour of investors and awarded investors the investment plus interest amounting to 30% IRR until 14 August 2009 and 18% IRR thereafter.

Further, investors filed and won an interim order for injunction against the promoters and the company to prohibit sales, transfer or encumbering of the assets of the company. Thereafter, the promoters filed against the arbitral award and the injunction order. As at 30 June 2013 there was no change in the status of this case. On January 13, 2011 the Company Law Board ("CLB") passed an order and allowed Infrastructure Leasing & Financial Services Limited ("IL&FS") to become 80% shareholder and control the management of the company.

In 2012, the Manager has reported a finalization of settlement negotiations with IL&FS and the investee company. As per the terms of the settlement, INR 8.5Bn will be paid to the investors in four tranches over a five year period. The settlement is subject to certain court and regulatory approvals.

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

The carrying amount of the investment is based on discounted expected cash flows and was reduced to USD 9.3m as of 30 June 2013 (Dec 2012: USD 10.1m).

**Montana Tech Components AG ("Montana" or "MTC") - Europe**

Montana, based in Austria, is a leading components manufacturer in the fields of Aerospace Components, Metal Tech, Energy Storage, and Industrial Components.

The Aerospace Components business segment manufactures specialized components for Airbus and Boeing and is the market leader. The facilities are currently located in the US and in Switzerland with a new low cost facility in Romania recently built-out. The company has a large market share in the US with Boeing and in Europe with Airbus. The "hard alloys" business field developed positively with increasing worldwide demand for aircraft from emerging markets as well as modernization of aircraft fleets in the US and Europe.

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

Metal Tech business segment operates in a niche area and is a market leader in an otherwise highly fragmented industry. This business segment produces tools for identification and marking of steel products. The Metal Tech business segment faced declining revenues as steel demand softened.

In November 2012, Montana acquired the Croatian aluminium packaging group "Aluflexpack", the biggest Croatian flexible packaging manufacturer and the third largest in the relevant European market.

In the first half of 2013, Montana recorded sales of EUR 261m, EBITDA of EUR 36.7m, and EBIT of EUR 22.4m.

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

Livermore and certain other minority shareholders in MTC have raised concerns about related party transactions between MTC and its majority shareholder as well as the unequal treatment of minority shareholders by the Board of MTC. Livermore is pursuing an activist role in order to increase transparency, ensure equal treatment of minority shareholders, and potentially gain representation on the Board of MTC. At the 2012 Annual General Meeting of Montana, the Board of Directors of Montana was denied discharge for the last two years. At the 2013 Annual General Meeting, the Board of Directors did not request a discharge.

**Private Equity Funds**

The other private equity investments held by the Group are in the form of Managed Funds (mostly closed end funds) mainly in the emerging economies of India and China. The investments of these funds into their portfolio companies were mostly done in 2008 and 2009. Overall, during the first half of 2013 the investment environment relating to most funds was challenging and the Group expects that substantial exits of portfolio companies should materialize between 2014 and 2016.

| Name | Book Value US $m |
|---|---:|
| SRS Private (India) | 3.8 |
| Evolution Venture (Israel) | 2.7 |
| India Blue Mountains (India) | 1.8 |
| Da Vinci (Russia) | 1.2 |
| Blue Ridge Capital (China) | 0.6 |
| Panda Capital (China) | 0.6 |
| Elephant Capital (India) | 0.4 |
| Other investments | 0.2 |
| **Total** | **11.3** |

**SRS Private Fund:** SRS Private is a private equity fund focused on real estate in India. The fund has invested in residential and commercial projects as well as directly in certain real estate companies. The assets are primarily located in and around major cities of India such as Mumbai and Hyderabad.

**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 Wi-Fi solutions company, a language enhancement products company, a software company operating in the digital radio market, a software testing tool, and a virtualization technology company.

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

The Pune hotel is being built on a land area of 70,200 sq ft with a total built-up area of approximately 343,297 sq ft. The hotel is expected to be a Novotel brand hotel with 223 rooms and two floors have been earmarked for commercial office space. The fund expects the hotel to be ready and open for business in the last quarter of 2013.

The Mumbai hotel is on a 82,609 sq ft land site with a built-up area of approximately 550,216 sq ft. The hotel will be a Novotel brand hotel with 543 rooms.

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

Livermore management believes that there are significant uncertainties with respect to delivery timelines and financing possibilities for the Mumbai project in the current environment. In addition, the Goa project rezoning has not been concluded. As a result, Livermore has decided to impair the valuation of the investment to USD 1.8m.

**Da Vinci:** The fund is primarily focused on Russia and CIS countries. The fund is primarily invested in the Moscow Exchange and a Ukrainian coal company. On February 15, 2013 Moscow Exchange announced the successful pricing of its initial public offering (IPO) at a price of RUB 55 per share and the total market capitalization of Moscow Exchange at IPO amounted to approximately USD 4.2bn. The Group's investment in the fund was valued at USD 1.2m as of 30 June 2013.

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

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

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

As of February 2013, the NAV of the fund was 40 pence per share. On 27 February 2013, Elephant Capital launched a tender offer at a price of 39 pence per share. Livermore tendered its shares and the fund purchased back 49.19% of Livermore's shareholding. Additional information about the fund and its portfolio is available at www.elephantcapital.com

**Financial Investments and Corporate Bond Trading**

The Group manages a financial portfolio valued at USD 106m (net of leverage) as at 30 June 2013, which is invested mainly in US credit and special situation equity opportunities. During the period, management reduced exposure to subordinated and perpetual debt issued by European banks at strong levels.

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

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

The fundamentals of the US corporate credit market continued to show resilience during the first half of 2013. Trailing 12 month default rate for the S&P/LTSA index was 1.37% by principal amount at the end of second quarter of 2013 and is much below the historical average. New issue loan volumes surged to record levels driven primarily by opportunistic re-pricing and re-financings by existing issuers as investors poured over USD 31bn into loan funds and USD 46bn of new issues CLO transactions were originated during H1 2013. The S&P/LTSA index of issuers generated a total return of 2.3% for the first half of 2013.

The CLO portfolio continued to perform well on account of low current default rates and a benign default outlooks and stable credit fundamentals of their underlying loans. At the end of the reporting period all of our CLO investments were passing their coverage tests (thereby making dividend distributions). During the first half of 2013, the portfolio generated USD 11.9m in cash distributions. CLO payments remained strong but reduced as loan spreads narrowed on account of aggressive re-pricings and re-financings in the loan market and higher pre-payment rates. The loan spread levels seem to have stabilized after a brief sell-off in high-yield in June 2013 and prepayment rates seem to have settled down as well. As discussed in the 2012 annual report, cash distributions from pre-crisis CLOs are on the decline as most pre-crisis CLOs end their reinvestment periods and begin amortization of the cheapest liabilities or face other reinvestment constraints, divert cash-flow to pay manager incentive fees, and loan re-pricing activity reduces excess spread. While new issue CLOs also face lower excess spread, they have longer reinvestment periods which should enable them to weather a downturn, and benefit from wider spreads or any volatility in loan prices in the future. In anticipation, the Group started to focus on new issue CLOs and reduce exposure to pre-crisis CLOs since 2012. As of 30 June 2013, over 50pc of the Group CLO portfolio is invested in post-crisis CLOs.

Secondary market prices for CLOs rose in January 2013 but subsequently fell as high prepayment rates and significant loan re-pricing activity reduced excess spread and future anticipated cash distributions. Pre-crisis CLOs which were past their reinvestment periods faced very high prepayment rates and paid down their cheapest liabilities at a faster pace. Secondary market prices for CLO equity improved in June and Q3 2013 as loan spreads have stabilized at wider than the tightest levels and re-pricing activity has reduced substantially.

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

While management maintains a positive view, mid-long term performance may be negatively impacted by a pull back into a substantial double dip recession in US and/or Europe involving a spike in defaults. Despite positive developments in the overall health of the US economy, we acknowledge the high unemployment, continued EU sovereign debt crisis as well the headwinds the economy may face relating to the austerity measures and the US debt ceiling discussions and geopolitical risks.

Following its success in the senior secured loan and CLO asset class, the Group has decided to launch a Credit Investment Platform in the US with the aim of managing CLOs and loan funds. In September 2013, the Group announced that Marc Boatwright, who served as the Senior Portfolio Manager of ING's Senior Loan Group, will join to launch this platform. Mr. Boatwright was the portfolio manager of thirteen of ING's CLOs, including all seven that were issued from 2011 to June 2013.

Public Equities:
Babylon Ltd ("Babylon"): Babylon is an International Internet Company based in Israel and listed on the Tel-Aviv Stock Exchange (TASE: BBYL). It is a leading translation and language tools provider and its language translation software product is a recognized name in the industry. The company generates revenues through Search and Advertising, Online Sales, Corporate Sales, and Telesales.

Babylon has achieved strong growth in its Search and Advertising business since 2009. In its second quarter 2013 results, it reported an 8% increase in revenues to USD 44.9m as compared to USD 41.6m for the corresponding quarter in the previous year and net profit increased 85% to USD 11m from USD 6m in the corresponding quarter of the previous year. Babylon paid a dividend of USD 0.44 per share on 20 June 2013.

Noam Lanir, the majority shareholder of the Group, is also a major shareholder in Babylon (note 25).

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

| Name | 30 June 2013 Book Value US $m | 30 June 2012 Book Value US $m | 31 December 2012 Book Value US $m |
|---|---|---|---|
| Investment in the loan market through CLOs | 96.1 | 68.7 | 73.2 |
| Babylon | 23.2 | 33.5 | 22.3 |
| Corporate Bonds | 4.3 | 27.6 | 10.5 |
| Hedge Funds | 2.1 | 3.4 | 3.0 |
| Other Public Equities | 2.7 | 2.3 | 2.8 |
| **Total** | **128.4** | **135.5** | **111.8** |
| **Total net of leverage** | **106.0** | **99.0** | **103.0** |

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

| Name | 30 June 2013 Book Value US $m |
|---|---|
| Significant investments | 56.7 |
| Private Equity Funds | 11.3 |
| Financial portfolio | 128.4 |
| **Total** | **196.4** |
| Available-for sale financial assets (note 4) | 124.4 |
| Financial assets at fair value through profit or loss (note 5) | 32.6 |
| Net Investment property (notes 8/13) | 39.4 |
| **Total** | **196.4** |

# Events after the reporting date

There were no significant events after the reporting date.

# Litigation

At the time of this Report, there is one litigation matter that the Group is involved in. Further information is provided in note 27 to the interim condensed consolidated financial statements.

**Livermore Investments Group Limited**
**Condensed Consolidated Statement of Financial Position**
**as at 30 June 2013**

| | Note | 30 June 2013 Unaudited US $000 | 30 June 2012 Unaudited US $000 | 31 December 2012 Audited US $000 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | | 27 | 87 | 30 |
| Available-for-sale financial assets | 4 | 120,878 | 101,774 | 99,492 |
| Financial assets at fair value through profit or loss | 5 | 3,453 | 3,000 | 3,716 |
| Investment property | 8 | 122,615 | 121,244 | 126,543 |
| Deferred tax | | - | 483 | - |
| Other assets | 9 | 3,948 | | 4,512 |
| | | 250,921 | 226,588 | 234,293 |
| **Current assets** | | | | |
| Trade and other receivables | 9 | 2,357 | 1,997 | 2,779 |
| Available-for-sale financial assets | 4 | 3,534 | 11,080 | 4,429 |
| Financial assets at fair value through profit or loss | 5 | 29,184 | 57,240 | 35,795 |
| Current tax asset | | 27 | - | - |
| Cash at bank | 10 | 2,523 | 2,101 | 14,505 |
| | | 37,625 | 72,418 | 57,508 |
| **Total assets** | | 288,546 | 299,006 | 291,801 |
| **Equity** | | | | |
| Share capital | 11 | - | - | - |
| Share premium and treasury shares | 11 | 178,597 | 190,104 | 180,319 |
| Other reserves | | 14,563 | 11,107 | 18,896 |
| Retained earnings | | (18,955) | (32,635) | (26,239) |
| **Total equity** | | 174,205 | 168,576 | 172,976 |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Bank loans | 13 | 82,572 | 83,440 | 86,258 |
| Derivative financial instruments | 14 | - | 3,621 | 2,068 |
| Deferred tax | | 503 | - | 519 |
| | | 83,075 | 87,061 | 88,845 |
| **Current liabilities** | | | | |
| Bank overdrafts | 10 | 16,255 | 26,353 | 19,759 |
| Short term bank loans | | 7,600 | 10,572 | - |
| Bank loans-current portion | 13 | 679 | - | - |
| Trade and other payables | | 2,798 | 2,661 | 6,361 |
| Provisions | 26 | 300 | 300 | 300 |
| Current tax payable | | - | 123 | 102 |
| Derivative financial instruments | 14 | 3,634 | 3,360 | 3,458 |
| | | 31,266 | 43,369 | 29,980 |
| **Total liabilities** | | 114,341 | 130,430 | 118,825 |
| **Total equity and liabilities** | | 288,546 | 299,006 | 291,801 |
| **Net asset valuation per share** | | | | |
| Basic and diluted net asset valuation per share (US $) | 15 | 0.89 | 0.74 | 0.87 |

**Livermore Investment Group Limited**
**Condensed Consolidated Income Statement**
**for the six months ended 30 June 2013**

| | Note | Six months ended 30 June 2013 Unaudited US $000 | Six months ended 30 June 2012 Unaudited US $000 | Year ended 31 December 2012 Audited US $000 |
|---|---|---|---|---|
| **Investment Income** | | | | |
| Interest and dividend income | 17 | 12,611 | 7,310 | 22,140 |
| Investment property income | 18 | 2,661 | 2,722 | 5,382 |
| Gain on investments, net | 19 | 1,083 | 14,393 | 7,306 |
| **Gross profit** | | 16,355 | 24,425 | 34,828 |
| Other income | 20 | - | 494 | 694 |
| Administrative expenses | 21 | (6,523) | (3,358) | (5,029) |
| **Operating profit** | | 9,832 | 21,561 | 30,493 |
| Finance costs | 22 | (2,545) | (2,159) | (4,236) |
| Finance income | 22 | - | 23 | 610 |
| **Profit before taxation** | | 7,287 | 19,425 | 26,867 |
| Taxation charge | | (3) | (164) | (1,210) |
| **Profit for period / year** | | 7,284 | 19,261 | 25,657 |
| **Earnings per share** | | | | |
| Basic and diluted earnings per share (US $) | 24 | 0.04 | 0.08 | 0.12 |

**Livermore Investment Group Limited**
**Condensed Consolidated Statement of Comprehensive Income**
**for the six months ended 30 June 2013**

| | **Six months ended 30 June 2013 Unaudited US $000** | **Six months ended 30 June 2012 Unaudited US $000** | **Year ended 31 December 2012 Audited US $000** |
|---|---|---|---|
| **Profit for the period / year** | 7,284 | 19,261 | 25,657 |
| **Other comprehensive income**: | | | |
| Available for sale financial assets | | | |
| - Fair value (losses) / gains | (5,176) | (2,407) | 3,329 |
| - Reclassification to profit or loss due to disposals | (356) | (1,128) | (3,178) |
| - Reclassification to profit or loss due to impairment | 1,279 | 14,045 | 18,133 |
| Foreign exchange (losses) / gains from translation of subsidiaries | (80) | (9) | 6 |
| **Total comprehensive income for the period / year** | 2,951 | 29,762 | 43,947 |

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

**Livermore Investments Group Limited**
**Condensed Consolidated Statement of Changes in Equity**
**for the period ended 30 June 2013**

| | Note | Share capital | Share premium | Treasury Shares | Share option reserve | Translation reserve | Investment revaluation reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | US $000 | US $000 | US $000 | US $000 | US $000 | US $000 | US $000 | US $000 |
| **Balance at 1 January 2012** | | - | 215,499 | (18,772) | 5,777 | (886) | (4,285) | (51,896) | 145,437 |
| Purchase of own shares | 11 | - | - | (16,408) | - | - | - | - | (16,408) |
| **Transactions with owners** | | - | - | (16,408) | - | - | - | - | (16,408) |
| Profit for the year | | - | - | | - | - | - | 25,657 | 25,657 |
| **Other comprehensive income:** | | | | | | | | | |
| Available-for-sale financial assets | | | | | | | | | |
| - Fair value gains | | - | - | - | - | - | 3,329 | - | 3,329 |
| - Reclassification to profit or loss due to disposals | | - | - | - | - | - | (3,178) | - | (3,178) |
| - Reclassification to profit or loss due to impairment | | - | - | - | - | - | 18,133 | - | 18,133 |
| Foreign exchange gain arising from translation of subsidiaries | | - | - | - | - | 6 | - | - | 6 |
| **Total comprehensive income for the year** | | - | - | - | - | 6 | 18,284 | 25,657 | 43,947 |
| **Balance at 31 December 2012** | | - | 215,499 | (35,180) | 5,777 | (880) | 13,999 | (26,239) | 172,976 |
| Purchase of own shares | 11 | - | - | (1,722) | - | - | - | - | (1,722) |
| **Transactions with owners** | | - | - | (1,722) | - | - | - | - | (1,722) |
| Profit for the period | | - | - | - | - | - | - | 7,284 | 7,284 |
| **Other comprehensive income:** | | | | | | | | | |
| Available-for-sale financial assets | | | | | | | | | |
| - Fair value losses | | - | - | - | - | - | (5,176) | - | (5,176) |
| - Reclassification to profit or loss due to disposals | | - | - | - | - | - | (356) | - | (356) |
| - Reclassification to profit or loss due to impairment | | - | - | - | - | - | 1,279 | - | 1,279 |
| Foreign exchange loss arising from translation of subsidiaries | | - | - | - | - | (80) | - | - | (80) |
| **Total comprehensive income for the period** | | - | - | - | - | (80) | (4,253) | 7,284 | 2,951 |
| **Balance at 30 June 2013** | | - | 215,499 | (36,902) | 5,777 | (960) | 9,746 | (18,955) | 174,205 |

| Comparative period | Note | Share capital | Share premium | Treasury Shares | Share option reserve | Translation reserve | Investment revaluation reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | US $000 | US $000 | US $000 | US $000 | US $000 | US $000 | US $000 | US $000 |
| **Balance at 1 January 2012** | | - | 215,499 | (18,772) | 5,777 | (886) | (4,285) | (51,896) | 145,437 |
| Purchase of own shares | | - | - | (6,623) | - | - | - | - | (6,623) |
| **Transactions with owners** | | - | - | (6,623) | - | - | - | - | (6,623) |
| Profit for the period | | - | - | - | - | - | - | 19,261 | 19,261 |
| **Other comprehensive income:** | | | | | | | | | |
| Available-for-sale financial assets | | | | | | | | | |
| - Fair value losses | | - | - | - | - | - | (2,407) | - | (2,407) |
| - Reclassification to profit or loss due to disposal | | - | - | - | - | - | (1,128) | - | (1,128) |
| - Reclassification to profit or loss due to impairment | | - | - | - | - | - | 14,045 | - | 14,045 |
| Foreign exchange loss arising from translation of subsidiaries | | - | - | - | - | (9) | - | - | (9) |
| **Total comprehensive income for the period** | | - | - | - | - | (9) | 10,510 | 19,261 | 29,762 |
| **Balance at 30 June 2012** | | - | 215,499 | (25,395) | 5,777 | (895) | 6,225 | (32,635) | 168,576 |

**Livermore Investments Group Limited**
**Condensed Consolidated Statement of Cash Flows**
**for the period ended 30 June 2013**

| | Note | Six months ended 30 June 2013 Unaudited US $000 | Six months ended 30 June 2012 Unaudited US $000 | Year ended 31 December 2012 Audited US $000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Profit before tax | | 7,287 | 19,425 | 26,867 |
| **Adjustments for:** | | | | |
| Depreciation expense | 21 | 3 | 50 | 81 |
| Interest expense | 22 | 2,025 | 2,159 | 4,236 |
| Interest and dividend income | 17 | (12,611) | (7,310) | (22,140) |
| Gain on investments | 19 | (1,083) | (14,474) | (7,306) |
| Exchange differences | | 520 | (23) | (610) |
| | | (3,859) | (173) | 1,128 |
| **Changes in working capital** | | | | |
| Decrease in trade and other receivables | | 173 | 134 | 104 |
| (Decrease) / Increase in trade and other payables | | (3,454) | 748 | 4,535 |
| **Cash flows from operations** | | (7,140) | 709 | 5,767 |
| Interest and dividend received | | 12,964 | 13,651 | 28,732 |
| Tax paid | | (127) | (140) | (228) |
| **Net cash generated from operating activities** | | 5,697 | 14,220 | 34,271 |
| **Cash flows from investing activities** | | | | |
| Acquisition of investments | | (31,159) | (29,112) | (44,456) |
| Proceeds from investments | | 12,915 | 15,890 | 53,151 |
| **Net cash from investing activities** | | (18,244) | (13,222) | 8,695 |
| **Cash flows from financing activities** | | | | |
| Purchases of own shares | 11 | (1,722) | (6,623) | (16,408) |
| Proceeds from bank loans | | 36,034 | 70,887 | 103,975 |
| Repayment of bank loans | | (28,763) | (69,250) | (113,077) |
| Interest paid | | (2,025) | (2,159) | (4,236) |
| Settlement of litigation | | - | (883) | (833) |
| **Net cash from financing activities** | | 3,524 | (8,028) | (30,579) |
| **Net (decrease) / increase in cash and cash equivalents** | | (9,023) | (7,030) | 12,387 |
| Cash and cash equivalents at the beginning of the period / year | | (5,254) | (17,246) | (17,246) |
| Exchange differences on cash and cash equivalents | | 572 | 35 | (417) |
| Translation differences on foreign operations' cash and cash equivalents | | (27) | (11) | 22 |
| **Cash and cash equivalents at the end of the period / year** | 10 | (13,732) | (24,252) | (5,254) |

## Notes to the Financial Statements

### 1. Accounting policies

The interim condensed consolidated financial statements of Livermore have been prepared on the basis of the accounting policies and basis of consolidation stated in the 2012 Annual Report, available on www.livermore-inv.com, except for the application of the following pronouncements as of 1 January 2013:

- IFRS 10 'Consolidated Financial Statements' (IFRS 10)
- IFRS 13 'Fair Value Measurement' (IFRS 13)
- Annual Improvements 2009-2011 (Annual Improvements).

The effects of applying the above are described below.

IFRS 10 'Consolidated Financial Statements' (IFRS 10)
IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC 12 'Consolidation-Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged. Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

IFRS 13 'Fair Value Measurement' (IFRS 13)
IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. IAS 34 requires particular IFRS 13's disclosures in the interim financial statements which are provided in Note 7.

Annual Improvements 2009-2011 (the Annual Improvements)
The Annual Improvements made minor amendments to a number of IFRSs. The Group's financial statements are not significantly affected by any of these amendments.

### 2. Critical accounting judgements and estimation uncertainty

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual consolidated financial statements for the year ended 31 December 2012. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

### 3. Basis of preparation

These unaudited interim condensed consolidated financial statements are for the six months ended 30 June 2013. They have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2012.

The financial information for the year ended 31 December 2012 is extracted from the Company's consolidated financial statements for the year ended 31 December 2012 which contained an unqualified audit report.

**4. Available-for-sale financial assets**

| | 30 June 2013 Unaudited US $000 | 30 June 2012 Unaudited US $000 | 31 December 2012 Audited US $000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Fixed income investments | 96,083 | 68,673 | 73,181 |
| Private equities | 15,358 | 13,196 | 15,842 |
| Financial and minority holdings | 9,437 | 14,356 | 10,469 |
| Other investments | - | 5,549 | - |
| | 120,878 | 101,774 | 99,492 |
| **Current assets** | | | |
| Fixed income investments | - | 6,881 | - |
| Public equities investments | 2,539 | 3,115 | 3,516 |
| Hedge funds | 993 | 1,084 | 908 |
| Other investments | 2 | - | 5 |
| | 3,534 | 11,080 | 4,429 |

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

Available-for-sale financial assets are fair valued at least at each reporting date. For investments traded in active markets, fair value is determined by reference to Stock Exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying assets.

During the six months ended 30 June 2013, the Group increased its exposure to US broadly syndicated loans by investing USD 22.9m in CLO Income Notes. The total investment in CLO Income Notes as at 30 June 2013 amounts to USD 96.0m.

During the six months ended 30 June 2013, due to market conditions, management considered the impairment of certain available-for-sale financial assets. Impairment testing indicated that for those financial assets their carrying amount may not be recoverable.

The related impairment charges for the six months ended 30 June 2013, of USD 1.279m (June 2012 USD 14.045m, December 2012 USD 18.133m), are included within gains on investments, net (note 19), and represent impairment losses arising due to:

| | 30 June 2013 Unaudited US $000 | 30 June 2012 Unaudited US $000 | 31 December 2012 Audited US $000 |
|---|---|---|---|
| Significant fall in value | 794 | 12,998 | 16,816 |
| Prolonged fall in value | 485 | 1,047 | 1,317 |
| | 1,279 | 14,045 | 18,133 |

## 5. Financial assets at fair value through profit or loss

| | 30 June 2013 Unaudited US $000 | 30 June 2012 Unaudited US $000 | 31 December 2012 Audited US $000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Private equities | 1,872 | 1,619 | 1,965 |
| Real estate entities | 1,581 | 1,381 | 1,751 |
| | 3,453 | 3,000 | 3,716 |
| **Current assets** | | | |
| Fixed income investments | 3,962 | 20,403 | 10,248 |
| Public equity investments | 23,806 | 34,206 | 23,182 |
| Hedge funds | 1,129 | 2,359 | 2,078 |
| Other investments | 287 | 272 | 287 |
| | 29,184 | 57,240 | 35,795 |

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

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

## 6. Categories of financial assets at fair value

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

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

## 7. Fair value measurements of financial assets and liabilities

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

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

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

**Valuation of financial assets and liabilities**

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

  CLOs are typically valued on a discounted cash flow model. The key assumptions for cash flow projections include default and recovery rates, prepayment rates and reinvestment assumptions on the underlying portfolios (typically senior secured loans) of the CLOs.

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

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

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

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

- Hedge Funds and Private Equity Funds are valued per reports provided by the funds on a periodic basis, and if traded, per their closing bid market prices on quoted exchanges, or as quoted by market maker.

- Private Equities and unlisted investments are valued using market valuation techniques as determined by the Directors, mainly on the basis of discounted cash flow techniques or valuations reported by third-party managers of such investments.

- Derivative instruments are valued at fair value as provided by counter parties of the derivative agreement. Derivative instruments consist of interest rate swaps and forward currency contracts.

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

| | **30 June 2013 Unaudited US$000** | **30 June 2013 Unaudited US$000** | **30 June 2013 Unaudited US$000** | **30 June 2013 Unaudited US $000** |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | |
| Fixed income investments | 3,962 | 96,083 | - | 100,045 |
| Private equities | 5,709 | - | 11,521 | 17,230 |
| Financial and minority holdings | - | - | 9,437 | 9,437 |
| Public equity investments | 26,345 | - | - | 26,345 |
| Hedge funds | - | 2,122 | - | 2,122 |
| Real estate entities | - | - | 1,581 | 1,581 |
| Other investments | 287 | - | 2 | 289 |
| | 36,303 | 98,205 | 22,541 | 157,049 |

| | | | | |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Interest rate swaps | - | 3,634 | - | 5,526 |
| | - | 3,634 | - | 5,526 |

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

No financial assets or liabilities have been transferred between levels.

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

| | **Available-for-sale** | | | **At fair value through profit or loss** | | |
|---|---|---|---|---|---|---|
| | **Financial and minority holdings** | **Private equities** | **Other investments** | **Real estate** | **Private equities** | **Total** |
| | **US $000** | **US $000** | **US $000** | **US $000** | **US $000** | **US $000** |
| As at 1 January 2013 | 10,469 | 10,352 | 5 | 1,752 | 1,965 | 24,543 |
| Purchases | - | 263 | - | - | - | 263 |
| Losses recognised in: | | | | | | |
| -Profit or loss | (1,032) | (224) | (3) | (125) | (93) | (1,477) |
| -Other comprehensive income | - | (742) | - | - | - | (742) |
| Exchange difference | - | - | - | (46) | - | (46) |
| As at 30 June 2013 | 9,437 | 9,649 | 2 | 1,581 | 1,872 | 22,541 |

The above losses recognised can be allocated as follows:

| | **Available-for-sale** | | | **At fair value through profit or loss** | | |
|---|---|---|---|---|---|---|
| | **Financial and minority holdings** | **Private equities** | **Other investments** | **Real estate** | **Private equities** | **Total** |
| **2013** | **US $000** | **US $000** | **US $000** | **US $000** | **US $000** | **US $000** |
| **Profit or loss** | | | | | | |
| -Financial assets held at year-end | (1,032) | (224) | (3) | (125) | (93) | (1,477) |
| -Financial assets no longer held | - | - | - | - | - | - |
| | (1,032) | (224) | (3) | (125) | (93) | (1,477) |
| **Other comprehensive income** | | | | | | |
| -Financial assets held at year-end | - | (742) | - | - | - | (742) |
| -Financial assets no longer held | - | - | - | - | - | - |
| | - | (742) | - | - | - | (742) |
| Total gains / (losses) for period 2013 | (1,032) | (966) | (3) | (125) | (93) | (2,219) |

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

| | 30 June 2013 Unaudited US $000 | 30 June 2012 Unaudited US $000 | 31 December 2012 Audited US $000 |
|---|---|---|---|
| Valuation as at 1 January | 126,543 | 122,518 | 122,518 |
| Change in fair value | - | - | 961 |
| Exchange differences | (3,928) | (1,274) | 3,064 |
| As at 30 June / 31 December | 122,615 | 121,244 | 126,543 |

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

The investment property which is revalued at each year-end was last valued by Wuest & Partners as at 31 December 2012 on the basis of open market value in accordance with the appraisal and valuation guidelines of the Royal Institute of Certified Surveyors, and the European Group of Valuers' Associations.

The Wyler Park property bank loan is secured on the property itself.

## 9. Trade and other receivables

| | 30 June 2013 Unaudited US $000 | 30 June 2012 Unaudited US $000 | 31 December 2012 Audited US $000 |
|---|---|---|---|
| **Financial items** | | | |
| Accrued interest and dividend income | 17 | 695 | 313 |
| Amounts due by related parties (note 25) | 497 | - | 533 |
| Other receivables | 594 | 1,176 | 646 |
| | 1,108 | 1,871 | 1,492 |
| **Non-Financial items** | | | |
| Other assets (note 25) | 5,076 | - | 5,640 |
| Prepayments | 121 | 126 | 159 |
| | 6,305 | 1,997 | 7,291 |
| **Allocated as:** | | | |
| Current assets | 2,357 | 1,997 | 2,779 |
| Non-current assets | 3,948 | - | 4,512 |
| | 6,305 | 1,997 | 7,291 |

## 10. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following at the reporting date:

| | 30 June 2013 Unaudited US $000 | 30 June 2012 Unaudited US $000 | 31 December 2012 Audited US $000 |
|---|---|---|---|
| Cash at bank | 2,523 | 2,101 | 14,505 |
| Bank overdraft used for cash management purposes | (16,255) | (26,353) | (19,759) |
| Cash and cash equivalents for the purposes of the consolidated statement of cash flows | (13,732) | (24,252) | (5,254) |

## 11. Share capital, share premium and treasury shares

Livermore Investments Group Limited (the "Company") is an investment company incorporated under the laws of the British Virgin Islands. The Company has an issued share capital of 304,120,401 ordinary shares of no par value.

As at 31 December 2012 the Company had 105,385,063 ordinary shares held in treasury. During the period from 1 January to 30 June 2013 the Company purchased an additional 3,445,755 ordinary shares at an average price of USD0.506 (£0.335) per share to be held in treasury. On 30 June 2013 the Company held 108,830,818 shares in treasury.

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

| | 30 June 2013 Unaudited US $000 | 30 June 2012 Unaudited US $000 | 31 December 2012 Audited US $000 |
|---|---|---|---|
| Share premium | 215,499 | 215,499 | 215,499 |
| Treasury shares | (36,902) | (25,395) | (35,180) |
| | 178,597 | 190,104 | 180,319 |

## 12. Share options

The Company has 11,340,000 outstanding share options at the end of the period. Options are normally exercisable in three equal tranches, on the first, second and third anniversary of the grant. There have been no changes to the term of the options in issue during the period. No options have been exercised during the period.

| Outstanding options | 30 June 2013 Unaudited US $000 | 30 June 2012 Unaudited US $000 | 31 December 2012 Audited US $000 |
|---|---|---|---|
| At 1 January | 11,340,000 | 11,340,000 | 11,340,000 |
| At 30 June / 31 December | 11,340,000 | 11,340,000 | 11,340,000 |

| Exercisable options | 30 June 2013 Unaudited US $000 | 30 June 2012 Unaudited US $000 | 31 December 2012 Audited US $000 |
|---|---|---|---|
| At 1 January | 11,340,000 | 11,340,000 | 11,340,000 |
| At 30 June / 31 December | 11,340,000 | 11,340,000 | 11,340,000 |

## 13. Bank loans

The long-term bank loan relates to the Wyler Park property and is secured on this property. Decreases in the carrying amount reflect the effect of currency translation from CHF to USD.

| | 30 June 2013 Unaudited US $000 | 30 June 2012 Unaudited US $000 | 31 December 2012 Audited US $000 |
|---|---|---|---|
| As at 1 January | 86,258 | 84,316 | 84,316 |
| Repayments | (329) | - | (167) |
| Exchange differences | (2,678) | (876) | 2,109 |
| As at 30 June / 31 December | 83,251 | 83,440 | 86,258 |
| **Allocated as:** | | | |
| Current liabilities | 679 | - | - |
| Non-current liabilities | 82,572 | 83,440 | 86,258 |
| | 83,251 | 83,440 | 86,258 |

## 14. Derivative financial instruments

| | Six months ended 30 June 2013 Unaudited US $000 | Six months ended 30 June 2012 Unaudited US $000 | Year ended 31 December 2012 Audited US $000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Interest rate swaps | - | 3,621 | 2,068 |
| **Current liabilities** | | | |
| Interest rate swaps | 3,634 | 3,247 | 3,458 |
| Forward contracts | - | 113 | - |
| | 3,634 | 3,360 | 3,458 |

During the period from January to June 2013 the Group has not entered into any new derivative instruments.

## 15. Net asset value per share

| | 30 June 2013 Unaudited | 30 June 2012 Unaudited | 31 December 2012 Audited |
|---|---|---|---|
| Net assets attributable to ordinary shareholders (US $000) | 174,205 | 168,576 | 172,976 |
| Closing number of ordinary share in issue | 195,289,583 | 227,665,986 | 198,735,338 |
| Basic net asset value per share (USD) | 0.89 | 0.74 | 0.87 |
| Closing number of ordinary share including the effect of potentially diluted shares | 195,289,583 | 227,665,986 | 198,735,338 |
| Diluted net asset value per share (USD) | 0.89 | 0.74 | 0.87 |
| **Number of Shares** | | | |
| Ordinary shares | 304,120,401 | 304,120,401 | 304,120,401 |
| Treasury shares | (108,830,818) | (76,454,415) | (105,385,063) |
| Closing number of ordinary shares in issue | 195,289,583 | 227,665,986 | 198,735,338 |

The Share options do not impact the diluted net asset value per share for 2013 as their exercise price was higher than the average market price of the Company's shares on the London Stock Exchange (AIM) during the six months ended 30 June 2013.

## 16. 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 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:

| **Six months ended 30 June 2013 – Unaudited** | **Equity and debt instruments investment activities** | **Investment property activities** | **Total per financial statements** |
|---|---|---|---|
| **Segment results** | **2013** | **2013** | **2013** |
| | **US $000** | **US $000** | **US $000** |
| **Investment income** | | | |
| Interest and dividend income | 12,611 | - | 12,611 |
| Investment property income | - | 2,661 | 2,661 |
| Gain on investments | 1,083 | - | 1,083 |
| **Gross profit** | 13,694 | 2,661 | 16,355 |
| Administrative expenses | (5,889) | (634) | (6,523) |
| **Operating profit** | 7,805 | 2,027 | 9,832 |
| Finance costs | (795) | (1,750) | (2,545) |
| **Profit before taxation** | 7,010 | 277 | 7,287 |
| Taxation charge | - | (3) | (3) |
| **Profit for the period** | 7,010 | 274 | 7,284 |
| **Segment assets** | 164,240 | 123,782 | 288,022 |
| **Segment liabilities** | 26,347 | 87,470 | 113,817 |

| **Six months ended 30 June 2012 - Unaudited** | **Equity and debt instruments investment activities** | **Investment property activities** | **Total per financial statements** |
|---|---|---|---|
| **Segment results** | **2012** | **2012** | **2012** |
| | **US $000** | **US $000** | **US $000** |
| **Investment income** | | | |
| Interest and dividend income | 7,310 | - | 7,310 |
| Investment property income | - | 2,722 | 2,722 |
| Gain on investments | 14,474 | - | 14,474 |
| **Gross profit** | 21,784 | 2,722 | 24,506 |
| Other income | 494 | - | 494 |
| Administrative expenses | (2,952) | (406) | (3,358) |
| **Operating profit** | 19,326 | 2,316 | 21,642 |
| Finance costs | (459) | (1,781) | (2,240) |
| Finance income | 23 | - | 23 |
| **Profit before taxation** | 18,890 | 535 | 19,425 |
| Taxation charge | (3) | (161) | (164) |
| **Profit for the year** | 18,887 | 374 | 19,261 |
| **Segment assets** | 175,167 | 123,839 | 299,006 |
| **Segment liabilities** | 39,887 | 90,543 | 130,430 |

| Year ended 31 December 2012 - Audited | Equity and debt instruments investment activities | Investment property activities | Total per financial statements |
|---|---|---|---|
| **Segment results** | **2012** | **2012** | **2012** |
| | **US $000** | **US $000** | **US $000** |
| **Investment income** | | | |
| Interest and dividend income | 22,140 | - | 22,140 |
| Investment property income | - | 5,382 | 5,382 |
| Gain on investments | 6,345 | 961 | 7,306 |
| **Gross profit** | 28,485 | 6,343 | 34,828 |
| Other income | 694 | - | 694 |
| Administrative expenses | (4,211) | (818) | (5,029) |
| **Operating profit** | 24,968 | 5,525 | 30,493 |
| Finance costs | (682) | (3,554) | (4,236) |
| Finance income | 610 | - | 610 |
| **Profit before taxation** | 24,896 | 1,971 | 26,867 |
| Taxation charge | (44) | (1,166) | (1,210) |
| **Profit for the year** | 24,852 | 805 | 25,657 |
| **Segment assets** | 163,648 | 128,153 | 291,801 |
| **Segment liabilities** | 26,351 | 92,474 | 118,825 |

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

| Six months ended 30 June 2013 - Unaudited | Equity and debt instruments investment activities | Investment property activities | Total per financial statements |
|---|---|---|---|
| | **2013** | **2013** | **2013** |
| | **US $000** | **US $000** | **US $000** |
| **Investment Income** | | | |
| Switzerland | - | 4,037 | 4,037 |
| Other European countries | 317 | - | 317 |
| United States | 13,099 | - | 13,099 |
| India | (983) | - | (983) |
| Asia | (115) | - | (115) |
| | 12,318 | 4,037 | 16,355 |
| **Investments** | | | |
| Switzerland | - | 122,615 | 122,615 |
| Other European countries | 16,660 | - | 16,660 |
| United States | 97,169 | - | 97,169 |
| India | 15,524 | - | 15,524 |
| Asia | 27,696 | - | 27,696 |
| | 157,049 | 122,615 | 279,664 |

| Six months ended 30 June 2012 - Unaudited | Equity and debt instruments investment activities | Investment property activities | Total per financial statements |
|---|---|---|---|
| | **2012** | **2012** | **2012** |
| | **US $000** | **US $000** | **US $000** |
| **Investment Income** | | | |
| Switzerland | 1,457 | 2,722 | 4,179 |
| Other European countries | (262) | - | (262) |
| United States | 18,711 | - | 18,711 |
| India | (3,133) | - | (3,133) |
| Asia | 5,011 | - | 5,011 |
| | 21,784 | 2,722 | 24,506 |
| **Investments** | | | |
| Switzerland | - | 121,244 | 121,244 |
| Other European countries | 36,703 | - | 36,703 |
| United States | 75,362 | - | 75,362 |
| India | 23,902 | - | 23,902 |
| Asia | 37,127 | - | 37,127 |
| | 173,094 | 121,244 | 294,338 |

| Year ended 31 December 2012 - Audited | Equity and debt instruments investment activities | Investment property activities | Total per financial statements |
|---|---|---|---|
| | **2012** | **2012** | **2012** |
| | **US $000** | **US $000** | **US $000** |
| **Investment Income** | | | |
| Switzerland | - | 8,858 | 8,858 |
| Other European countries | (2,391) | - | (2,391) |
| United States | 34,075 | - | 34,075 |
| India | (8,279) | - | (8,279) |
| Asia | 2,565 | | 2,565 |
| | 25,970 | 8,858 | 34,828 |
| **Investments** | | | |
| Switzerland | - | 126,543 | 126,543 |
| Other European countries | 23,055 | - | 23,055 |
| United States | 75,575 | - | 75,575 |
| India | 18,405 | - | 18,405 |
| Asia | 26,397 | - | 26,397 |
| | 143,432 | 126,543 | 269,975 |

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

During the period, 89% of the investment property rent relates to rental income from a single customer (SBB – Swiss national transport authority) in the investment property activities segment (June 2012: 88%, December 2012: 89%).

## 17. Interest and dividend income

| | Six months ended 30 June 2013 Unaudited US $000 | Six months ended 30 June 2012 Unaudited US $000 | Year ended 31 December 2012 Audited US $000 |
|---|---|---|---|
| Interest from investments | 225 | 1,057 | 1,576 |
| Dividend income | 12,386 | 6,253 | 20,564 |
| | 12,611 | 7,310 | 22,140 |

## 18. Investment property income

| | Six months ended 30 June 2013 Unaudited US $000 | Six months ended 30 June 2012 Unaudited US $000 | Year ended 31 December 2012 Audited US $000 |
|---|---|---|---|
| Gross rental income | 2,891 | 2,929 | 5,793 |
| Direct expenses | (230) | (207) | (411) |
| | 2,661 | 2,722 | 5,382 |

All direct expenses relate to the generation of rental income.

## 19. Gain on investments, net

| | Six months ended 30 June 2013 Unaudited US $000 | Six months ended 30 June 2012 Unaudited US $000 | Year ended 31 December 2012 Audited US $000 |
|---|---|---|---|
| Gain on sale of investments | 356 | 1,128 | 3,178 |
| Investment property revaluation | - | - | 961 |
| Foreign exchange (loss) / gain | (12) | (197) | 130 |
| Loss due to impairment of available-for-sale financial assets | (1,279) | (14,045) | (18,133) |
| Fair value gains on financial assets through profit or loss | 527 | 26,291 | 18,234 |
| Fair value gains on derivative instruments | 1,590 | 1,297 | 3,124 |
| Bank custody fees | (99) | (81) | (188) |
| | 1,083 | 14,393 | 7,306 |

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

| | Six months ended 30 June 2013 Unaudited US $000 | Six months ended 30 June 2012 Unaudited US $000 | Year ended 31 December 2012 Audited US $000 |
|---|---|---|---|
| Available-for-sale | (2,704) | 1,128 | 497 |
| At fair value through profit or loss | 1,029 | (551) | 22 |
| | 1,675 | 577 | 519 |

## 20. Other income

| | Six months ended 30 June 2013 Unaudited US $000 | Six months ended 30 June 2012 Unaudited US $000 | Year ended 31 December 2012 Audited US $000 |
|---|---|---|---|
| Disposal gain | - | 250 | 250 |
| Warehouse carry income | - | 244 | 244 |
| Insurance claim received | - | - | 200 |
| | - | 494 | 694 |

## 21. Administrative expenses

| | Six months ended 30 June 2013 Unaudited US $000 | Six months ended 30 June 2012 Unaudited US $000 | Year ended 31 December 2012 Audited US $000 |
|---|---|---|---|
| Legal expenses | 22 | 73 | 93 |
| Directors' fees and expenses | 4,993 | 2,143 | 2,593 |
| Professional and consulting fees | 578 | 406 | 828 |
| Other salaries and expenses | 496 | 288 | 503 |
| Office cost | 139 | 154 | 306 |
| Depreciation | 3 | 50 | 81 |
| Other operating expenses | 255 | 228 | 426 |
| Audit fees | 37 | 16 | 199 |
| | 6,523 | 3,358 | 5,029 |

## 22. Finance cost and income

| | Six months ended 30 June 2013 Unaudited US $000 | Six months ended 30 June 2012 Unaudited US $000 | Year ended 31 December 2012 Audited US $000 |
|---|---|---|---|
| **Finance costs** | | | |
| Bank interest on investment property loan | 1,743 | 1,780 | 3,547 |
| Other bank interest | 282 | 379 | 689 |
| Foreign exchange loss | 520 | - | - |
| | 2,545 | 2,159 | 4,236 |
| **Finance income** | | | |
| Foreign exchange gain | - | 23 | 610 |
| **Net Finance costs** | 2,545 | 2,136 | 3,626 |

## 23. Dividends

No dividends were announced for the period ended 30 June 2013.

The Board of Directors will decide on the Company's dividend policy for 2013 based on profitability, liquidity requirements, portfolio performance, market conditions, and the share price of the Group relative to its NAV.

## 24. Earnings per share

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

Diluted profit per share is calculated after taking into consideration other potentially dilutive shares in existence during the period.

| | Six months ended 30 June 2013 Unaudited | Six months ended 30 June 2012 Unaudited | Year ended 31 December 2012 Audited |
|---|---|---|---|
| Net profit attributable to ordinary shareholders ($000) | 7,284 | 19,261 | 25,657 |
| Weighted average number of ordinary shares in issue | 198,095,143 | 239,801,168 | 220,907,964 |
| Basic earnings per share (US $) | 0.04 | 0.08 | 0.12 |
| Weighted average number of ordinary shares including the effect of diluted potential ordinary shares | 198,095,143 | 239,801,168 | 220,907,964 |
| Diluted earnings per share (US $) | 0.04 | 0.08 | 0.12 |

The decrease in the weighted average number of ordinary shares outstanding is due to the acquisition of treasury shares during the period (note 11)

The share options do not impact the diluted earnings per share for 2013 as their exercise price was higher than the average market price of the company's shares on the London Stock Exchange (AIM) during the six months ended 30 June 2013.

## 25. Related party transactions

| | 30 June 2013 | 30 June 2012 | 31 December 2012 |
|---|---|---|---|

| | Unaudited US $000 | Unaudited US $000 | Audited US $000 |
|---|---|---|---|
| **Amounts owed by /(to) key management** | | | |
| Loans | | 5,523 | - |
| Other assets (a) | 5,076 | - | 5,640 |
| Directors' current accounts – debit balances | 497 | - | 533 |
| Directors' current accounts – credit balances | (56) | (32) | - |
| | 5,517 | 5,491 | 6,173 |
| **Amounts owed to other related party** | | | |
| Loans (b) | (1,212) | - | (4,012) |
| Trade payable | - | - | (810) |
| | (1,212) | - | (4,822) |
| **Key management compensation** | | | |
| Short term benefits | | | |
| Executive directors fees* | 397 | 397 | 795 |
| Executive directors reward payments | 3,997 | 1,700 | 1,700 |
| Non-executive directors fees | 35 | 46 | 98 |
| Reduction in other assets (a) | 564 | - | - |
| | 4,993 | 2,143 | 2,593 |

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

(a) 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. These loans at 30 June 2012 were included within other investments under available-for-sale financial assets (note 4). Accrued interest as at 30 June 2012 on the above loans was included under trade and other receivables (note 9). As from December 2012 the loans together with their related accrued interest of USD 0.117m have been reclassified as "other assets" and are included under trade and other receivables.

(b) A loan with a balance at 30 June 2013 of USD 1.2m (31 December 2012: USD 4.0m) has been received from a related company Chanpak Ltd. The loan is free of interest, it is unsecured and is repayable on demand. This loan is included within trade and other payables.

(c) Noam Lanir, through an Israeli partnership, is the major shareholder of Babylon Limited, an Israel based Internet Services Company. The Group as of 30 June 2013 held a total of 3.915m shares at a value of USD 23.2m which represents 8.15% of its effective voting rights. The investment in Babylon Ltd is included within public equity investments under financial assets at fair value through profit or loss (note 5).

## 26. Provisions

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

| | 30 June 2013 Unaudited US $000 | 30 June 2012 Unaudited US $000 | 31 December 2012 Audited US $000 |
|---|---|---|---|
| **Legal and other matters** | | | |
| At 1 January | 300 | 1,142 | 1,142 |
| Settlements | - | (833) | (833) |
| Exchange differences | - | (9) | (9) |

| | | | |
|---|---|---|---|
| At 30 June / 31 December | 300 | 300 | 300 |

**27. Litigation**

**Ex employee vs Empire Online Ltd**
In Q3 2007 an ex employee of Empire Online Limited (the Company's former name) filed a law suit against one of its Directors and the Company in the Labor Court in Tel Aviv. According to the lawsuit the plaintiff claims compensation relating to the sale of all commercial activities of Empire Online Limited until the end of 2006, and the dissolution of the company and the terms of termination of his employment with Empire Online Limited. The litigation procedure is in progress in Israel.

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

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

**28. Commitments and contingencies**

The Group has no capital or other commitments as at 30 June 2013.

**29. Events after the reporting date**

There were no significant events after the reporting date.

**30. Preparation of interim statements**

Interim condensed consolidated financial statements are unaudited and do not constitute statutory accounts within the meaning of The BVI Business Companies Act 2004. Consolidated financial statements for Livermore Investments Group Limited for the year ended 31 December 2012, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, on which the auditors gave an unqualified audit report are available from the Company's website www.livermore-inv.com.

## Report by the Independent Auditors on Review of Condensed Interim Consolidated Financial Statements to the Board of Directors of Livermore Investments Group Limited

### Independent Review Report on the Interim Condensed Consolidated Financial Statements

We have reviewed the accompanying interim condensed consolidated financial statements of Livermore Investments Group Limited (the ''Company'') and its subsidiaries (''the Group'') on pages 10 to 32, which comprise the condensed consolidated statement of financial position as at 30 June 2013 and the condensed consolidated income statement, and condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended, and other explanatory notes.

*Board of Directors' Responsibility for the Interim Condensed Consolidated Financial Statements*

The Company's Board of Directors is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 ''Interim Financial Reporting'' as adopted by the European Union.

*Accountant's Responsibility*

Our responsibility is to express a conclusion to the Company on these interim condensed consolidated financial statements, based on our review. We conducted our review in accordance with International Standard on Auditing 2410 ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity''. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed consolidated financial statements are free of material misstatement.

A review of interim financial information is limited primarily to making inquiries of Company personnel and applying analytical and other review procedures to financial data. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Livermore Investments Group Limited and its subsidiaries for the six months ended 30 June 2013 are not prepared, in all material respects, in accordance with International Accounting Standard 34 ''Interim Financial Reporting'' as adopted by the European Union.

*Other Matter*

This report, including the conclusion, has been prepared for and only for the Company's members and for no other purpose. We do not, in giving this conclusion, 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, 20 September 2013