16 September, 2019

LIVERMORE INVESTMENTS GROUP LIMITED

UNAUDITED INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2019

Livermore Investments Group Limited (the "Company" or "Livermore") today announces its interim results for the six months ended 30 June 2019.

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

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Chairman's and Chief Executive's Review

Introduction

We are pleased to announce the interim financial results for Livermore Investments Group Limited (the "Company" or "Livermore") for the six months ended 30 June 2019. References to the Company hereinafter also include its consolidated subsidiaries (note 9).

During the first half of 2019, the Company generated net income of USD 9.10m (30 June 2018: USD 6.35m), which represents earnings per share of USD 0.05 (30 June 2018: USD 0.03). The NAV of the Company stood at USD 183.0m as of end of June 2019, representing a USD 8.66m or 5.0% gain from the beginning of the year. The gains relate largely to the CLO and loan warehousing portfolio, which contributed over USD 11m. These gains were somewhat offset by administrations costs of about USD 3.5m. Management continued to actively manage the financial portfolio and optimize exposure to US credit markets. During the period, management exited one warehouse that generated carry of USD 1.39m and started a new warehouse. The two open warehouses as at the end of the reporting period were exited in August 2019 with net carry of USD 3.8m and USD 1.1m respectively.

Financial Review

The NAV of the Company as at 30 June 2019 was USD 183.0m (30 June 2018: 175.6m). The profit after tax for the first half of 2019 was USD 9.10m, which represents earnings per share of USD 0.05. The gain relates largely to the performance of the CLO portfolio and exposure to leveraged loans.

	30 June 2019 US $m	30 June 2018 US $m	31 December 2018 US $m
Shareholders' funds at beginning of period	174.3	175.4	157.4
	———	———	———
Income from investments	11.5	15.7	31.5
Realised losses on investments	-	-	-
Unrealised profits/ (losses) on investments	0.5	(5.8)	(15.6)
Administration costs	(3.5)	(1.6)	(9.0)
Net finance income / (costs)	0.2	(0.1)	-
Tax (charge) / credit	-	-	-
	———	———	———
Increase in net assets from operations	8.7	8.2	6.9
Dividends paid	-	(8.0)	(8.0)
	———	———	———
Shareholders' funds at end of period	183.0	175.6	174.3
	═══	═══	═══
Net Asset Value per share	*US $1.05*	*US $1.00*	*US $1.00*

Livermore's Strategy

The Company's primary investment objective is to generate high current income and regular cash flows. The financial portfolio is constructed around fixed income instruments such as Collateralized Loan Obligations ("CLOs") and other securities or instruments with exposure primarily to senior secured and usually broadly syndicated US loans. The Company has a long-term oriented investment philosophy and invests primarily with a buy-and-hold mentality, though from time to time the Company will sell investments to realize gains or for risk management purposes.

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.

Dividend & Buyback

The Board of Directors will decide on the Company's dividend policy for 2019 based on profitability, liquidity requirements, portfolio performance, market conditions, and the share price of the Company relative to its NAV.

The company has no shares in treasury.

Richard Rosenberg
Chairman

Noam Lanir
Chief Executive

16 September 2019

Review of Activities

Economic & Investment Environment

The first half of 2019 was beset by increased geopolitical noise, trade and tariff uncertainties, and concerns over slowing global economic growth and the ability of central banks to stimulate if hit by a deep slowdown. As the US continues to push to renegotiate longstanding trade treaties and dealings with the rest of the world, the tariffs imposed and resulting uncertainties are slowing business investment down and its effect on the global supply chain has not yet been fully understood. UK´s disarray over its orderly or disorderly exit from the European Union has further dampened global trade and investment.

Although, GDP growth in the first quarter picked up worldwide with all large economies recording above-average expansion, manufacturing output again tended to weaken in many countries, accompanied by subdued investment spending and a reduction in global goods trade. At 3.1%, economic growth in the US was considerably stronger in the first quarter than in the previous period. However, this was primarily attributable to volatile components such as inventories. Domestic final demand lost some momentum with slower consumer spending and uncertainty in connection with financial markets volatility. The Euro area also recorded a higher growth rate in the first quarter with Germany leading the way. However, here too momentum was lost with Germany staring at a potential recession later this year.

Signals from the labour markets have remained positive overall. Employment figures in the advanced economies rose again and unemployment has continued to decline. The unemployment rate in the US moved down from 3.9 percent in December to 3.6 percent in May; meanwhile, wage gains remained moderate. The Euro area also saw the unemployment rate decline and is now close to its lowest level since its inception.

Inflation has generally remained muted in most advanced economies. In the US, the personal consumption expenditures price index moved down from over 2% to 1.5% in May. Core inflation also fell, and was 1.6% in May - down from 2% a year ago. In the Euro area, consumer price inflation was little changed in recent months, with core inflation hovering around 1.0%.

To combat a potential slowdown in their respective economies, central banks in the US and Euro area changed their monetary policy stance to allow for additional accommodation. The US Federal Reserve stopped its interest rate hikes and in July voted to reduce the Fed funds rate by 0.25%. The European Central Bank (ECB) has also indicated further easing.

Stock markets initially continued to move higher; however, trade tensions prompted a correction in May. By mid-June, the MSCI World Index was back near its mid-March level. Still, the drop in the last quarter of 2018 was deep enough that the S&P 500 generated over 17% return during the first half of this year. Yields on ten-year government bonds in advanced economies declined for the most part with the US 10 year yield dropping from about 2.7% to 2.0% by the end of the first half as investors ratcheted down growth and rate expectations.

With expectations of slower economic growth in the US and a resulting fall in rate expectations, demand for floating rate assets such as US senior secured loans and CLOs waned and there were substantial outflows from retail loan funds. According to S&P Capital IQ, total institutional loan issuance was USD 147 billion in the first half of 2019 as compared to USD 271 billion during the first half of 2018 as leveraged buyout (LBO) and refinancing activity decreased. Loan spreads were wider as compared to last year and offered good return characteristics to spread buyers. Given the length of the credit cycle certain loan fundamentals have deteriorated and the loan market exposure to Single-B rated loans is at its highest level. Default rates, however, have continued to stay well below historical levels. The Company anticipates default rates to stay below historical average levels as there are few near-term maturities and interest coverage ratios remain healthy. For the six months ended June 30, 2019, the Credit Suisse Leverage Loan Index ("CSLLI") generated a total return of 5.42%.

Sources: Swiss National Bank (SNB), European Central Bank (ECB), US Federal Reserve, Bloomberg, JP Morgan, S&P Capital IQ

Financial Portfolio and trading activity

The Company manages a financial portfolio valued at USD 169.7m as at 30 June 2019, which is invested mainly in fixed income and credit related securities.

The following is a table summarizing the financial portfolio as at 30 June 2019

Name	30 June 2019 Book Value US $m	30 June 2018 Book Value US $m	31 December 2018 Book Value US $m
Investment in the loan market through CLOs	106.1	108.5	97.1
Open Warehouse facilities	41.2	5.0	38.4
Hedge Funds	-	1.1	1.1
Perpetual Bonds	1.1	1.1	1.1
Other Public Equities	1.6	2.8	1.5
Invested Total	150.0	118.5	**139.2**
Cash	19.7	44.1	**26.2**
Total	**169.7**	**162.6**	**165.4**

Senior Secured Loans and CLOs:

The US senior secured loan market (leveraged loan market) continued to offer good risk adjusted returns in the first half of 2019 with relatively lower volatility and low correlation to the equity market. CLOs are managed portfolios invested into diversified pools of senior secured loans and financed with long term financing pre-fixed at the time of issuance.

After a steep fall in late 2018, US senior secured loans staged a sharp comeback in January. The rally lost steam however, as investors ratcheted down rate expectations and yields tumbled on the back of slower growth expectations and increased trade tensions. Outflows from retail funds were strong and persistent. Nonetheless, the leveraged loan market performed well in the first half of 2019 with the Credit Suisse Leveraged Loan Index recording a total return of 5.42%. Credit conditions remained benign with default rates lower than historical averages as there are few near term maturities and interest coverage levels remain healthy.

The soft demand for floating rate paper was also apparent in the CLO market in the first half of 2019 with debt spreads much wider as compared to the same time period last year. This has made refinancing or extending existing CLO reinvestment periods quite difficult. Thankfully, the Company had refinanced or extended several of its deals in 2017 and 2018 and none of the transactions are in immediate need of an extension or refinancing. Wider new issue spreads in the loan market and somewhat elevated loan price volatility in the secondary loan market provided most CLO managers opportunities to increase weighted average spreads, build par, and/or reduce risk. The CLO equity market was relatively weak during the first half of 2019 especially for those with short reinvestment periods. CLO equity distributions were in line or better than previous periods as weighted average spreads increased in our CLO portfolio and the basis between 1 month and 3 month Libor declined.

During the reporting period the Company's US CLO portfolio performed well as cash flows were generally higher. The CLO portfolio generated about USD 9.5m in cash distributions during the period. The Company also had two warehouses open at the beginning of the year. One of these warehouses was converted into a CLO and generated about USD 1.4m in carry. Subsequently, management opened another warehouse with the same CLO manager in May 2019. The two warehouses open as at the end of the reporting period have been successfully converted into CLOs in the third quarter and have generated almost USD 5m in carry. For the period, the CLO and warehouse portfolio generated net gains of about USD 11m. The Company continues to look for opportunities to invest in the first-loss tranche of warehouse facilities with long tenures and no mark-to-market triggers. As of the end of the year 2018, all of the Company's US CLO equity positions were passing their overcollateralization (OC) tests and remained robust. Management continues to actively monitor the CLO portfolio and position it towards longer reinvestment periods through recycling old CLOs into new or refinancing them with extended reinvestment periods, as well as conducting relative value and opportunistic trading. Management continues to focus on sectors such as Retail, Healthcare and Technology that are expected to undergo shifts due to technology or regulation. As at 30 June 2019, 100% of the Company's CLO portfolio is invested in post-crisis US CLOs.

Although management maintains a positive view on the CLO portfolio, mid-long term performance may be negatively impacted by a strong pull back in the US or European economy or geo-political events that could result in a spike in defaults. Despite the overall decent health of the US economy, we acknowledge that the continued trade tensions and below trend growth globally as well as headwinds relating to the political turmoil and geopolitical shocks pose risks to the CLO portfolio.

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

	30 June 2019 Amount US $000	Percentage	30 June 2018 Amount US $000	Percentage
US CLOs	106,134	100.0%	108,462	100.0%
	106,134	100%	108,462	100%

Private Equity Funds

The other private equity investments held by the Company are incorporated in the form of Managed Funds (mostly closed end funds) mainly in emerging economies. The investments of these funds into their portfolio companies were mostly done in 2008 and 2009. Overall, the Company expects that exits of portfolio companies should materialize by 2021.

The following summarizes the book value of the private equity funds as at 30 June 2019:

Name	Book Value US $m
Evolution Venture (Israel)	3.7
Other investments	2.8
Total	**6.5**

Evolution Venture:

Evolution is an Israel focused Venture Capital fund. It invests in early stage technology companies. The fund has now exited its investment in WhiteSmoke and written off the Wi-Fi solutions and digital radio investments. Its main asset is its investment in the virtualization technology company, which continues to perform well.

The following table reconciles the review of activities to the Group's financial assets as at 30 June 2019.

Name	30 June 2019 Book Value US $m
Financial portfolio	150.0
Private Equity Funds	6.5
Total	**156.5**
Financial assets at fair value through profit or loss (note 5)	150.0
Financial assets at fair value through other comprehensive income (note 6)	6.5
Total	**156.5**

Events after the reporting date

Both of the warehouse facilities that the Company invested in, during 2019, with a carrying amount as at 30 June 2019 of USD 37.5m, were closed in August 2019, and Livermore's investment amount plus net carry amounting to a total of USD 41.2m became receivable in August 2019.

Litigation

Information is provided in note 24 to the interim condensed consolidated financial statements.

Livermore Investments Group Limited
Condensed Consolidated Statement of Financial Position
as at 30 June 2019

	Note	30 June 2019 Unaudited US $000	30 June 2018 Unaudited US $000	31 December 2018 Audited US $000
Assets				
Non-current assets				
Property, plant and equipment		26	26	21
Right-of-use asset	2	370	-	-
Financial assets at fair value through profit or loss	5	106,134	108,462	97,081
Financial assets at fair value through other comprehensive income	6	6,518	7,571	6,387
Investments in subsidiaries	9	5,443	5,387	5,205
Trade and other receivables	10	-	2,579	-
		118,491	124,025	108,694
Current assets				
Trade and other receivables	10	6,333	3,184	3,168
Financial assets at fair value through profit or loss	5	43,905	8,931	41,067
Financial assets at fair value through other comprehensive income	6	-	1,118	1,117
Cash at bank	11	19,689	44,125	26,214
		69,927	57,358	71,566
Total assets		188,418	181,383	180,260
Equity				
Share capital	12	-	-	-
Share premium		169,187	169,187	169,187
Other reserves		(20,198)	(23,627)	(20,279)
Retained earnings		34,008	30,085	25,425
Total equity		182,997	175,645	174,333
Liabilities				
Non-current liabilities				
Lease liability	2	288	-	-
		288	-	-
Current liabilities				
Bank overdrafts	11	18	180	-
Trade and other payables	14	5,033	5,556	5,927
Lease liability – current portion	2	82	-	-
Current tax liability		-	2	-
		5,133	5,738	5,927
Total liabilities		5,421	5,738	5,927
Total equity and liabilities		188,418	181,383	180,260
Net asset valuation per share				
Basic and diluted net asset valuation per share (US $)	15	1.05	1.00	1.00

Livermore Investments Group Limited
Condensed Consolidated Statement of Profit or Loss
for the six months ended 30 June 2019

	Note	Six months ended 30 June 2019 Unaudited US $000	Six months ended 30 June 2018 Unaudited US $000	Year ended 31 December 2018 Audited US $000
Investment Income				
Interest and distribution income	17	11,512	15,706	31,541
Changes in value of investments	18	923	(7,667)	(17,380)
		12,435	8,039	14,161
Operating expenses	19	(3,513)	(1,602)	(8,973)
Operating profit		8,922	6,437	5,188
Finance costs	20	(10)	(184)	(245)
Finance income	20	201	106	233
Profit before taxation		9,113	6,359	5,176
Taxation charge		(11)	(9)	(14)
Profit for period / year		9,102	6,350	5,162
Earnings per share				
Basic and diluted earnings per share (US $)	22	0.05	0.03	0.03

Livermore Investments Group Limited
Condensed Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2019

	Six months ended 30 June 2019 Unaudited US $000	**Six months ended 30 June 2018 Unaudited US $000**	**Year ended 31 December 2018 Audited US $000**
Profit for the period / year	9,102	6,350	5,162
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Foreign exchange (losses) / gains from translation of subsidiaries	(18)	7	12
	9,084	6,357	5,174
Items that are not reclassified subsequently to profit or loss			
Financial assets designated at fair value through other comprehensive income			
- Fair value (losses) / gains	(420)	442	313
- Capital return	-	1,400	1,400
Total comprehensive income for the period / year	8,664	8,199	6,887

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

Livermore Investments Group Limited
Condensed Consolidated Statement of Changes in Equity
for the period ended 30 June 2019

	Note	Share capital	Share premium	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
Balance at 1 January 2018		-	169,187	77	-	(38,055)	44,236	175,445
Dividends		-	-	-	-	-	(7,999)	(7,999)
Transfer on expiry of options	13	-	-	(77)	-	-	77	-
Transactions with owners		-	-	(77)	-	-	(7,922)	(7,999)
Profit for the year		-	-	-	-	-	5,162	5,162
Other comprehensive income:								
Financial assets at fair value through OCI								
- Fair value gains		-	-	-	-	313	-	313
- Capital return		-	-	-	-	1,400	-	1,400
Foreign exchange gains arising from translation of subsidiaries		-	-	-	12	-	-	12
Transfer of realised losses		-	-	-	-	16,051	(16,051)	-
Total comprehensive income for the year		-	-	-	12	17,764	(10,889)	6,887
Balance at 31 December 2018		-	169,187	-	12	(20,291)	25,425	174,333
Profit for the period		-	-	-	-	-	9,102	9,102
Other comprehensive income:								
Financial assets at fair value through OCI								
- Fair value losses		-	-	-	-	(420)	-	(420)
Foreign exchange losses arising from translation of subsidiaries		-	-	-	(18)	-	-	(18)
Transfer of realised losses		-	-	-	-	519	(519)	-
Total comprehensive income for the period		-	-	-	(18)	99	8,583	8,664
Balance at 30 June 2019		-	169,187	-	(6)	(20,192)	34,008	182,997

	Note	Share capital	Share premium	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
Balance at 1 January 2018		-	169,187	77	-	(38,055)	44,236	175,445
Dividends		-	-	-	-	-	(7,999)	(7,999)
Transfer on expiry of options	13	-	-	(77)	-	-	77	-
Transactions with owners		-	-	(77)	-	-	(7,922)	(7,999)
Profit for the period		-	-	-	-	-	6,350	6,350
Other comprehensive income:								
Financial assets at fair value through OCI								
- Fair value gains		-	-	-	-	442	-	442
- Capital return		-	-	-	-	1,400	-	1,400
Foreign exchange gains arising from translation of subsidiaries		-	-	-	7	-	-	7
Transfer of realised losses		-	-	-	-	12,579	(12,579)	-
Total comprehensive income for the period		-	-	-	7	14,421	(6,229)	8,199
Balance at 30 June 2018		-	169,187	-	7	(23,634)	30,085	175,645

Livermore Investments Group Limited
Condensed Consolidated Statement of Cash Flows
for the period ended 30 June 2019

	Note	Six months ended 30 June 2019 Unaudited US $000	Six months ended 30 June 2018 Unaudited US $000	Year ended 31 December 2018 Audited US $000
Cash flows from operating activities				
Profit before tax		9,113	6,359	5,176
Adjustments for:				
Depreciation expense		42	4	8
Interest expense	20	10	10	30
Interest and distribution income	17	(11,512)	(15,706)	(31,541)
Bank interest income	20	(133)	(106)	(233)
Changes in value of investments	18	(923)	7,667	17,380
Exchange differences	20	(68)	174	215
		(3,471)	(1,598)	(8,965)
Changes in working capital				
(Increase) / decrease in trade and other receivables		(2,962)	(19)	2,576
Increase / decrease in trade and other payables		(894)	1,579	1,950
Cash flows from operations		(7,327)	(38)	(4,339)
Interest and distribution received		11,442	15,785	31,748
Tax paid		(11)	(7)	(14)
Net cash from operating activities		4,104	15,740	27,295
Cash flows from investing activities				
Acquisition of investments		(31,739)	(48,899)	(120,027)
Proceeds from sale of investments		21,068	49,725	91,623
Proceeds from capital return		-	1,400	1,400
Net cash from investing activities		(10,671)	2,226	(27,004)
Cash flows from financing activities				
Interest paid		(64)	(10)	(30)
Dividends paid		-	(7,999)	(7,999)
Lease liability payments		(41)	-	-
Net cash from financing activities		(105)	(8,009)	(8,029)
Net increase / (decrease) in cash and cash equivalents		(6,672)	9,957	(7,738)
Cash and cash equivalents at beginning of the period / year		26,214	34,175	34,175
Exchange differences on cash and cash equivalents		129	(173)	(215)
Translation differences on foreign operations' cash and cash equivalents		-	(14)	(8)
Cash and cash equivalents at the end of the period / year	11	19,671	43,945	26,214

Notes to the Interim Condensed Consolidated Financial Statements

1. Tax residency

During the period after a successful application the Company became a tax resident in the Republic of Cyprus.

2. Accounting policies

The interim condensed consolidated financial statements of Livermore have been prepared on the basis of the accounting policies stated in the 2018 Annual Report, available on *www.livermore-inv.com*.

The Company has applied IFRS 16 'Leases' (see below) since its date of initial application, being 1 January 2019. The application of the IFRS pronouncements, including IFRS 16, that became effective as of 1 January 2019 has no significant impact on the Company's consolidated financial statements.

IFRS 16 replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The Company recognised on 1 January 2019 a right-of-use asset and related lease liability in connection with a former operating lease, with a remaining lease term at that date of 5 years. The right-of-use asset at that date has been measured at USD 411,041 equal to the lease liability, without including any initial direct costs. For a second former operating lease that has a short-term lease term, the Company elected to recognise the lease expense on a straight-line basis over the lease term.

IFRS 16 has been applied using the modified retrospective approach. No adjustment to opening retained earnings occurred. Prior periods have not been restated.

3. Critical accounting judgements and estimation uncertainty

When preparing the interim condensed consolidated 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 condensed consolidated financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual consolidated financial statements for the year ended 31 December 2018.

4. Basis of preparation

These unaudited interim condensed consolidated financial statements are for the six months ended 30 June 2019. 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 financial statements and should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2018.

The financial information for the year ended 31 December 2018 is extracted from the Company's consolidated financial statements for the year ended 31 December 2018 which contained an unqualified audit report.

Investment entity status

Livermore meets the definition of an investment entity, as this is defined in IFRS 10 "Consolidated Financial Statements".

In accordance with IFRS 10, an investment entity is exempted from consolidating its subsidiaries, unless any subsidiary which is not itself an investment entity mainly provides services that relate to the investment entity's investment activities. In Livermore's situation, two of its subsidiaries provide such services. Note 9 shows further details of the consolidated and unconsolidated subsidiaries.

References to the Company hereinafter also include its consolidated subsidiaries (note 9).

5. Financial assets at fair value through profit or loss

	30 June 2019 Unaudited US $000	30 June 2018 Unaudited US $000	31 December 2018 Audited US $000
Non-current assets			
Fixed income investments (CLO Income Notes)	106,134	108,462	97,081
	106,134	108,462	97,081
Current assets			
Fixed income investments	42,293	6,116	39,590
Public equity investments	1,612	2,815	1,477
	43,905	8,931	41,067

For description of each of the above categories, refer to note 7.

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

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

6. Financial assets at fair value through other comprehensive income

	30 June 2019 Unaudited US $000	30 June 2018 Unaudited US $000	31 December 2018 Audited US $000
Non-current assets			
Private equities	6,518	7,571	6,387
Current assets			
Hedge funds	-	1,118	1,117

For description of each of the above categories, refer to note 7.

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

7. Financial assets at fair value

The Company allocates its non-derivative financial assets at fair value (notes 5 and 6) as follows:

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

8. Fair value measurements of financial assets and liabilities

The table in note 8.2 below presents financial assets measured at fair value in the 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.

8.1 Valuation of financial assets and liabilities

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

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

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

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

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

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

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

8.2 Fair Value Hierarchy

Financial assets measured at fair value are grouped into the fair value hierarchy as follows:

30 June 2019	**Unaudited** **US$000** Level 1	**Unaudited** **US$000** Level 2	**Unaudited** **US$000** Level 3	**Unaudited** **US $000** Total
Assets				
Fixed income investments	1,125	106,134	41,168	148,427
Private equities	-	-	6,518	6,518
Public equity investments	1,612	-	-	1,612
Investments in subsidiaries	-	-	5,443	5,443
	2,737	106,134	53,129	162,000

30 June 2018	**Unaudited** **US$000** Level 1	**Unaudited** **US$000** Level 2	**Unaudited** **US$000** Level 3	**Unaudited** **US $000** Total
Assets				
Fixed income investments	1,116	108,462	5,000	114,578
Private equities	-	-	7,571	7,571
Public equity investments	2,815	-	-	2,815
Hedge funds	-	1,118	-	1,118
Investments in subsidiaries	-	-	5,387	5,387
	3,931	109,580	17,958	131,469

31 December 2018	**Audited** **US$000** Level 1	**Audited** **US$000** Level 2	**Audited** **US$000** Level 3	**Audited** **US $000** Total
Assets				
Fixed income investments	1,100	97,081	38,490	136,671
Private equities	-	-	6,387	6,387
Public equity investments	1,477	-	-	1,477
Hedge funds	-	1,117	-	1,117
Investments in subsidiaries	-	-	5,205	5,205
	2,577	98,198	50,082	150,857

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 different levels.

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

Six months ended 30 June 2019	**At fair value through OCI Private equities US $000**	**At fair value through profit or loss Fixed Income investments US $000**	**Investments in subsidiaries US $000**	**Total US $000**
As at 1 January 2019	6,387	38,490	5,205	50,082
Purchases	-	20,000	-	20,000
Settlement	-	(20,000)	-	(20,000)
Gains /(losses) recognised in:				
-Profit or loss	-	2,678	238	2,916
-Other comprehensive income	131	-	-	131
As at 30 June 2019	6,518	41,168	5,443	53,129

Six months ended 30 June 2018	**At fair value through OCI Private equities US $000**	**At fair value through profit or loss Fixed Income investments US $000**	**Investments in subsidiaries US $000**	**Total US $000**
As at 1 January 2018	7,129	25,515	5,426	38,070
Purchases	-	15,000	-	15,000
Settlement	-	(35,000)	-	(35,000)
Gains / (losses) recognised in:				
-Profit or loss	-	(515)	(39)	(554)
-Other comprehensive income	442	-	-	442
As at 30 June 2018	7,571	5,000	5,387	17,958

Year ended 31 December 2018	**At fair value through OCI Private equities US $000**	**At fair value through profit or loss Fixed Income investments US $000**	**Investments in subsidiaries US $000**	**Total US $000**
As at 1 January 2018	7,129	25,515	5,426	38,070
Purchases	-	75,000	-	75,000
Settlement	(1,055)	(62,500)	-	(63,555)
Gains / (losses) recognised in:				
-Profit or loss	-	475	(221)	254
-Other comprehensive income	313	-	-	313
As at 31 December 2018	6,387	38,490	5,205	50,082

The above recognised gains / (losses) are allocated as follows:

Six months ended 30 June 2019	**At fair value through OCI Private equities US $000**	**At fair value through profit or loss Fixed Income investments US $000**	**Investments in subsidiaries US $000**	**Total US $000**
Profit or loss				
-Financial assets held at period-end	-	2,678	238	2,916
Other comprehensive income				
-Financial assets held at period-end	131	-	-	131
Total gains / (losses) for period	131	2,678	238	3,047

Six months ended 30 June 2018	**At fair value through OCI Private equities US $000**	**At fair value through profit or loss Fixed Income investments US $000**	**Investments in subsidiaries US $000**	**Total US $000**
Profit or loss				
-Financial assets held at period-end	-	(515)	(39)	(554)
Other comprehensive income				
-Financial assets held at period-end	442	-	-	442
Total gains / (losses) for period	442	(515)	(39)	(112)

Year ended 31 December 2018	**At fair value through OCI Private equities US $000**	**At fair value through profit or loss Fixed Income investments US $000**	**Investments in subsidiaries US $000**	**Total US $000**
Profit or loss				
-Financial assets held at period-end	-	990	(221)	769
-Financial assets not held at period-end	-	(515)	-	(515)
	-	475	(221)	254
Other comprehensive income				
-Financial assets held at period-end	313	-	-	313
Total gains / (losses) for period	313	475	(221)	567

The Company has not developed itself any quantitative unobservable inputs for measuring the fair value of its level 3 financial assets at the reporting date. Instead the Group used prices from third – party pricing information without adjustment.

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

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

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

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

9. Investment in subsidiaries

	30 June 2019 Unaudited US $000	30 June 2018 Unaudited US $000	31 December 2018 Audited US $000
Unconsolidated subsidiaries			
As at 1 January	5,205	5,426	5,426
Fair value gains / (losses)	238	(39)	(221)
As at 30 June / 31 December	5,443	5,387	5,205

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

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

Livermore Investments Cyprus Limited during the period ceased its operations, and as a result has been deconsolidated by 30 June 2019. The Directors' intention is to dissolve it after the reporting date. The fair value and the net asset value (no assets or liabilities) at 30 June 2019 is nil, therefore no amount has been added to the investment in subsidiaries.

10. Trade and other receivables

	30 June 2019 Unaudited US $000	30 June 2018 Unaudited US $000	31 December 2018 Audited US $000
Financial items			
Accrued interest and distribution income	205	3	1
Amounts due by related parties (note 23)	6,061	5,679	3,104
	6,266	5,682	3,105
Non-Financial items			
Prepayments	67	79	60
VAT receivable	-	2	3
	6,333	5,763	3,168
Allocated as:			
Current assets	6,333	3,184	3,168
Non-current assets (note 23(2))	-	2,579	-
	6,333	5,763	3,168

11. Cash and cash equivalents

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

	30 June 2019 Unaudited US $000	30 June 2018 Unaudited US $000	31 December 2018 Audited US $000
Cash at bank	19,689	44,125	26,214
Bank overdraft used for cash management purposes	(18)	(180)	-
Cash and cash equivalents	19,671	43,945	26,214

12. Share capital

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 174,813,998 ordinary shares with no par value.

13. Share options

The Company has no outstanding share options at the end of the period.

	30 June 2019 Unaudited No. of Options	30 June 2018 Unaudited No. of Options	31 December 2018 Audited No. of Options
Outstanding and exercisable options			
At 1 January	-	500,000	500,000
Options expired	-	(500,000)	(500,000)
At 30 June / 31 December	-	-	-

14. Trade and other payables

	30 June 2019 Unaudited US $000	30 June 2018 Unaudited US $000	31 December 2018 Audited US $000
Financial items			
Trade payables	37	75	44
Amounts due to related parties (note 23)	3,906	4,462	3,731
Accrued expenses	1,090	1,019	2,152
	5,033	5,556	5,927

15. Net asset value per share

	30 June 2019 Unaudited	30 June 2018 Unaudited	31 December 2018 Audited
Net assets attributable to ordinary shareholders (USD 000)	182,997	175,645	174,333
Closing number of ordinary shares in issue	174,813,998	174,813,998	174,813,998
Basic net asset value per share (USD)	1.05	1.00	1.00

No dilutive instruments exist at any of the reporting dates presented, and as a result the dilutive net asset value per share equals the basic net asset value per share.

16. Segment reporting

The Company's activities fall under a single operating segment.

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

	Six months ended 30 June 2019 Unaudited US $000	Six months ended 30 June 2018 Unaudited US $000	Year ended 31 December 2018 Audited US $000
Investment Income			
Other European countries	367	(163)	(217)
United States	11,803	8,681	15,411
India	3	(89)	(89)
Asia	262	(390)	(944)
	12,435	8,039	14,161
Investments			
Other European countries	2,247	2,663	2,209
United States	149,046	116,699	138,310
India	710	1,463	712
Asia	9,997	10,644	9,626
	162,000	131,469	150,857

Investment income, comprising interest and distribution income as well as gains or losses on investments, is allocated based on the issuer's location. Investments are also allocated based on the issuer's location.

The Company has no significant dependencies, in respect of its investment income, on any single issuer.

17. Interest and distribution income

	Six months ended 30 June 2019 Unaudited US $000	Six months ended 30 June 2018 Unaudited US $000	Year ended 31 December 2018 Audited US $000
Interest from investments	357	63	101
Distribution income	11,155	15,643	31,440
	11,512	15,706	31,541

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

	Six months ended 30 June 2019 Unaudited		
	Interest from investments	Distribution income	Total
Financial assets at fair value through profit or loss	US $000	US $000	US $000
Fixed income investments	357	10,903	11,260
Public equity investments	-	252	252
	357	11,155	11,512

	Six months ended 30 June 2018 Unaudited		
	Interest from investments	Distribution income	Total
Financial assets at fair value through profit or loss	US $000	US $000	US $000
Fixed income investments	37	15,632	15,669
Public equity investments	-	11	11
	37	15,643	15,680
Financial assets at amortised cost			
Loan receivable (note 23)	26	-	26
	63	15,643	15,706

Financial assets at fair value through profit or loss	Year ended 31 December 2018 Audited Interest from investments US $000	 Distribution income US $000	 Total US $000
Fixed income investments	75	29,728	29,803
Public equity investments	-	868	868
	75	30,596	30,671
Financial assets at fair value through other comprehensive income			
Private equities	-	844	844
Financial assets at amortised cost			
Loan receivable (note 23)	26	-	26
	101	31,440	31,541

18. Changes in value of investments

	Six months ended 30 June 2019 Unaudited US $000	Six months ended 30 June 2018 Unaudited US $000	Year ended 31 December 2018 Audited US $000
Fair value gains / (losses) on financial assets through profit or loss	685	(7,628)	(17,159)
Fair value gains / (losses) on investment in subsidiaries	238	(39)	(221)
	923	(7,667)	(17,380)

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

Financial assets at fair value through profit or loss	Disposed in 2019 Realised (losses)/ gains* Unaudited US $000	 Cumulative distribution or interest Unaudited US $000	 Total financial impact Unaudited US $000
Fixed income investments	(5,341)	12,147	6,806
Financial assets at fair value through other comprehensive income			
Hedge funds	(519)	-	(519)
	(5,860)	12,147	6,287

* difference between disposal proceeds and original acquisition cost

19. Operating expenses

	Six months ended 30 June 2019 Unaudited US $000	Six months ended 30 June 2018 Unaudited US $000	Year ended 31 December 2018 Audited US $000
Directors' fees and expenses	1,842	428	5,730
Other salaries and expenses	89	82	156
Professional and consulting fees	1,004	529	1,896
Legal expenses	2	7	27
Bank custody fees	54	56	104
Office cost	115	185	382
Depreciation	42	4	8
Other operating expenses	339	288	588
Audit fees	26	23	82
	3,513	1,602	8,973

20. Finance costs and income

	Six months ended 30 June 2019 Unaudited US $000	Six months ended 30 June 2018 Unaudited US $000	Year ended 31 December 2018 Audited US $000
Finance costs			
Bank interest	10	10	30
Foreign exchange loss	-	174	215
	10	184	245
Finance income			
Bank interest income	133	106	233
Foreign exchange gain	68	-	-
	201	106	233

21. Dividends

The Board of Directors will decide on the Company's dividend policy for 2019 based on profitability, liquidity requirements, portfolio performance, market conditions, and the share price of the Company relative to its net asset value.

22. Earnings per share

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

	Six months ended 30 June 2019 Unaudited	**Six months ended 30 June 2018 Unaudited**	**Year ended 31 December 2018 Audited**
Profit for the period / year attributable to ordinary shareholders of the parent (USD 000)	9,102	6,350	5,162
Weighted average number of ordinary shares outstanding	174,813,998	174,813,998	174,813,998
Basic earnings per share (USD)	0.05	0.03	0.03

No dilutive instruments exist at any of the reporting dates presented, and as a result the dilutive earnings per share equals the basic net asset value per share.

23. Related party transactions

The Company is controlled by Groverton Management Ltd, an entity owned by Noam Lanir, which at 30 June 2019 held 76.62% of the Company's voting rights.

	30 June 2019 Unaudited US $000	**30 June 2018 Unaudited US $000**	**31 December 2018 Audited US $000**	
Amounts receivable from unconsolidated subsidiaries				
Sandhirst Limited	131	56	104	(1)
Amounts receivable from key management				
Directors' current accounts	5,930	3,044	3,000	(1)
Loan receivable	-	2,579	-	(2)
	5,930	5,623	3,000	
Amounts payable to unconsolidated subsidiaries				
Livermore Israel Investments Ltd	(3,522)	(4,276)	(3,522)	(3)
Amounts payable to other related party				
Loan payable	(149)	(149)	(149)	(4)
Amounts payable to key management				
Directors' current accounts	(172)	(30)	(48)	(3)
Other key management personnel	(63)	(7)	(12)	(5)
	(235)	(37)	(60)	

Key management compensation

<u>Short term benefits</u>				
Executive Directors' fees	398	398	795	(6)
Executive Directors' reward payments	1,400	-	4,804	
Non-executive Directors' fees	44	31	60	
Non-executive Directors' reward payments	-	-	71	
Other key management fees	632	149	1,084	(7)
	2,474	578	6,814	

(1) The amounts receivable from unconsolidated subsidiaries and the Directors' current accounts with debit balances are interest free, unsecured, and have no stated repayment date.

(2) A loan of USD 2.500m was made to a key management employee for the acquisition of shares in the Company. Interest is payable on the loan at 6 month US LIBOR plus 0.25% per annum and the loan is secured on the shares acquired. The loan, including interest accrued, was repayable on the earlier of the employee leaving the Company or August 2019. The loan including interest accrued was settled during 2018. For June 2018, the loan was included within trade and other receivables (note 10).

(3) The amounts payable to unconsolidated subsidiaries and Directors' current accounts with credit balances are interest free, unsecured, and have no stated repayment date.

(4) A loan with a balance at 30 June 2019 of USD 0.149m has been received from a related company (under common control) Chanpak Ltd. The loan is free of interest, unsecured and repayable on demand. This loan is included within trade and other payables (note 14).

(5) 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.

(6) These payments were made directly to companies which are related to the Directors.

(7) Other key management fees are included within professional fees (note 19).

No social insurance and similar contributions nor any other defined benefit contributions plan costs incurred for the Group in relation to its key management personnel in either 2019 or 2018.

Noam Lanir, through an Israeli partnership, is the major shareholder of Babylon Limited, an Israel based Internet Services Company. The Company as of 30 June 2019 held a total of 1.941m shares at a value of USD 0.856m which represents 4% of its effective voting rights.

24. Litigation

Fairfield Sentry Ltd vs custodian bank and beneficial owners

One of the custodian banks that the Company uses faces a contingent claim up to USD 2.1m, and any interest as will be decided by a US court and related legal fees, with regard to the redemption of shares in Fairfield Sentry Ltd, which were bought in 2008 at the request of Livermore and on its behalf. If the claim proves to be successful Livermore will have to compensate the custodian bank since the transaction was carried on Livermore's 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.

25. Commitments

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

Other than the above, the Company has no capital or other commitments as at 30 June 2019.

26. Events after the reporting date

Both warehouse facilities that the Company invested in, during 2019, with a carrying amount as at 30 June 2019 of USD 37.5m, were closed in August 2019, and Livermore's investment amount plus net carry amounting to a total of USD 41.2m became receivable in August 2019.

There were no other material events after the reporting date, which have a bearing on the understanding of these interim condensed consolidated financial statements.

27. Preparation of interim financial statements

Interim condensed consolidated financial statements are unaudited. Consolidated financial statements for Livermore Investments Group Limited for the year ended 31 December 2018, 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 on the Company's website www.livermore-inv.com.

Review Report to Livermore Investments Group Limited

Report on the Review of the Condensed Consolidated Financial Statements

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Livermore Investments Group Limited (the "Company") and its consolidated subsidiaries (together with the Company "the Group"), which are presented in pages 8 to 30 and comprise the condensed consolidated statement of financial position as at 30 June 2018 and the condensed consolidated statements of comprehensive income, changes in equity, and cash flows for the period from 1 January to 30 June 2018, and other explanatory information.

The 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 (EU). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. 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 do not give a true and fair view, in all material respects, of the financial position of the Group of Livermore Investments Group Limited as at 30 June 2018 and of their financial performance and its cash flows for the period from 1 January to 30 June 2018 in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU.

Other Matter

This report, including the conclusion, has been prepared for and only for the Company 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.

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

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

Limassol, 23 September 2018