25 September, 2020

LIVERMORE INVESTMENTS GROUP LIMITED

UNAUDITED INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2020

Livermore Investments Group Limited (the "Company" or "Livermore") today announces its interim results for the six months ended 30 June 2020.

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

Enquiries:

Livermore Investments Group Limited Gaurav Suri	+41 43 344 3200
Arden Partners plc Richard Johnson / Benjamin Cryer	+44 (0)20 7614 5900

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 2020. References to the Company hereinafter also include its consolidated subsidiaries (note 8).

The COVID-19 outbreak across the world has triggered tremendous human and economic hardships. Since February 2020, protective measures taken to contain spread of COVID-19 (lockdown) have supressed demand and supply globally, leading to a surge in job losses and exceptional turbulence in the financial markets. In light of the extra-ordinary situation, the Company focussed on protecting its capital, maintaining continuous operations, and ensuring the well-being of its employees and consultants.

Management cut warehousing risk before the COVID-19 related market sell-off took hold and maintained a high cash position of over USD 60m through the end of the first half of the year. This conservative positioning helped the Company navigate the tremendous volatility and uncertainty that ensued, and allows the Company to participate in the recovery phase by deploying capital opportunistically.

During the first half of 2020, the Company generated a net loss of USD 21.8m (30 June 2019: profit of USD 9.1m), which represents a loss of USD 0.12 per share (30 June 2019: gain of USD 0.05 per share). The NAV of the Company stood at USD 144.8m as of end of June 2020, representing a USD 28.3m or 16.3% decline from the beginning of the year. The losses relate largely to mark-to-market valuations of its CLO portfolio. Although the valuations declined significantly as risk premiums and default rates increased, the Company received distributions from almost all of its CLO positions. During H1 2020, the CLO and warehousing portfolio generated USD 12.3m in cash. As the recovery takes hold, we anticipate the distributions to increase over time due to higher new issues loan spreads and the positive effect of LIBOR floors. Management continues to actively manage the financial portfolio and remains in frequent contact with CLO managers with a view to optimizing exposure to US credit markets.

Financial Review

The NAV of the Company as at 30 June 2020 was USD 144.8m (30 June 2019: 183.0m). The loss after tax for the first half of 2020 was USD 21.8m, which represents loss per share of USD 0.12. The losses relate largely to the period end valuations of the CLO portfolio and exposure to leveraged loans.

	30 June 2020	**30 June 2019**	**31 December 2019**
	US $m	**US $m**	**US $m**
Shareholders' funds at beginning of period	173.1	174.3	174.3
	———	———	———
Income from investments	12.3	11.5	29.0
Realised losses on investments	-	-	-
Unrealised profits/ (losses) on investments	(33.4)	0.5	(25.5)
Administration costs	(1.3)	(3.5)	(5.1)
Net finance income / (costs)	0.1	0.2	0.5
Tax (charge) / credit	-	-	(0.1)
	———	———	———
Increase in net assets from operations	(22.3)	8.7	(1.2)
Dividends paid	(6.0)	-	-
	———	———	———
Shareholders' funds at end of period	144.8	183.0	173.1
	======	======	======
Net Asset Value per share	*US $0.83*	*US $1.05*	*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

On 31 December 2019, the Board announced an interim dividend of USD 6m (USD 0.0343 per share) to members on the register on 24 January 2020. The dividend was paid on 21 February 2020.

The Board of Directors will decide on the Company's dividend policy for 2020 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	Noam Lanir
Chairman	Chief Executive

25 September 2020

Review of Activities

Economic & Investment Environment

An already weak global economy on account of trade tensions between the US and China as well, as the uncertainty over the UK's exit from the European Union, was plunged sharply into a recession as the COVID-19 outbreak spread rapidly across the world. Preventive measures to slow the infection rate shut down several businesses sectors and disrupted global supply chains. The resulting jobs losses, especially in the travel, entertainment and retail sectors, inflicted significant economic damage in addition to the health crisis.

Thankfully, Central banks across the world acted swiftly to lower rates substantially and injected unprecedented amounts of liquidity to ensure orderly functioning of the global markets. In addition, governments responded quickly to provide stimulus, such as forgivable business financing, generous unemployment benefits and short-term work schemes, to blunt the impact of the crisis. These aggressive measures helped stabilize markets and supported household spending. Risk assets responded well to these measures and financial conditions have eased significantly from February-April levels.

After posting a moderate gain in 2019 in the US, real gross domestic product (GDP) fell at an annual rate of 5.0% in the first quarter and 31.7% in the second quarter of 2020. Unemployment rose rapidly and stood at 13.3% in May, compared to 3.6% at the beginning of the year. Subsequent easing of the lockdown in several US states and easy monetary and fiscal policies are supporting a sharp recovery in the employment market, although a return to pre-COVID levels is expected to take a long time. Annual inflation declined to lower levels and it is further threatened by low oil and commodity prices. Although market based inflation compensation measures declined substantially, longer term expectations remain stable for now.

In the Euro area, GDP fell by 3.7% in the first quarter and 11.8% in the second quarter. The drop in GDP was particularly pronounced in France and Italy, where COVID-19 containment measures were introduced early on and were very strict. As expected, unemployment rates increased but were substantially lower than in the US due to short-term work schemes implemented in several member states. Headline inflation declined as the effect of lower oil prices also fed through the economy.

After a strong start to the year, risk assets declined sharply in a short period of time as the COVID-19 outbreak spread rapidly. From its peak in February, the S&P 500 declined 34% to its trough in March. The unprecedented speed of decline and tremendous volatility shook the financial markets. Credit markets widened and financial conditions tightened significantly. Yields of developed market government bonds declined to near or sub-zero levels. With the duration of protective measures in question, rating agencies took aggressive downgrade actions and further tightened financial conditions for most businesses. However, risk markets across the world have responded favourably to the stimulus from global central banks as well as governments and have recovered sharply to pre-COVID-19 levels in anticipation of economic recovery and expectation of approval of COVID-19 vaccines currently in development. US technology firms benefitted the most as work-from-home, online retail, and distance learning trends accelerated.

In light of the business shutdowns for several weeks to months and the high unemployment rates, expectations for defaults in the high yield and leveraged loan market increased. In addition, aggressive and rapid downgrades by credit rating agencies further exacerbated the situation leading to significant price declines. The LSTA/S&P leveraged loan index declined by 21.7% from its highs and liquidity remained at very low levels. Although neither the US government Payment Protection Plan (PPP) nor the US Federal Reserve's financing facilities directly assisted most of the borrowers in the high yield and leveraged loan market, the trickle-down effect of rising markets and near-zero yields elsewhere helped these markets recover too. As of the end of the reporting period, the returns from Merrill Lynch High Yield Master II Index and the Credit Suisse Leveraged Loan Index (CSSLI) were down -4.78% and -4.76% respectively.

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 129.5m as at 30 June 2020, which is invested mainly in fixed income and credit related securities.

The following is a table summarizing the financial portfolio as at 30 June 2020

Name	30 June 2020 Book Value US $m	30 June 2019 Book Value US $m	31 December 2019 Book Value US $m
Investment in the loan market through CLOs	66.4	106.1	98.4
Open Warehouse facilities	-	41.2	-
Hedge Funds	-	-	-
Perpetual Bonds	1.1	1.1	1.1
Other Public Equities	1.2	1.6	1.7
Invested Total	68.7	150.0	**101.2**
Cash	60.8	19.7	**56.5**
Total	**129.5**	**169.7**	**157.7**

Senior Secured Loans and CLOs:

The US senior secured market (leveraged loan market) started strongly in 2020 with a majority of loans trading over par. The pipeline to refinance loans was at a very high levels and CLO debt spreads also compressed to much tighter levels than in 2019. Management took advantage of the situation and refinanced one of its 2017 vintage CLOs and reduced the cost of debt.

However, the leveraged loan markets declined sharply alongside the S&P 500 Index and other risk assets across the world as governments took drastic measures to slowdown the spread of COVID-19. Default expectations and risk premiums increased as the uncertainty of the resulting economic impact on borrowers was too high. Rating agencies downgraded over 35% of the leveraged loan market during the first half of 2020. Loans in the travel, entertainment, retail and energy sectors were the most impacted. The trailing 12-month US loan default rate increased to 3.96% as of 30 June 2020 from 1.38% as of 30 June 2019.

Subsequently as some of the lockdown restrictions were lifted, and the credit markets responded favourably to the enormous US fiscal and monetary stimulus and prices in the leveraged loan market rebounded as well. The rate of downgrades slowed considerably and several borrowers were taken off negative watch. The percentage of loans trading at distressed levels (price below 80) reduced from 57% at its peak on 23 March 2020 to about 8% as of end of June 2020.

Significant rating downgrades and somewhat higher defaults caused key over-collateralization ratios (OC ratios) to decline in April and May and over 25% of US CLOs were failing their junior OC tests. These CLOs were forced to divert distributions away from equity investors to bolsters the deal structure. At the same time, active trading by some CLO managers and a price recovery in CCC rated assets have helped in reparation of OC ratios.

New issue CLO formation, which was previously at high levels, ground to a halt in March and April. AAA liabilities widened from low 120 bps in January to 400+ bps in March before tightening back to mid-160 bps as at end of the reporting period. As debt spreads tightened from the lows, new issue formation has restarted especially in cases where warehouses were already open pre-COVID-19 and needed to be converted to CLOs.

In addition to refinancing one of its CLOs, management quickly cut risk and converted its open warehouse to a CLO prior to the sell-off and increased its cash position substantially. As of end of June 2020, the Company had over USD 60m of cash at hand and no borrowings. Further, the Company's CLO equity portfolio is positioned towards newer and longer reinvestment period transactions with higher OC cushions. As a result, most of the CLO positions in the Company's portfolio were passing its junior OC test ratios and made distributions in April and continue to do so. Management expects CLO equity payments to increase somewhat in the future as wider new issue loans spreads and LIBOR floor benefit increases the arbitrage.

During the reporting period the Company's US CLO portfolio and warehouses generated over USD 1.5m of cash distributions. As of end of June, the Company had no open warehouses. Looking ahead, if there are no further lockdowns and significant business disruptions due to the COVID-19 pandemic, the Company expects the loan market to offer compelling risk-reward characteristics with better spreads and documentation. The Company continues to look for opportunities to invest in long reinvestment CLO equity at low prices as well as discounted BB rated tranches. 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 2020, 100% of the Company's CLO portfolio is invested in post-crisis US CLOs.

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

	30 June 2020 Amount **US $000**	Percentage	30 June 2019 Amount **US $000**	Percentage
US CLOs	66,4	100.0%	106,134	100.0%
	66,4	100%	106,134	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 2020:

Name	**Book Value US $m**
Evolution Venture (Israel)	3.4
Other investments	2.7
Total	**6.1**

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 a 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 2020.

Name	**30 June 200 Book Value US $m**
Financial portfolio	68.7
Private Equity Funds	6.1
Total	**74.8**
Financial assets at fair value through profit or loss (note 4)	68.7
Financial assets at fair value through other comprehensive income (note 5)	6.1
Total	**74.8**

Events after the reporting date

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

Litigation

Information is provided in note 22 to the interim condensed consolidated financial statements.

Livermore Investments Group Limited
Condensed Consolidated Statement of Financial Position
as at 30 June 2020

	Note	30 June 2020 Unaudited US $000	30 June 2019 Unaudited US $000	31 December 2019 Audited US $000
Assets				
Non-current assets				
Property, plant and equipment		36	26	45
Right-of-use asset		295	370	329
Financial assets at fair value through profit or loss	4	66,381	106,134	98,418
Financial assets at fair value through other comprehensive income	5	6,135	6,518	6,204
Investments in subsidiaries	8	5,917	5,443	5,787
		78,764	118,491	110,783
Current assets				
Trade and other receivables	9	8,186	6,333	8,251
Financial assets at fair value through profit or loss	4	2,302	43,905	2,837
Cash at bank	10	60,757	19,689	56,499
		71,245	69,927	67,587
Total assets		150,009	188,418	178,370
Equity				
Share capital	11	-	-	-
Share premium		169,187	169,187	169,187
Other reserves		(21,089)	(20,198)	(20,598)
Retained earnings		(3,274)	34,008	24,491
Total equity		144,824	182,997	173,080
Liabilities				
Non-current liabilities				
Lease liability		211	288	248
		211	288	248
Current liabilities				
Bank overdrafts	10	-	18	-
Trade and other payables	12	4,804	5,033	4,907
Lease liability – current portion		84	82	83
Current tax liability		86	-	52
		4,974	5,133	5,042
Total liabilities		5,185	5,421	5,290
Total equity and liabilities		150,009	188,418	178,370
Net asset valuation per share				
Basic and diluted net asset valuation per share (US $)	13	0.83	1.05	0.99

Livermore Investments Group Limited
Condensed Consolidated Statement of Profit or Loss
for the six months ended 30 June 2020

	Note	Six months ended 30 June 2020 Unaudited US $000	Six months ended 30 June 2019 Unaudited US $000	Year ended 31 December 2019 Audited US $000
Investment income				
Interest and distribution income	15	12,321	11,512	29,028
Changes in value of investments	16	(32,881)	923	(25,358)
		(20,560)	12,435	3,670
Operating expenses	17	(1,289)	(3,513)	(5,132)
Operating (loss) / profit		(21,849)	8,922	(1,462)
Finance costs	18	(25)	(10)	(18)
Finance income	18	157	201	550
(Loss) / profit before taxation		(21,717)	9,113	(930)
Taxation charge		(48)	(11)	(151)
(Loss) / profit for period / year		(21,765)	9,102	(1,081)
(Loss) / earnings per share				
Basic and diluted (loss) / earnings per share (US $)	20	(0.12)	0.05	(0.006)

Livermore Investments Group Limited
Condensed Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2020

	Six months ended 30 June 2020 Unaudited US $000	**Six months ended 30 June 2019 Unaudited US $000**	**Year ended 31 December 2019 Audited US $000**
(Loss) / profit for the period / year	(21,765)	9,102	(1,081)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Foreign exchange (losses) / gains from translation of subsidiaries	(22)	(18)	9
	(21,787)	9,084	(1,072)
Items that are not reclassified subsequently to profit or loss			
Financial assets designated at fair value through other comprehensive income			
- Fair value losses	(469)	(420)	(181)
Total comprehensive (loss) / income for the period / year	(22,256)	8,664	(1,253)

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 2020

	Share premium	Translation reserve	Investment revaluation reserve	Retained earnings	Total
	US $000	US $000	US $000	US $000	US $000
Balance at 1 January 2019	169,187	12	(20,291)	25,425	174,333
Loss for the year	-	-	-	(1,081)	(1,081)
Other comprehensive income:					
Financial assets at fair value through OCI					
- Fair value losses	-	-	(181)	-	(181)
Foreign exchange gains on the translation of subsidiaries	-	9	-	-	9
Transfer of realised gains	-	-	(147)	147	-
Total comprehensive loss for the year	-	9	(328)	(934)	(1,253)
Balance at 31 December 2019	169,187	21	(20,619)	24,491	173,080
Dividends	-	-	-	(6,000)	(6,000)
Transactions with owners	-	-	-	(6,000)	(6,000)
Loss for the period	-	-	-	(21,765)	(21,765)
Other comprehensive income:					
Financial assets at fair value through OCI					
- Fair value losses	-	-	(469)	-	(469)
Foreign exchange losses on the translation of subsidiaries	-	(22)	-	-	(22)
Total comprehensive loss for the period	-	(22)	(469)	(21,765)	(22,256)
Balance at 30 June 2020	169,187	(1)	(21,088)	(3,274)	144,824

	Share premium	Translation reserve	Investment revaluation reserve	Retained earnings	Total
	US $000	US $000	US $000	US $000	US $000
Balance at 1 January 2019	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 on the 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

Livermore Investments Group Limited
Condensed Consolidated Statement of Cash Flows
for the period ended 30 June 2020

	Note	Six months ended 30 June 2020 Unaudited US $000	Six months ended 30 June 2019 Unaudited US $000	Year ended 31 December 2019 Audited US $000
Cash flows from operating activities				
(Loss) / profit before tax		(21,717)	9,113	(930)
Adjustments for:				
Depreciation expense		46	42	98
Interest expense	18	25	10	18
Interest and distribution income	15	(12,321)	(11,512)	(29,028)
Bank interest income	18	(119)	(133)	(437)
Changes in value of investments	16	32,881	(923)	25,358
Exchange differences	18	(38)	(68)	(113)
		(1,243)	(3,471)	(5,034)
Changes in working capital				
Increase in trade and other receivables		(13)	(2,962)	(5,391)
Decrease in trade and other payables		(104)	(894)	(1,020)
Cash flows from operations		(1,360)	(7,327)	(11,445)
Interest and distribution received		12,471	11,442	29,756
Tax paid		(14)	(11)	(98)
Net cash from operating activities		11,097	4,104	18,213
Cash flows from investing activities				
Acquisition of investments		(21,058)	(31,739)	(50,200)
Proceeds from sale of investments		20,254	21,068	62,273
Net cash from investing activities		(804)	(10,671)	12,073
Cash flows from financing activities				
Interest paid		(25)	(64)	(18)
Dividends paid		(6,000)	-	-
Lease liability payments		(48)	(41)	(96)
Net cash from financing activities		(6,073)	(105)	(114)
Net increase / (decrease) in cash and cash equivalents		4,220	(6,672)	30,172
Cash and cash equivalents at beginning of the period / year		56,499	26,214	26,214
Exchange differences on cash and cash equivalents		38	129	113
Translation differences on foreign operations' cash and cash equivalents		-	-	-
Cash and cash equivalents at the end of the period / year	10	60,757	19,671	56,499

Notes to the Interim Condensed Consolidated Financial Statements

1. Accounting policies

The interim condensed consolidated financial statements of Livermore have been prepared on the basis of the accounting policies stated in the 2019 Annual Report, available on *www.livermore-inv.com*.

The application of the IFRS pronouncements that became effective as of 1 January 2020 has no significant impact on the Company's consolidated financial statements.

2. 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 2019.

Covid-19 uncertainty

In March 2020, the World Health Organisation recognised that coronavirus (COVID-19) was in the state of pandemic. The Company continues to monitor the COVID-19 pandemic situation closely, with a focus on the impact on the Company's CLO and US senior secured loan portfolios. The spread of the virus, government policy responses and changing demand patterns are expected to have a negative impact on the operations and earnings of some of the borrowers in the CLO portfolio. The Company has been in close contact with managers of its individual CLO positions and is tracking the level of rating downgrades of underlying loans to CCC+/Caa rating and a worsening default outlook. A significant concentration of CCC+/Caa rated loans can turn off the distributions to the equity and lower mezzanine tranches of CLOs and would result in significant drop in the market values of those CLO portfolio constituents. The full extent of the impact will depend on the length and severity of the crisis and is expected to vary widely between sectors and companies.

The Company has been positioned very conservatively for several months with high liquidity and cash reserves (in excess of USD 60m as of 30 June 2020) and a CLO portfolio that consists largely of CLOs with long reinvestment periods, which should benefit somewhat from the volatility in the market. The Company has no debt.

3. Basis of preparation

These unaudited interim condensed consolidated financial statements are for the six months ended 30 June 2020. 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 2019.

The financial information for the year ended 31 December 2019 is extracted from the Company's consolidated financial statements for the year ended 31 December 2019 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 and as at the reporting date, one of its subsidiaries provide such services. Note 8 shows further details of the consolidated and unconsolidated subsidiaries.

References to the Company hereinafter also includes its consolidated subsidiary (note 8).

4. Financial assets at fair value through profit or loss

	30 June 2020 Unaudited US $000	30 June 2019 Unaudited US $000	31 December 2019 Audited US $000
Non-current assets			
Fixed income investments (CLO Income Notes)	66,381	106,134	98,418
	66,381	106,134	98,418
Current assets			
Fixed income investments	1,115	42,293	1,127
Public equity investments	1,187	1,612	1,710
	2,302	43,905	2,837

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.

5. Financial assets at fair value through other comprehensive income

	30 June 2020 Unaudited US $000	30 June 2019 Unaudited US $000	31 December 2019 Audited US $000
Non-current assets			
Private equities	6,135	6,518	6,204

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.

6. Financial assets at fair value

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

- Fixed income investments relate to 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.
- Public equity investments relate to investments in shares of companies listed on public stock exchanges.

7. Fair value measurements of financial assets and liabilities

The table in note 7.2 below presents financial assets measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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

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

7.1 Valuation of financial assets and liabilities

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

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

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

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

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

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

- Private Equities are valued using market valuation techniques as determined by the Directors, mainly 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.

- Investments in subsidiaries are valued at fair value as determined on an adjusted net asset valuation basis.

7.2 Fair Value Hierarchy

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

30 June 2020	**Unaudited US $000** Level 1	**Unaudited US $000** Level 2	**Unaudited US $000** Level 3	**Unaudited US $000** Total
Assets				
Fixed income investments	1,115	66,381	-	67,496
Private equities	-	-	6,135	6,135
Public equity investments	1,187	-	-	1,187
Investments in subsidiaries	-	-	5,917	5,917
	2,302	66,381	12,052	80,735

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

31 December 2019	**Audited US $000** Level 1	**Audited US $000** Level 2	**Audited US $000** Level 3	**Audited US $000** Total
Assets				
Fixed income investments	1,127	98,418	-	99,545
Private equities	-	-	6,204	6,204
Public equity investments	1,710	-	-	1,710
Investments in subsidiaries	-	-	5,787	5,787
	2,837	98,418	11,991	113,246

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 2020	**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 2020	6,204	-	5,787	11,991
Purchases	400	15,000	-	15,400
Settlement		(15,000)		(15,000)
Gains /(losses) recognised in:				
-Profit or loss	-	-	130	130
-Other comprehensive income	(469)	-	-	(469)
As at 30 June 2020	6,135	-	5,917	12,052

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 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

Year ended 31 December 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	-	23,000	-	23,000
Settlement	(33)	(60,500)	-	(60,533)
Gains / (losses) recognised in:				
-Profit or loss	-	(990)	582	(408)
-Other comprehensive income	(150)	-	-	(150)
As at 31 December 2019	6,204	-	5,787	11,991

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

Six months ended 30 June 2020	**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	-	-	130	130
Other comprehensive income				
- Financial assets held at period-end	(469)	-	-	(469)
Total gains / (losses) for period	(469)	-	130	(339)

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 for period	131	2,678	238	3,047

Year ended 31 December 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	-	-	582	582
- Financial assets not held at period-end	-	(990)	-	(990)
	-	(990)	582	(408)
Other comprehensive income				
- Financial assets held at period-end	(150)	-	-	(150)
Total gains / (losses) for period	(150)	(990)	582	(558)

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.

8. Investment in subsidiaries

	30 June 2020 Unaudited US $000	30 June 2019 Unaudited US $000	31 December 2019 Audited US $000
Unconsolidated subsidiaries			
As at 1 January	5,787	5,205	5,205
Fair value gains	130	238	582
As at 30 June / 31 December	5,917	5,443	5,787

The investments in which the Company has a controlling interest as at the reporting date are as follows:

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

9. Trade and other receivables

	30 June 2020 Unaudited US $000	30 June 2019 Unaudited US $000	31 December 2019 Audited US $000
Financial items			
Accrued interest and distribution income	1	205	80
Amounts due by related parties (note 21)	8,118	6,061	8,091
	8,119	6,266	8,171
Non-financial items			
Prepayments	60	67	71
VAT receivable	7	-	9
	8,186	6,333	8,251

For the Company's receivables of a financial nature, no lifetime expected credit losses and no corresponding allowance for impairment have been recognised, as their default rates have been determined to be close to 0%.

No receivable amounts have been written-off during either 2020 or 2019.

10. Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following:

	30 June 2020 Unaudited US $000	30 June 2019 Unaudited US $000	31 December 2019 Audited US $000
Demand deposits	60,757	16,153	41,499
Short – term fixed deposits	-	3,536	15,000
Cash at bank	60,757	19,689	56,499
Bank overdraft used for cash management purposes	-	(18)	-
Cash and cash equivalents	60,757	19,671	56,499

11. 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.

12. Trade and other payables

	30 June 2020 Unaudited US $000	30 June 2019 Unaudited US $000	31 December 2019 Audited US $000
Financial items			
Trade payables	50	37	23
Amounts due to related parties (note 21)	4,454	3,906	4,468
Accrued expenses	300	1,090	416
	4,804	5,033	4,907

13. Net asset value per share

	30 June 2020 Unaudited	30 June 2019 Unaudited	31 December 2019 Audited
Net assets attributable to ordinary shareholders (USD 000)	144,824	182,997	173,080
Closing number of ordinary shares in issue	174,813,998	174,813,998	174,813,998
Basic net asset value per share (USD)	0.83	1.05	0.99

The diluted net asset value per share equals the basic net asset value per share since no potentially dilutive shares exist at any of the reporting dates presented.

14. 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 2020 Unaudited US $000	Six months ended 30 June 2019 Unaudited US $000	Year ended 31 December 2019 Audited US $000
Investment Income			
Other European countries	(991)	367	(463)
United States	(17,062)	11,803	5,096
India	(96)	3	(171)
Asia	(2,411)	262	(792)
	(20,560)	12,435	3,670
Investments			
Other European countries	2,367	2,247	2,215
United States	67,535	149,046	100,235
India	221	710	716
Asia	10,612	9,997	10,080
	80,735	162,000	113,246

Investment income, comprising interest and distribution income as well as fair value 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.

15. Interest and distribution income

	Six months ended 30 June 2020 Unaudited US $000	Six months ended 30 June 2019 Unaudited US $000	Year ended 31 December 2019 Audited US $000
Interest from investments	239	357	695
Distribution income	12,082	11,155	28,333
	12,321	11,512	29,028

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

	Six months ended 30 June 2020 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	239	12,076	12,315
Public equity investments	-	6	6
	239	12,082	12,321

	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

	Year ended 31 December 2019 Audited		
	Interest from investments	Distribution income	Total
Financial assets at fair value through profit or loss	US $000	US $000	US $000
Fixed income investments	695	28,002	28,697
Public equity investments	-	331	331
	695	28,333	29,028

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

16. Changes in value of investments

	Six months ended 30 June 2020 Unaudited US $000	Six months ended 30 June 2019 Unaudited US $000	Year ended 31 December 2019 Audited US $000
Fair value (losses) / gains on financial assets through profit or loss	(32,492)	685	(25,940)
Fair value gains on investment in subsidiaries	130	238	582
Fair value losses on derivatives	(519)	-	-
	(32,881)	923	(25,358)

During the period, the Company entered into stock options and futures at open markets, for speculative purposes. All positions were then closed with a net loss of USD 519,120.

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

	Disposed in 2020		
	Realised (losses)/ gains* Unaudited US $000	Cumulative distribution or interest Unaudited US $000	Total financial impact Unaudited US $000
Financial assets at fair value through profit or loss			
Fixed income investments	(638)	1,340	702
Derivatives	(519)	-	(519)
	(1,157)	1,340	183

* difference between disposal proceeds and original acquisition cost

17. Operating expenses

	Six months ended 30 June 2020 Unaudited US $000	Six months ended 30 June 2019 Unaudited US $000	Year ended 31 December 2019 Audited US $000
Directors' fees and expenses	440	1,842	2,307
Other salaries and expenses	87	89	202
Professional and consulting fees	342	1,004	1,360
Legal expenses	3	2	18
Bank custody fees	56	54	111
Office cost	116	115	221
Depreciation	48	42	98
Other operating expenses	195	339	726
Audit fees	13	26	89
	1,289	3,513	5,132

18. Finance costs and income

	Six months ended 30 June 2020 Unaudited US $000	Six months ended 30 June 2019 Unaudited US $000	Year ended 31 December 2019 Audited US $000
Finance costs			
Bank interest	25	10	18
Finance income			
Bank interest income	119	133	437
Foreign exchange gain	38	68	113
	157	201	550

19. Dividends

On 31 December 2019, the Board announced an interim dividend of USD 6m (USD 0.0343 per share) to members on the register on 24 January 2020. The dividend was paid on 21 February 2020.

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.

20. (Loss) / earnings per share

Basic (loss) / earnings per share has been calculated by dividing the (loss) / profit for the year 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 2020 Unaudited	Six months ended 30 June 2019 Unaudited	Year ended 31 December 2019 Audited
(Loss) / profit for the period / year attributable to ordinary shareholders of the parent (USD 000)	(21,765)	9,102	(1,081)
Weighted average number of ordinary shares outstanding	174,813,998	174,813,998	174,813,998
Basic (loss) / earnings per share (USD)	(0.12)	0.05	(0.006)

The diluted (loss) / earnings per share equals the basic (loss) / earnings per share since no potentially dilutive shares were in existence during 2020 and 2019.

21. Related party transactions

The Company is controlled by Groverton Management Ltd, an entity owned by Noam Lanir, which at 30 June 2020 held 76.62% of the Company's voting rights.

	30 June 2020 Unaudited US $000	30 June 2019 Unaudited US $000	31 December 2019 Audited US $000	
Amounts receivable from unconsolidated subsidiaries				
Sandhirst Limited	188	131	161	(1)
Amounts receivable from key management				
Loan receivable	1,000	-	1,000	(2)
Amounts receivable from parent company				
Loan receivable	6,930	5,930	6,930	(3)
Amounts payable to unconsolidated subsidiaries				
Livermore Israel Investments Ltd	(3,522)	(3,522)	(3,522)	(4)
Amounts payable to other related party				
Loan payable	(149)	(149)	(149)	(5)
Amounts payable to key management				
Directors' current accounts	(52)	(172)	(7)	(4)
Other key management personnel	(731)	(63)	(790)	(6)
	(783)	(235)	(797)	

	30 June 2020 Unaudited US $000	30 June 2019 Unaudited US $000	31 December 2019 Audited US $000	
Key management compensation				
<u>Short term benefits</u>				
Executive Directors' fees	398	398	795	(7)
Executive Directors' reward payments	-	1,400	1,400	
Non-executive Directors' fees	42	44	87	
Non-executive Directors' reward payments	-	-	25	
Other key management fees	170	632	890	(8)
	610	2,474	3,197	

(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 with a balance at 30 June 2020 of USD 1m was made to a key management employee and a Company's Director. The loan is free of interest, is unsecured and is repayable on demand. This loan is included within trade and other receivables (note 9).

(3) A loan with a balance at 30 June 2020 of USD 6.93m was made to the Company's parent, Groverton Management Ltd. The loan is free of interest, is unsecured and is repayable on demand. This loan is included within trade and other receivables (note 9).

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

(5) A loan with a balance at 30 June 2020 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 12).

(6) The amount payable to other key management personnel relates to a payment made on behalf of the Company for investment purposes and accrued consultancy fees.

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

(8) Other key management fees are included within professional fees (note 17).

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 2020 or 2019.

Noam Lanir, through an Israeli partnership, was the major shareholder of Babylon Limited, an Israel based Internet Services Company. The investment was sold during first quarter of 2020. The Company as of 30 June 2020 held a total of 1.941m shares at a value of USD 1.328m which represents 4% of its effective voting rights. The Company's investment is included within financial assets at fair value through profit or loss – public equity investments (note 4).

22. 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.

23. 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 2020.

24. Events after the reporting date

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

25. 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 2019, 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 the Members of Livermore Investments Group Limited

Review Report on the interim Condensed Consolidated Financial Statements

Introduction

We have reviewed the interim condensed consolidated financial statements of Livermore Investments Group Limited (the "Company") and its subsidiary (together with the Company "the Group"), which are presented in pages 7 to 25 and comprise the condensed consolidated statement of financial position as at 30 June 2020 and the consolidated statements of comprehensive income, changes in equity and for the period from 1 January 2020 to 30 June 2020, and notes to the interim condensed consolidated financial statements, including a summary of significant accounting policies.

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union ('IAS34 Interim Financial Reporting'). 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 International Standard on Review Engagements 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 information does not present fairly, in all material respects, the financial position of the entity as at June 30, 2020, and of its financial performance and its cash flows for the six month period then ended in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Emphasis of Matter

We draw attention to the note 22 of the interim condensed consolidated financial statements which describes the uncertainty related to the outcome of a legal claim against one of the custodian banks that the Group and the Company uses on its behalf. Our conclusion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Chairman's and Chief Executive's Review and Review of Activities, but does not include the condensed consolidated financial statements and our review report thereon.

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

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

Other Matter

This report, including the conclusion, has been prepared for and only for the Group's members as a body 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.

Froso Yiangoulli

Certified Public Accountant and Registered Auditor
for and on behalf of
Grant Thornton (Cyprus) Ltd

Certified Public Accountants and Registered Auditors

Nicosia, 25 September 2020