PALLINGHURST



Pallinghurst Resources Limited

INTERIM REPORT 2014

Cover photos from left to right

The West pit at Sedibelo Platinum Mine.
Gemfields' rough ruby from Montepuez, Mozambique.
Conveyor belt moving manganese ore to Tshipi's rapid load out station.

Photo above
Loading manganese ore at Tshipi Borwa

Investment Manager's Report

for the six months ended 30 June 2014

I am pleased to report that the significant progress made in each of our Investment Platforms has led to a material increase in the underlying value of Pallinghurst's assets and a net profit for the Company of over US$100 million for the six months ended 30 June 2014. These solid results are primarily attributable to increases in Gemfields' share price and the valuation of Jupiter. The Company's share price has also risen, doubling in the past 12 months, making it one of the best performing stocks on the JSE for the year. I expect further value to be unlocked as we start seeing the fruits of the past seven years of effort.

Some of the key milestones achieved this year include:

- PGM production of 71,800 ounces for the first six months of the year;
- Acquisition of 45 million PGM ounces at Kruidfontein, boosting SPM's resource base to over 100 million PGM ounces;
- SPM has retained its strong balance sheet and is set to report improved production and financial results;
- In challenging markets, Tshipi was profitable in its first full financial year of operations;
- Over one million tonnes of manganese ore has been produced at Tshipi in the six months to 31 August 2014;
- Gemfields' inaugural ruby auction realised US$33.5 million in revenues, a strong debut for its second major gemstone revenue stream;
- Gemfields achieved revenues of US$160 million and EBITDA of US$59 million for the year to 30 June 2014; and
- Continued integration of Gemfields and Fabergé (following their merger which was awarded "AIM transaction of the year").

These significant achievements are the result of our focus on building the long-term sustainability of each business and I expect to be able to report further progress as we seek to realise the inherent value in our Investment Portfolio.

Arne H. Frandsen
Chief Executive

Platinum Group Metals ("PGM")

Sedibelo Platinum Mines Limited ("SPM") has continued to develop well in 2014 despite a difficult industry backdrop. The historic five month labour strike at the three largest platinum producers – Anglo American Platinum, Impala Platinum and Lonmin – ended in June 2014 after a wage agreement was reached with the Association of Mineworkers and Construction Union. The strikes were the longest and most costly in South African mining history with lost revenues estimated to be over US$2 billion for those three producers. The strikes are likely to put pressure on producers to close or sell high-cost operations and to move to increased mechanisation.

Despite the significant reduction in supply caused by the strikes, the platinum price did not respond as might have been expected. This may have been attributable to larger than expected above-ground platinum stocks held by industrial users and built up by producers in advance of the strikes. However, these reserves will now have been reduced and with the long and costly post-strike return to production that these three producers are still experiencing, PGM prices should be stronger in the medium-term.

Production at SPM's Pilanesberg Platinum Mine ("PPM") continues to improve, with 71,800 4E PGM ounces dispatched in the first six months of 2014. This represents a 9% production increase compared to the first six months of 2013 and was achieved despite unseasonably heavy rainfall in January and February. A key focus for SPM's development is the establishment of a secondary ore source to PPM which will increase production volumes and improve operational flexibility. In June 2014, SPM approved the development of the "East Pit", the ore body previously known as Sedibelo Central. The first reef is expected to be mined from this open-pit operation within the next six to nine months.

As a debt-free company with a strong balance sheet, SPM remains alert to potential opportunities triggered by current low PGM prices. In January 2014, SPM agreed to acquire the prospecting right on Kruidfontein, a property contiguous to and directly down-dip of its Magazynskraal ore body. Kruidfontein contains an estimated 45 million PGM ounces and was acquired for US$30 million (US$0.75 per ounce). The significant increase in resources to over 100 million ounces is expected to improve SPM's attractiveness in an IPO and further cement its position as a long-life mining operation.

In April 2014, SPM invested in the Kell technology, an innovative hydrometallurgical alternative to the smelting of PGM concentrates. Kell is an environmentally friendly process, requiring only a small amount of electricity as compared to traditional smelting, and has the potential to increase recoveries. Initial test results have been positive and analysis is ongoing as to whether the process can be applied to SPM's current operations and potentially to other industry producers.

In July 2014, certain shareholders agreed to invest a further US$65 million into SPM. This investment will boost SPM's balance sheet and enable it to develop the East Pit whilst still maintaining a prudent capital structure.

Investment Manager's Report (continued)

for the six months ended 30 June 2014

Although preparations for the listing of SPM continue, the timing of an IPO remains subject to equity market and PGM industry conditions. Despite the well-publicised strikes having ended, many publicly listed PGM producers have seen significant pressure on their share prices. However, supply challenges persist and there are signs of steady demand increases, which should provide support for future PGM price increases. SPM with its large, sustainable and relatively shallow resource base is well-positioned to benefit once market conditions are more favourable.

Steel Making Materials

Manganese production at Tshipi Borwa has increased in line with its ramp-up plan and its rail allocation from Transnet, the South African state rail operator. In the financial year to 28 February 2014, Tshipi Borwa produced and sold nearly one million tonnes of manganese ore, recording a profit in its first full year of operations, a significant achievement for a newly established mine.

Over one million tonnes of manganese ore were produced in the six months to 31 August 2014 and Tshipi remains profitable, despite the weak manganese price environment. Target production for the financial year to 28 February 2015 has been raised to between 1.7 and 2 million tonnes. Commissioning of the rapid load-out station has reduced loading times significantly, improving overall capacity and reducing costs.

Jupiter Mines Limited ("Jupiter") completed its delisting from the Australian Securities Exchange ("ASX") on 10 January 2014 following approval from its shareholders and the ASX.

In the Central Yilgarn region of Western Australia, Jupiter has been issued a mining right over Mount Mason. To optimise the capital and operating expenditure at Mount Mason, tenders for construction and operation of the mine have been sought and the initial proposals are at significantly reduced costs compared to prior estimates.

During May 2014, the Government of Western Australia announced that it had selected the Yilgarn Esperance Solution consortium ("YES consortium") as the preferred proponent to design, build and operate the Esperance Port Multi-User Iron Ore Facility. The selection of the YES consortium to expand the port was a significant step forward and should Jupiter secure access to the Esperance facility, Mount Mason has the potential to start generating profits by 2017 and establish Jupiter as an iron ore producer in the Central Yilgarn region.

Coloured Gemstones

Gemfields plc ("Gemfields") successfully established its second major gemstone revenue stream at the inaugural auction of rough ruby and corundum realising revenues of US$33.5 million at an average price of US$18.43 per carat. The auction was held in Singapore in June 2014 and comprised high and low quality material from the Montepuez deposit in Mozambique, in which Gemfields has a 75% interest. The revenues from this auction were equivalent to the total acquisition and development cost of Montepuez to that point, a significant achievement for any new operation. Gemfields invited its existing emerald customers to the auction, some of whom were successful in bidding for ruby and corundum parcels. The ability of Gemfields to attract buyers to a range of different coloured gemstones is an important development for the industry and is expected to increase demand for all of Gemfields' gemstones. It is anticipated that a second rough ruby and corundum auction will take place before the end of 2014.

Gemfields held a high quality rough emerald and beryl auction in Lusaka, Zambia in February 2014. Auction revenues were US$36.5 million, a record revenue figure for any Gemfields auction, accompanied by the highest average price achieved at any Gemfields auction of US$59.31 per carat.

In May 2014, Gemfields held an auction of traded rough emeralds in Jaipur, India. The emeralds sold at the auction were predominantly of higher quality and comprised Zambian and Brazilian gemstones obtained by Gemfields in the open market. Revenues achieved from the auction were US$13.5 million, at an average price of US$50 per carat.

In August 2014, a lower quality emerald and beryl auction was held in Lusaka, Zambia. Revenues achieved from the auction were US$15.5 million, the second highest at any lower quality auction, representing an average price of US$1.34 per carat. The auction saw the sale of 1.5 million tonnes of low grade beryl, material that had not been sold in the three prior lower quality auctions. On a comparable basis therefore, excluding this low grade beryl, the average per carat price realised was a record US$3.61, representing a 9% increase on the US$3.32 per carat achieved at the most recent lower quality auction in November 2013.

Gemfields has now held 17 auctions since July 2009 (including its inaugural ruby and corundum auction) which have generated almost US$310 million in aggregate revenues. Gemfields continues to achieve increases in per carat prices (on a quality-for-quality basis) underpinned by solid demand for its ethically sourced and transparently supplied gemstones.

The strong auction results boosted Gemfields' revenues to a record US$160 million for the financial year to 30 June 2014, EBITDA of US$59 million and a net profit of US$16 million.

Emerald and beryl production at Kagem decreased by one-third to 20 million carats in the year to 30 June 2014 and grade fell 11%

to 253 carats per tonne. The reduced production was a result of unusually high rainfall and characteristic grade volatility in coloured gemstone mining, and is expected to improve in the near-term. Production of ruby and corundum at Montepuez increased more than threefold to 6.5 million carats in the year to 30 June 2014, with total cash operating costs increasing to US$11 million.

During April 2014, the Company extended a US$15 million unsecured 12 month working capital facility to Gemfields. US$10 million of the facility has been drawn to date, helping Gemfields smooth its cash flow, given the intermittent nature of revenues from its gemstone auctions and the ongoing development of its ruby, rough gemstone trading and Fabergé businesses.

Fabergé continued to expand its product range in line with its strategic plan. Fabergé has seen its sales margins improve and the brand has increased the profile of Gemfields and boosted demand and aspiration for its coloured gemstones.

Fabergé collaborated over the Easter period with Harrods, one of the world's most famous department stores, to host a 'Fabergé Easter' involving considerable areas of the Harrods store. Fabergé had an exclusive salon and exhibition space, in addition to its existing concession in Harrods' "Fine Jewellery Room", which saw record monthly sales.

Following the success of The Fabergé Big Egg Hunt in London in 2012, a similar initiative took place in New York during the 2014 Easter period. Almost 300 giant egg sculptures designed by globally renowned artists, designers, architects and brands were placed throughout the five boroughs of New York City. The event culminated in two auctions where US$2.7 million was raised for the charities 'Elephant Family' and 'Studio-in-a-School'.

Gemfields' success in applying its proven mining, grading and auction system to the new ruby deposit gives confidence that additional gemstones can be added to the portfolio and quickly developed into profitable assets. Gemfields continues to evaluate acquisition opportunities as well as potential expansions and improvements at its existing Kagem and Montepuez operations. In September 2014, Gemfields announced a joint venture to progress opportunities in the Sri Lankan sapphire and gemstone sector and the acquisition of 75% of a variety of exploration licences in the country.

In the past year Gemfields has developed into a sizeable multi-gemstone producer and is well-positioned to deliver further consolidation in the gemstone industry. The existing revenue streams continue to be refined and developed and also represent a significant opportunity for continued growth.

Pallinghurst (Cayman) GP L.P.
September 2014

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2014

	Notes	1 January 2014 to 30 June 2014 US$ '000 (reviewed)	1 January 2013 to 30 June 2013 US$ '000 (reviewed)	1 January 2013 to 31 December 2013 US$ '000 (audited)
INCOME				
Investment Portfolio				
Unrealised fair value gains	3	**106,426**	–	51,458
Unrealised fair value losses	3	**–**	(52,709)	(10,503)
Realised fair value loss on disposal of Fabergé equity shares	4	**–**	(7,952)	(7,952)
Realised loss on conversion of Fabergé loan to Gemfields shares	4	**–**	(12,027)	(12,027)
		106,426	(72,688)	20,976
Investment Portfolio revenue				
Loan interest income	3	**135**	–	–
		135	–	–
Net gain/(loss) on investments and income from operations		**106,561**	(72,688)	20,976
EXPENSES				
Investment Manager's Benefit		**(2,574)**	(2,732)	(5,220)
Operating expenses		**(382)**	(449)	(895)
Foreign exchange gains		**–**	–	24
Foreign exchange losses		**–**	(26)	–
		(2,956)	(3,207)	(6,091)
Net gain/(loss) from operations		**103,605**	(75,895)	14,885
Finance income		**6**	18	32
Net finance income		**6**	18	32
Profit before share in profit/(loss) of associates		**103,611**	(75,877)	14,917
Share in profit/(loss) of associates		**7**	(474)	(224)
Profit/(loss) before tax		**103,618**	(76,351)	14,693
Tax		**–**	–	(4)
NET PROFIT/(LOSS) AFTER TAX		**103,618**	(76,351)	14,689
Other comprehensive income		**–**	–	–
TOTAL COMPREHENSIVE INCOME/(EXPENSE)		**103,618**	(76,351)	14,689
Basic and diluted earnings/(loss) per ordinary share – US$	8	**0.14**	(0.10)	0.02

All elements of total comprehensive expense for the period and all comparative periods are attributable to owners of the parent. There are no non-controlling interests. The accompanying notes form part of these Financial Statements.

Condensed Consolidated Balance Sheet
as at 30 June 2014

	Notes	30 June 2014 US$ '000 (reviewed)	30 June 2013 US$ '000 (reviewed)	31 December 2013 US$ '000 (audited)
ASSETS				
Non-current assets				
Investments in associates		**1,260**	1,011	1,253
Investment Portfolio				
Listed equity investments	3	**208,090**	117,968	174,618
Unlisted equity investments	3	**288,191**	176,202	215,237
		496,281	294,170	389,855
Total non-current assets		**497,541**	295,181	391,108
Current assets				
Investment Portfolio				
Loans and receivables	3	**9,935**	–	–
Trade and other receivables		**1,515**	1,515	1,152
Cash and cash equivalents		**10,934**	28,314	23,907
Other investments		**29**	59	58
Total current assets		**22,413**	29,887	25,117
Total assets		**519,954**	325,069	416,225
LIABILITIES				
Current liabilities				
Trade and other payables		**289**	62	178
Total current liabilities		**289**	62	178
Total liabilities		**289**	62	178
Net assets		**519,665**	325,007	416,047
Capital and reserves attributable to equity holders				
Share capital		**8**	8	8
Share premium		**375,227**	375,227	375,227
Retained earnings/(losses)		**144,430**	(50,228)	40,812
EQUITY		**519,665**	325,007	416,047

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2014

	Notes	1 January 2014 to 30 June 2014 US$ '000 (reviewed)	1 January 2013 to 30 June 2013 US$ '000 (reviewed)	1 January 2013 to 31 December 2013 US$ '000 (audited)
Net cash used in operating activities	6	**(12,973)**	(3,999)	(8,464)
Investing activities				
Amounts invested in associates		**–**	(71)	(63)
Amounts returned from associates		**–**	434	434
Net cash from investing activities		**–**	363	371
Financing activities				
Net cash (used in)/from financing activities		**–**	–	–
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(12,973)**	(3,636)	(8,093)
Cash and cash equivalents at the beginning of the period/year		**23,907**	31,976	31,976
Foreign exchange gain on cash		**–**	–	24
Foreign exchange loss on cash		**–**	(26)	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		**10,934**	28,314	23,907

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2014

	Share capital US$ '000	Share premium US$ '000	Retained earnings/(losses) US$ '000	Total equity US$ '000
Balance at 1 January 2013 (audited)	8	375,227	26,123	401,358
Total comprehensive loss for the period	–	–	(76,351)	(76,351)
Balance at 30 June 2013 (reviewed)	8	375,227	(50,228)	325,007
Total comprehensive income for the period	–	–	91,040	91,040
Balance at 31 December 2013 (audited)	**8**	**375,227**	**40,812**	**416,047**
Total comprehensive income for the period	**–**	**–**	**103,618**	**103,618**
Balance at 30 June 2014 (reviewed)	**8**	**375,227**	**144,430**	**519,665**

Notes to the Interim Financial Statements

for the six months ended 30 June 2014

1. General information

The financial statements within the Interim Report are for the period from 1 January 2014 to 30 June 2014 (the "Interim Financial Statements"). The financial information for the year ended 31 December 2013 included in these Interim Financial Statements does not constitute statutory Financial Statements as defined in The Companies (Guernsey) Law, 2008.

The information included in this document for the comparative year was derived from the Annual Report and Financial Statements for the year ended 31 December 2013 (the "Annual Financial Statements"), a copy of which has been delivered to the Guernsey Financial Services Commission, the Johannesburg Stock Exchange ("JSE") and the Bermuda Stock Exchange. The auditor's report on the Annual Financial Statements was unqualified, did not draw attention to any matters by way of emphasis, and stated that the Annual Financial Statements had been properly prepared in accordance with The Companies (Guernsey) Law, 2008.

2. Accounting policies

Basis of accounting

These Interim Financial Statements have been prepared in accordance with IAS34 *Interim Financial Reporting* ("IAS34") and applicable legal requirements of The Companies (Guernsey) Law, 2008. They do not include all of the information required for full financial statements and are to be read in conjunction with the Group's most recent Annual Financial Statements. The Group's Annual Financial Statements were prepared under International Financial Reporting Standards ("IFRS"), the financial reporting guides issued by the Accounting Practices Committee of the South African Institute of Chartered Accountants (the "SAICA Reporting Guides") and the financial reporting pronouncements issued by the Financial Reporting Standards Council of South Africa (the "FRSC Pronouncements").

The Interim Financial Statements have been prepared on the historic cost basis, except for the valuation of certain equity investments held within the Investment Portfolio. These equity investments are measured at fair value not historic cost. Historic cost is generally based on the fair value of the consideration given in exchange for the assets. Other than information contained within the Condensed Consolidated Statement of Cash Flows, the Interim Financial Statements have been prepared on the accruals basis.

As the Group is an investment holding company, materially all of the Group's results are related to the Group's investment valuations. As such, the Group's interim results are not directly affected by seasonality or the cyclicality of operations. An investment's most recent financial results do not necessarily directly impact upon the fair value of that investment and other factors are usually more relevant in determining fair value than seasonality or the cyclicality of operations.

The principal accounting policies applied are consistent with those adopted and disclosed in the Annual Financial Statements, except for new standards and interpretations effective 1 January 2014 (which had not been early adopted).

Adoption of new accounting standards

Investment entities

The Group has adopted the Investment Entities (Amendments to IFRS10, IFRS12 and IAS27) (the "Investment Entities Amendments"), effective 1 January 2014. These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS10 *Consolidated Financial Statements* ("IFRS10"). The exception instead requires investment entities to account for certain subsidiaries at fair value through profit or loss.

2. Accounting policies (continued)

The Directors have concluded that the Company is an investment entity in the context of IFRS10. In order to reach this conclusion, the Directors gave consideration to and agreed that the Company meets the following requirements of an investment entity:

- The Company invests solely to provide returns from capital appreciation, investment income or both.
- The Company measures the performance of all its investments on a fair value basis.
- The Company does not plan to hold its investments indefinitely and has an exit strategy for each investment.

In addition, the Directors also note that the Company holds a number of investments and has a large number of shareholders, both of which are considered typical characteristics of an investment entity.

In consequence, the Group is required to measure investments in subsidiaries at fair value through profit or loss rather than consolidating such interests (other than subsidiaries providing investment-related services, which should be consolidated as previously).

The adoption of the Investment Entities Amendments has not had an impact in the current or comparative periods as the Group does not currently hold any subsidiaries which form part of the Investment Portfolio. If the Group holds any such subsidiaries in the future, these would be accounted for at fair value.

Amendments to IAS32 *Financial Instruments: Presentation* – offsetting financial assets and financial liabilities
These amendments clarify the meaning of "legally enforceable right to set-off" and are relevant to clearing houses and similar organisations. The amendments have had no impact on the Group.

Amendments to IAS39 *Financial Instruments: Recognition and Measurement* – novation of derivatives
These amendments relate to hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments have had no impact on the Group as it does not hold any such derivatives.

Amendments to IAS36 *Impairment of Assets* – recoverable amount disclosures
These amendments require disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has recognised or reversed during the period. The amendments have had no impact on the Group.

Adoption of IFRIC21 *Levies*
IFRIC21 is effective for annual periods beginning on or after 1 January 2014 and is applicable to all levies imposed by a government other than those outflows within the scope of another standard (usually IAS12 *Income Taxes*). The Group is not subject to any such levies and the amendments have had no impact.

Presentation
Amounts have been rounded to the nearest thousand (or million) as appropriate, for ease of presentation. The rounding of figures may cause some computational discrepancies.

Notes to the Interim Financial Statements (cont.)

for the six months ended 30 June 2014

3. Investments

The reconciliation of the Investment Portfolio valuations from 1 January 2014 to 30 June 2014 is as follows:

Investment	Opening at 1 January 2014 US$ '000s (reviewed)	Unrealised fair value gains[1,2] US$ '000s (reviewed)	Unrealised fair value losses US$ '000s (reviewed)	Accrued interest income and structuring fee[3] US$ '000s (reviewed)	Additions and disposals[3] US$ '000s (reviewed)	Closing at 30 June 2014 US$ '000s (reviewed)
Listed equity investments						
Gemfields	**144,361**	**63,729**	**–**	**–**	**–**	**208,090**
	144,361	**63,729**	**–**	**–**	**–**	**208,090**
Unlisted equity investments						
Jupiter	**30,257**	**42,697**	**–**	**–**	**–**	**72,954**
Sedibelo Platinum Mines	**215,237**	**–**	**–**	**–**	**–**	**215,237**
	245,494	**42,697**	**–**	**–**	**–**	**288,191**
Total non-current	**389,855**	**106,426**	**–**	**–**	**–**	**496,281**
Loans and receivables						
Gemfields loan	**–**	**–**	**–**	**135**	**9,800**	**9,935**
	–	**–**	**–**	**135**	**9,800**	**9,935**
Total current	**–**	**–**	**–**	**135**	**9,800**	**9,935**
Total Investment Portfolio	**389,855**	**106,426**	**–**	**135**	**9,800**	**506,216**

1 The unrealised fair value gain on Gemfields of US$63.729 million includes an unrealised foreign exchange gain of US$4.653 million.
2 The unrealised fair value gain on Jupiter of US$42.697 million does not include any foreign exchange as the valuation is denominated in US$.
3 The Group has committed to provide a loan to Gemfields of up to US$15 million for general working capital purposes. The loan can be drawn in two tranches, US$10 million which could be drawn before 30 November 2014, and US$5 million which can be drawn between 15 July 2014 and 30 November 2014. At 30 June 2014, Gemfields had drawn down US$9.8 million (US$10 million less an arrangement fee of US$0.2 million or 2%). Interest is payable on the loan, calculated at three month US$ LIBOR plus 4.5%, on each tranche. The outstanding balance of the loan at 30 June 2014 is US$9.935 million and includes interest and a pro-rated element of the arrangement fee. The balance of the loan, including interest, is due for repayment by 30 April 2015.

The reconciliation of the Investment Portfolio valuations from 1 January 2013 to 30 June 2013 is as follows:

Investment	Opening at 1 January 2013 US$ '000s (reviewed)	Unrealised fair value gains US$ '000s (reviewed)	Unrealised fair value losses[1,2,3] US$ '000s (reviewed)	Realised loss on Gemfields/ Fabergé Merger US$ '000s (reviewed)	Additions and disposals US$ '000s (reviewed)	Closing at 30 June 2013 US$ '000s (reviewed)
Listed equity investments						
Gemfields	59,569	–	(32,049)	–	64,075	91,595
Jupiter	38,106	–	(12,366)	–	632	26,373
	97,675	–	(44,415)	–	64,707	117,968
Unlisted equity investments						
Fabergé	33,456	–	–	(7,952)	(25,503)	–
Sedibelo Platinum Mines	184,495	–	(8,293)	–	–	176,202
	217,951	–	(8,293)	(7,952)	(25,503)	176,202
Loans and receivables						
Fabergé – US$50 million loan	50,599	–	–	(12,027)	(38,572)	–
	50,599	–	–	(12,027)	(38,572)	–
Total non-current	366,226	–	(52,708)	(19,980)	632	294,170
Total current	–	–	–	–	–	–
Total Investment Portfolio	366,226	–	(52,708)	(19,980)	632	294,170

1 The unrealised fair value loss on Gemfields of US$32.049 million includes an unrealised foreign exchange loss of US$5.701 million.
2 The unrealised fair value loss on Jupiter of US$12.366 million includes an unrealised foreign exchange loss of US$4.558 million.
3 The unrealised fair value loss on SPM of US$8.293 million includes an unrealised foreign exchange loss of US$26.08 million.

3. Investments (continued)

The reconciliation of the Investment Portfolio valuations from 1 January 2013 to 31 December 2013 is as follows:

Investment	Opening at 1 January 2013 US$ '000s (audited)	Unrealised fair value gains[1] US$ '000s (audited)	Unrealised fair value losses[2] US$ '000s (audited)	Realised loss on Gemfields/ Fabergé Merger US$ '000s (audited)	Additions and disposals US$ '000s (audited)	Closing at 31 December 2013 US$ '000s (audited)
Listed equity investments						
Gemfields	59,569	20,717	–	–	64,075	144,361
Jupiter	38,106	–	(10,503)	–	2,654	30,257
	97,675	20,717	(10,503)	–	66,729	174,618
Unlisted equity investments						
Fabergé	33,456	–	–	(7,952)	(25,503)	–
Sedibelo Platinum Mines	184,495	30,742	–	–	–	215,237
	217,951	30,742	–	(7,952)	(25,503)	215,237
Loans and receivables						
Fabergé – US$50 million loan	50,599	–	–	(12,027)	(38,572)	–
	50,599	–	–	(12,027)	(38,572)	–
Total non-current	366,226	51,458	(10,503)	(19,980)	2,654	389,855
Total current	–	–	–	–	–	–
Total Investment Portfolio	366,226	51,458	(10,503)	(19,980)	2,654	389,855

1 The unrealised fair value gain on Gemfields of US$20.717 million includes an unrealised foreign exchange gain of US$4.412 million.
2 The unrealised fair value loss on Jupiter of US$10.503 million includes an unrealised foreign exchange gain of US$5.433 million.

The JSE requires certain further information to be disclosed on the Group's ten largest investments. Fewer than ten separate investments were held at the current and comparative balance sheet dates, therefore the relevant details for each of the Group's investments at 30 June 2014 are detailed below.

Sedibelo Platinum Mines Limited – equity

Nature of investment	The Group holds an equity interest in SPM, a producer of PGMs with interests in the Bushveld Complex in South Africa.
Fair value methodology	Directors' estimate The Directors have estimated that the value of SPM is US$3.2 billion; the Group's indirect 6.73% interest has therefore been valued at US$215 million. The Directors have considered a range of sources in determining the valuation of SPM. The primary source was a competent person's report prepared by an independent third party as at 31 December 2013. The competent person's report includes discounted cash flow ("DCF") analysis to value SPM's key assets and includes a range of valuations. The Directors then utilised more recent forecasts for PGM prices over the life of the asset resulting in a discount to the competent person's valuation. The DCF analysis is based on a large number of predictions and uncertainties including forecast PGM prices, costs, exchange rates and the consolidated mine plan. Changing any of these assumptions may materially affect the implied valuation. The Directors have also considered the recent financial results from SPM. These factors will have an impact on the likely valuation of SPM for its IPO, which is expected to occur once market conditions are favourable. The Directors note that long-term PGM price forecasts are either in line with or slightly below forecasts made around 31 December 2013, which imply a small reduction in valuation. The Directors also note the increase in

Notes to the Interim Financial Statements (cont.)

for the six months ended 30 June 2014

3. Investments (continued)

	the mining reserves and production levels of SPM during the period, which imply a small increase in valuation. The Directors have therefore determined that a valuation of SPM at US$3.2 billion continues to be reasonable. The valuation methodology complies with IFRS and the IPEVC Valuation Guidelines but should be treated with caution due to its subjective nature.
Other considerations	The consolidation of three contiguous properties, the PPM, Sedibelo and Magazynskraal, was completed on 3 December 2012. The completion of the consolidation and the investment by the IDC gave an implied fair value for the Group's indirect interest of US$176 million, which was used to value the Group's interest at 30 June 2013. The Directors note that the Group's valuation at 31 December 2013 was similar to the current valuation and consider US$215 million to reasonably represent fair value. The Group's cash cost of investment for SPM is approximately US$123 million. The Group's first PGM investment was the acquisition of an interest in the Moepi Group made in August 2008.

Gemfields plc – equity

Nature of investment	The Group holds an equity interest in Gemfields, the world's largest producer of coloured gemstones. Gemfields specialises in the production of Zambian emeralds and also produces Zambian amethysts and rubies from Mozambique. Gemfields is listed on AIM. The Group owns a see-through interest of approximately 48% in Gemfields at 30 June 2014, valued at US$208 million.
Fair value methodology	Listed share price The Group's interest in Gemfields is valued at the 30 June 2014 mid-price of GBP0.4713 per share, translated at the closing rate of US$1/GBP0.5864.
Other considerations	The Group's cost of investment is approximately US$119 million and the Group's initial investment was made in October 2007.

Jupiter Mines Limited – equity

Nature of investment	The Group holds an equity interest in Jupiter. Jupiter is based in Perth, Western Australia and its main asset is a 49.9% interest in the Tshipi manganese joint venture in South Africa.
Fair value methodology	Directors' estimate Each of Jupiter's material assets has been valued separately to determine an appropriate valuation for 100% of Jupiter. The Directors have estimated that the fair value of Jupiter at 30 June 2014 is US$395 million; the implied valuation of the Group's 18.45% interest is US$72.954 million. Jupiter's 49.9% interest in Tshipi Borwa has been valued based on an independent valuation report, prepared as at 30 April 2014. The independent valuation report includes a DCF analysis to value Tshipi Borwa and includes a range of valuations. The DCF analysis is based on a large number of predictions and uncertainties including forecast manganese prices, costs and exchange rates. Changing any of these assumptions may materially affect the implied valuation. The valuation is based on the "preferred valuation" contained in the independent valuation report, less an adjustment to take into account more recent manganese prices. Jupiter's other assets have been valued using a range of different valuation methodologies. Tshipi also holds exploration rights in Tshipi Bokone, another manganese prospect located in the Kalahari Manganese Field. The

3. Investments (continued)

Directors have used the "preferred valuation" contained within the independent valuation report, referred to above, to value Tshipi Borwa. Jupiter has made certain shareholder loans to Tshipi, these have been valued at cost, including accrued interest. Jupiter's interest in Mount Mason has been valued based on the exploration expenditure capitalised on Jupiter's balance sheet. Jupiter's interest in Mount Ida has been valued at a discount to the exploration expenditure capitalised on Jupiter's balance sheet. Jupiter's cash has been included at cost.

Jupiter has no material liabilities.

Other considerations

Jupiter's net assets per its most recent audited balance sheet at 28 February 2014 were US$430 million. After making certain adjustments (mostly foreign exchange), Jupiter's net assets at 30 June 2014 were US$450 million. This compares with the Directors' valuation of Jupiter of US$395 million which implies that the Directors' valuation is not materially misstated.

The Directors note that the valuation of Jupiter is sensitive to various key inputs, in particular the manganese price for Tshipi Borwa and Tshipi Bokone. The independent valuation report uses recent manganese prices as a proxy for likely future prices throughout the life of mine. The Directors believe that recent prices represent a reasonable estimate for the future manganese price throughout the life of mine, but note that any deviation in price will have a material impact on the valuation. Iron ore prices will have a significant impact on the future valuations of Mount Ida and Mount Mason.

The Group owned an effective 18.45% interest in Jupiter at 30 June 2014. The Group's cash cost of investment is approximately US$29 million and the Group's initial investment into Jupiter was made in May 2008.

4. Realised loss on Gemfields/Fabergé Merger

Gemfields completed its merger with Fabergé on 28 January 2013. The shareholders of Fabergé (including the Group) vended their equity interests in Fabergé in return for 213,999,999 new shares in Gemfields representing approximately 40% of Gemfields' fully diluted enlarged share capital; the Group's 49% interest in Fabergé was vended into Gemfields as part of this element of the transaction. The Group had also made certain loans to Fabergé totalling US$50 million (excluding interest, including structuring fees). The Group exercised its right to convert its US$50 million loan to Fabergé into equity (conditional upon completion of the transaction) and immediately vended these new Fabergé shares into Gemfields in return for new Gemfields shares, also effective 28 January 2013.

In the six months ended 30 June 2013 (and the year ended 31 December 2013), the Group realised a loss for accounting purposes on completion of the Gemfields/Fabergé Merger, as follows:

	US$'000s
Realised fair value loss on disposal of Fabergé equity shares	
Fair value of 60,290,905 Gemfields shares receivable	25,503
Fair value of Fabergé equity interest at previous reporting date	(33,455)
	(7,952)
Realised loss on conversion of Fabergé loan to Gemfields shares	
Fair value of 91,184,694 Gemfields shares receivable	38,572
Previous carrying value of Fabergé loan at previous reporting date	(50,599)
	(12,027)

The Group has owned approximately 48% of the enlarged Gemfields since the completion of the Gemfields/Fabergé Merger. The fair value of the Gemfields shares acquired at 28 January 2013 was US$64.075 million. There are no equivalent transactions or amounts in the six months ended 30 June 2014.

Notes to the Interim Financial Statements (cont.)

for the six months ended 30 June 2014

5. Segmental reporting

The Chief Operating Decision Maker ("CODM") is Mr Gilbertson, the Chairman, who measures the performance of each operating segment by assessing the fair value of the Group's Investment Portfolio on a regular basis.

The Group's segmental reporting is based around three Investment Platforms, PGMs, Steel Making Materials, and Coloured Gemstones, each of which is categorised as an operating segment.

The Consolidated Statement of Comprehensive Income segmental information provided to the CODM for the period ended 30 June 2014 is as follows:

	PGMs US$ '000s (reviewed)	Steel Making Materials[1] US$ '000s (reviewed)	Coloured Gemstones[2] US$ '000s (reviewed)	Unallocated US$ '000s (reviewed)	Total US$ '000s (reviewed)
Unrealised fair value gains	–	42,697	63,729	–	106,426
Unrealised fair value losses	–	–	–	–	–
Loan interest income	–	–	135	–	135
Net segmental income	–	42,697	63,864	–	106,561
Other income				–	–
Net gains on investments and income from operations					106,561
Expenses, net finance income, share of loss of associates and taxation				(2,943)	(2,943)
Net segmental profit/(loss)	–	42,697	63,864	(2,943)	103,618

1 The unrealised fair value gain on the Steel Making Materials segment of US$42.697 million does not include any foreign exchange as the valuation of Jupiter is denominated in US$.
2 The unrealised fair value gain on the Coloured Gemstones segment of US$63.729 million includes an unrealised foreign exchange gain of US$4.653 million.

The Consolidated Statement of Comprehensive Income segmental information provided to the CODM for the period ended 30 June 2013 was as follows:

	PGMs[1] US$ '000s (reviewed)	Steel Making Materials[2] US$ '000s (reviewed)	Coloured Gemstones[3] US$ '000s (reviewed)	Unallocated US$ '000s (reviewed)	Total US$ '000s (reviewed)
Unrealised fair value gains	–	–	–	–	–
Unrealised fair value losses	(8,293)	(12,366)	(32,049)	–	(52,708)
Realised fair value loss on disposal of Fabergé equity shares	–	–	(7,952)	–	(7,952)
Realised loss on conversion of Fabergé loan to Gemfields shares	–	–	(12,027)	–	(12,027)
Net segmental expense	(8,293)	(12,366)	(52,028)	–	(72,687)
Other income				–	–
Net losses on investments and income from operations					(72,687)
Expenses, net finance income,share of loss of associates and taxation				(3,664)	(3,664)
Net segmental loss	(8,293)	(12,366)	(52,028)	(3,664)	(76,351)

1 The unrealised fair value loss on the PGMs segment of US$8.293 million includes an unrealised foreign exchange loss of US$26.080 million.
2 The unrealised fair value loss on the Steel Making Materials segment of US$12.366 million includes an unrealised foreign exchange loss of US$4.558 million.
3 The unrealised fair value loss on the Coloured Gemstones segment of US$32.049 million includes an unrealised foreign exchange loss of US$5.701 million.

5. Segmental reporting (continued)

The Consolidated Statement of Comprehensive Income segmental information provided to the CODM for the year ended 31 December 2013 was as follows:

	PGMs[1] US$ '000s (audited)	Steel Making Materials[2] US$ '000s (audited)	Coloured Gemstones[3] US$ '000s (audited)	Unallocated US$ '000s (audited)	Total US$ '000s (audited)
Unrealised fair value gains	30,742	–	20,717	–	51,458
Unrealised fair value losses	–	(10,503)	–	–	(10,503)
Realised fair value loss on disposal of Fabergé equity shares	–	–	(7,952)	–	(7,952)
Realised loss on conversion of Fabergé loan to Gemfields shares	–	–	(12,027)	–	(12,027)
Net segmental income/(expense)	30,742	(10,503)	737	–	20,976
Other income				–	–
Net gains on investments and income from operations					20,976
Expenses, net finance income,share of loss of associates and taxation				(6,287)	(6,287)
Net segmental profit/(loss)	30,742	(10,503)	737	(6,287)	14,689

1 The unrealised fair value gain on the PGMs segment of US$30.742 million does not include any foreign exchange as the valuation of SPM is denominated in US$.
2 The unrealised fair value loss on the Steel Making Materials segment of US$10.503 million includes an unrealised foreign exchange loss of U$5.433 million.
3 The unrealised fair value gain on the Coloured Gemstones segment of US$20.717 million includes an unrealised foreign exchange gain of US$4.412 million.

The segmental information provided to the CODM for the reportable segments at 30 June 2014 is as follows:

30 June 2014	PGMs US$ '000s (reviewed)	Steel Making Materials US$ '000s (reviewed)	Coloured Gemstones US$ '000s (reviewed)	Total US$ '000s (reviewed)
Investment Portfolio				
Listed investments	**–**	**–**	**208,090**	**208,090**
Unlisted investments	**215,237**	**72,954**	**–**	**288,191**
Loans	**–**	**–**	**9,935**	**9,935**
Total segmental assets	**215,237**	**72,954**	**218,025**	**506,216**
Investments in associates, current assets and liabilities				**13,449**
Net assets				**519,665**

The comparative segmental information provided to the CODM for the reportable segments at 30 June 2013 was as follows:

30 June 2013	PGMs US$ '000s (reviewed)	Steel Making Materials US$ '000s (reviewed)	Coloured Gemstones US$ '000s (reviewed)	Total US$ '000s (reviewed)
Investment Portfolio				
Listed investments	–	26,373	91,595	117,968
Unlisted investments	176,202	–	–	176,202
Total segmental assets	176,202	26,373	91,595	294,170
Investments in associates, current assets and liabilities				30,837
Net assets				325,007

Notes to the Interim Financial Statements (cont.)

for the six months ended 30 June 2014

5. Segmental reporting (continued)

The comparative segmental information provided to the CODM for the reportable segments at 31 December 2013 was as follows:

31 December 2013	PGMs US$ '000s (audited)	Steel Making Materials US$ '000s (audited)	Coloured Gemstones US$ '000s (audited)	Total US$ '000s (audited)
Investment Portfolio				
Listed investments	–	30,257	144,361	174,618
Unlisted investments	215,237	–	–	215,237
Total segmental assets	215,237	30,257	144,361	389,855
Investments in associates, current assets and liabilities				26,192
Net assets				416,047

6. Net cash used in operating activities

	Notes	1 January 2014 to 30 June 2014 US$'000s (reviewed)	1 January 2013 to 30 June 2013 US$'000s (reviewed)	1 January 2013 to 31 December 2013 US$'000s (audited)
Net profit/(loss) after tax		**103,618**	(76,351)	14,689
Adjustments for:				
Unrealised fair value gains	3	**(106,426)**	–	(51,458)
Unrealised fair value losses	3	**–**	52,708	10,503
Realised fair value loss on disposal of Fabergé equity	4	**–**	7,952	7,952
Realised loss on conversion of Fabergé loan to Gemfields shares	4	**–**	12,027	12,027
Unrealised fair value loss on Other Investments		**29**	29	30
Tax expense		**–**	–	4
Accrued interest		**(135)**	–	–
Foreign exchange gain on cash balances		**–**	–	(24)
Foreign exchange loss on cash balances		**–**	26	–
Share in (profit)/loss of associates		**(7)**	474	224
Additions to investments	3	**–**	(632)	(2,654)
Loans extended to investments	3	**(9,800)**	–	–
Operating cash flows before movements in working capital		**(12,721)**	(3,767)	(8,707)
(Increase)/decrease in trade and other receivables		**(363)**	(135)	228
Increase/(decrease) in trade and other payables		**111**	(97)	19
Cash used in operations		**(12,973)**	(3,999)	(8,460)
Tax paid		**–**	–	(4)
Net cash used in operating activities		**(12,973)**	(3,999)	(8,464)

7. Related party transactions

The Group's subsidiaries, joint ventures and associates are related parties. Investments within the Group's Investment Portfolio are also usually related parties; the Investment Portfolio consists of investments held at fair value and loans to portfolio companies. Related party transactions within the Investment Portfolio include acquiring and disposing of equity investments and loan transactions. The relevant related party transactions in the current and comparative periods are detailed in Note 3 *Investments*.

7. Related party transactions (continued)

Certain individuals act as both Directors of the Company and as directors of the Group's investments. Mr Gilbertson is the Chairman of SPM and Jupiter, and Mr Frandsen is a director of SPM.

The Investment Manager is a related party to the Group. Certain amounts are payable by the Group to the Investment Manager as disclosed in the most recent Annual Report. The Investment Manager acts through its general partner, Pallinghurst (Cayman) GP Limited. The directors of Pallinghurst (Cayman) GP Limited are Mr Gilbertson, Mr Frandsen, Mr Willis, Mr Harris and Mr Tolcher.

Legis acts as the Group's administrator, company secretary and registrar. Mr Platt-Ransom, Mr O'Mahoney and Ms White are directors of Legis and/or certain entities within the Legis group. The Group's relationship with Legis is at arm's length.

The table below sets out the amounts paid by the Company to the Non-Executive Directors for services during 2014, as determined by the Remuneration Committee.

1 January 2014 to 30 June 2014	Directorship of the Company US$ (reviewed)	Directorship of other Group companies US$ (reviewed)	Audit Committee US$ (reviewed)	Lead Independent Director US$ (reviewed)	Total US$ (reviewed)
Stuart Platt-Ransom	**15,000**	**–**	**1,500**	**1,000**	**17,500**
Clive Harris	**15,000**	**2,500**	**1,500**	**–**	**19,000**
Martin Tolcher	**15,000**	**–**	**2,500**	**–**	**17,500**
Dr Christo Wiese	**15,000**	**–**	**–**	**–**	**15,000**
Total	**60,000**	**2,500**	**5,500**	**1,000**	**69,000**

1 January 2013 to 30 June 2013	Directorship of the Company US$ (reviewed)	Directorship of other Group companies US$ (reviewed)	Audit Committee US$ (reviewed)	Lead Independent Director US$ (reviewed)	Total US$ (reviewed)
Stuart Platt-Ransom	12,500	–	1,500	1,000	15,000
Clive Harris	12,500	2,500	1,500	–	16,500
Martin Tolcher	12,500	–	2,500	–	15,000
Dr Christo Wiese[1]	9,692	–	–	–	9,692
Patricia White[2]	5,139	–	–	–	5,139
Total	52,331	2,500	5,500	1,000	61,331

1 Relates to the period 11 February 2013 – 30 June 2013.
2 Relates to the period 1 January 2013 – 15 March 2013.

1 January 2013 to 31 December 2013	Directorship of the Company US$ (audited)	Directorship of other Group companies US$ (audited)	Audit Committee US$ (audited)	Lead Independent Director US$ (audited)	Total US$ (audited)
Stuart Platt-Ransom	25,000	–	3,000	2,000	30,000
Clive Harris	25,000	5,000	3,000	–	33,000
Martin Tolcher	25,000	–	5,000	–	30,000
Dr Christo Wiese[1]	22,192	–	–	–	22,192
Patricia White[2]	5,139	–	–	–	5,139
Total	102,331	5,000	11,000	2,000	120,331

1 Relates to the period 11 February 2013 – 31 December 2013.
2 Relates to the period 1 January 2013 – 15 March 2013.

Notes to the Interim Financial Statements (cont.)

for the six months ended 30 June 2014

8. Net Asset Value, Earnings/(Loss) Per Share and Headline Earnings/(Loss) Per Share

NAV per share

The Group's US$ NAV per share is as follows:

	30 June 2014 US$ (reviewed)	30 June 2013 US$ (reviewed)	31 December 2013 US$ (audited)
Net assets	**519,664,822**	325,006,514	416,046,887
Number of shares	***760,452,631***	*760,452,631*	*760,452,631*
NAV per share	**0.68**	0.43	0.55

Headline Earnings/(Loss) Per Share

There are no reconciling items between Headline Earnings/(Loss) Per Share ("HEPS" or "HLPS") and Earnings/(Loss) Per Share ("EPS" or "LPS"). There are no dilutive items to EPS/(LPS), which is equivalent to Diluted Earnings/(Loss) Per Share.

The Group's Headline Earnings/(Loss) Per Share is as follows:

	30 June 2014 US$ (reviewed)	30 June 2013 US$ (reviewed)	31 December 2013 US$ (audited)
Gain/(loss) for the period/year	**103,617,933**	(76,351,398)	14,688,975
Weighted average number of shares in issue	***760,452,631***	*760,452,631*	*760,452,631*
Headline Earnings/(Loss) Per Share	**0.14**	(0.10)	0.02

9. Financial instruments

The Group's only financial liabilities at 30 June 2014 were US$0.289 million of trade and other payables. These liabilities are all current liabilities and their fair values approximate to their carrying amounts. Set out below is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 30 June 2014:

30 June 2014	Loans and receivables US$'000s (reviewed)	Fair value – profit or loss US$'000s (reviewed)
Financial assets		
Trade and other receivables	1,515	–
Loans and receivables		
Loans extended to investments	9,935	–
Investments at FVTPL		
Quoted equity investments	–	208,090
Unquoted equity investments	–	288,191
Other investments	–	29
Total	11,450	496,310
Total current	11,450	29
Total non-current	–	496,281

9. Financial instruments (continued)

The Group's only financial liabilities at 30 June 2013 were US$0.062 million of trade and other payables, all of which were current liabilities. Set out below is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 30 June 2013:

30 June 2013	Loans and receivables US$'000s (reviewed)	Fair value – profit or loss US$'000s (reviewed)
Financial assets		
Trade and other receivables	1,515	–
Loans and receivables		
Loans extended to investments	–	–
Investments at FVTPL		
Quoted equity investments	–	117,968
Unquoted equity investments	–	176,202
Other investments	–	59
Total	1,515	294,229
Total current	1,515	59
Total non-current	–	294,170

The Group's only financial liabilities at 31 December 2013 were US$0.178 million of trade and other payables, all of which were current liabilities. Set out below is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 31 December 2013:

31 December 2013	Loans and receivables US$'000s (audited)	Fair value – profit or loss US$'000s (audited)
Financial assets		
Trade and other receivables	1,152	–
Loans and receivables		
Loans extended to investments	–	–
Investments at FVTPL		
Quoted equity investments	–	174,618
Unquoted equity investments	–	215,237
Other investments	–	58
Total	1,152	389,913
Total current	1,152	58
Total non-current	–	389,855

The Group owns certain financial instruments that are measured at fair value subsequent to initial recognition. The equity investments held within the Investment Portfolio fall into this category. The Group also extends loans to investments within the Investment Portfolio on occasion, which are categorised as Loans and receivables. The Group also owns certain other equity investments which do not form part of the Investment Portfolio, held within Other investments on the balance sheet.

The following table provides an analysis of the Group's equity investments, grouped into Levels 1 to 3 based on the degree to which fair value measurements are observable:

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

Notes to the Interim Financial Statements (cont.)

for the six months ended 30 June 2014

9. Financial instruments (continued)

30 June 2014	Level 1 US$ '000s (reviewed)	Level 2 US$ '000s (reviewed)	Level 3 US$ '000s (reviewed)	Total US$ '000s (reviewed)
Financial assets at FVTPL				
Equity investments	**208,090**	**–**	**288,191**	**496,281**
Other investments	**29**	**–**	**–**	**29**
	208,119	**–**	**288,191**	**496,310**

30 June 2013	Level 1 US$ '000s (reviewed)	Level 2 US$ '000s (reviewed)	Level 3 US$ '000s (reviewed)	Total US$ '000s (reviewed)
Financial assets at FVTPL				
Equity investments	117,968	–	176,202	294,170
Other investments	59	–	–	59
	118,027	–	176,202	294,229

31 December 2013	Level 1 US$ '000s (audited) (restated)	Level 2 US$ '000s (audited) (restated)	Level 3 US$ '000s (audited) (restated)	Total US$ '000s (audited) (restated)
Financial assets at FVTPL				
Equity investments	174,618	–	215,237	389,855
Other investments	58	–	–	58
	174,676	–	215,237	389,913

At 31 December 2013, certain Other investments were omitted from the Level 1 balance and the total in error; these assets have now been included within the balance as disclosed above.

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

Unquoted equity investments

	US$'000s
As at 1 January 2013 (audited)	217,951
Realised fair value loss on disposal of Fabergé equity	(7,952)
Unrealised fair value gains	30,742
Unrealised fair value losses	–
Additions	–
Disposals	(25,503)
As at 31 December 2013 (audited)	**215,237**
Jupiter reclassification upon delisting	**30,257**
Unrealised fair value gains	**42,697**
Unrealised fair value losses	**–**
As at 30 June 2014 (reviewed)	**288,191**

The investment in Jupiter has been reclassified from a Level 1 to a Level 3 investment, effective 10 January 2014, the date of delisting.

Jupiter's valuation is based on a number of different valuation methodologies, with each of Jupiter's material assets valued separately. Some of these valuation methodologies would be relevant to Level 1 assets, however, the investment in Jupiter has been categorised as Level 3 as the most significant input to the valuation is a Level 3 input.

10. Contingent liabilities and contingent assets

The Group has acted as a limited guarantor for the lease of Fabergé's New York retail outlet at 694 Madison Avenue since 31 August 2011. One of the conditions of the Gemfields/Fabergé Merger, which completed 28 January 2013, was that Gemfields either take over as guarantor from the Company, or that Gemfields indemnify the Group against any potential liability to the landlord. Gemfields have provided an indemnity to the Group against any loss from this guarantee. The Directors' assessment is that the maximum amount of the contingent liability continues to be US$0.2 million, although any such loss should be recoverable from Gemfields under the terms of the indemnity.

The Group had no other significant contingent liabilities or contingent assets at 30 June 2014, 30 June 2013 or 31 December 2013.

11. Commitments

The Group committed to loan Gemfields up to US$15 million on 16 April 2014. The commitment can be drawn upon by Gemfields between 17 April 2014 and 30 November 2014. Gemfields had drawn down US$10 million by 30 June 2014. The Group's outstanding commitment is US$4.9 million (excluding an arrangement fee of US$0.1 million). The terms of the loan agreement are that any amounts drawn down including interest are due for repayment by 30 April 2015.

No further commitments have been entered into at the date of signature of these Interim Financial Statements.

12. Events occurring after the end of the period

Interim Review Report

The Interim Report has been reviewed by the Group's auditor, Saffery Champness, who have provided a report to the Company (the "Independent Review Report"). The Independent Review Report confirms that nothing has come to the auditor's attention that might cause them to believe that the Interim Report was not prepared, in all material respects, in accordance with IAS34, the SAICA Reporting Guides and the FRSC Pronouncements. The Independent Review Report does not necessarily report on all of the information contained in this Interim Report. Any reference to future financial information included in the Interim Report has not been reviewed or reported on by the auditors. Shareholders are advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of the Independent Review Report together with the accompanying financial information. The Independent Review Report is available from the Company's registered office.

Other Information

Directors
Brian Gilbertson
Arne H. Frandsen
Andrew Willis[1]
Dr Christo Wiese
Stuart Platt-Ransom[2]
Martin Tolcher
Clive Harris
Chris Powell[1]
Brian O'Mahoney[2]

1 Mr Powell acts as Permanent Alternate to Mr Willis.
2 Mr O'Mahoney acts as Permanent Alternate to Mr Platt-Ransom.

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Administrator, Company Secretary and Registrar
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Auditor
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