

Argo Group Limited
(“Argo” or the “Company”)

Interim Results for the six months ended 30 June 2021

Argo today announces its interim results for the six months ended 30 June 2021.

The Company will today make available its interim report for the six months period ended 30 June 2021 on the Company’s website www.argogrouplimited.com.

Key highlights for the six months period ended 30 June 2021

This report sets out the results of Argo Group Limited (the “Company”) and its subsidiaries (collectively “the Group” or “Argo”) covering the six months ended 30 June 2021.

- Revenues US\$1.6 million (six months to 30 June 2020: US\$1.4 million)
- Operating loss US\$0.7 million (six months to 30 June 2020: US\$0.4 million)
- Loss before tax US\$0.2 million (six months to 30 June 2020: profit before tax US\$0.2 million)
- Net assets US\$22.6 million (31 December 2020: US\$22.8 million)

Commenting on the results and outlook, Kyriakos Rialas, Chief Executive Officer of Argo said:

“Argo Group is pleased to present its six months results for the period ending 30 June 2021. Income derived from management fees remains stable reflecting assets under management but excludes any potential performance fees that would crystallise at year end provided the NAV of The Argo Fund does not fall below the highwater mark. Costs have gone up slightly due to some exceptional non-repetitive expenses but additional AUM are needed to comfortably cover running expenses.

Argo is currently focusing on its single Emerging Markets Fund with different share classes to reflect its strategies. A new share class was launched earlier this year to attract investors looking for distressed situations in Emerging market bonds.”

Enquiries

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014 (as amended) as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended) (“MAR”).

The Group and its investment objective

Argo's investment objective is to provide investors with absolute returns in the funds that it manages by investing in multi strategy investments in emerging markets.

Argo was listed on the AIM market in November 2008 and has a performance track record dating back to 2000.

Business and operational review

For the six months ended 30 June 2021 the Group generated revenues of US\$1.6 million (six months to 30 June 2020: US\$1.4 million) with management fees accounting for US\$1.2 million (six months to 30 June 2020: US\$1.2 million). The Group does not accrue for performance fees until they are crystalized at the year end. Unrecognised performance fees at 30 June 2021 amounted to US\$0.9 million (2020: US\$ nil).

Total operating costs for the period, ignoring bad debt provisions, are US\$2.0 million compared to US\$1.6 million for the six months to 30 June 2020. The Group has provided against management fees of US\$0.4 million due from the Designated share class in The Argo Fund ("TAF") (six months to 30 June 2020: US\$0.2 million). In the Directors' view these amounts are fully recoverable however they have concluded that it would only be appropriate to recognise income without provision from these investment management services once a liquidity event occurs in this share class.

Overall, the financial statements show an operating loss for the period of US\$0.7 million (six months to 30 June 2020: US\$0.4 million) and a loss before tax of US\$0.2 million (six months to 30 June 2020: profit before tax of US\$0.2 million). Net loss on investments of US\$0.04 million (six months to 30 June 2020: net profit on investments US\$0.2 million) and interest income of US\$0.5 million (six months to 30 June 2020: US\$0.4 million).

At the period end, the Group had net assets of US\$22.6 million (31 December 2020: US\$22.8 million) and net current assets of US\$8.4 million (31 December 2020: US\$8.8 million) including cash reserves of US\$1.2 million (31 December 2020: US\$0.7 million).

Net assets include investments in The Argo Fund ("TAF") at fair values of US\$7.1 million (31 December 2020: US\$6.8 million)

At the period end TAF owed the Group total fees of US\$1.1 million (31 December 2020: US\$1.0 million). At 30 June 2021, a provision for US\$0.9 million was made against this amount as the timing of the receipt of the fees from the designated share class in TAF is unknown.

TAF ended the period with Assets under Management ("AUM") at US\$126.7 million (2020: US\$130.4 million). The current level of AUM remains below that required to ensure sustainable profits on a recurring management fee basis in the absence of performance fees. This has necessitated an ongoing review of the Group's cost basis. Nevertheless, the Group has ensured that the operational framework remains intact and that it retains the capacity to manage additional fund inflows as and when they arise.

The average number of permanent employees of the Group for the six months to 30 June 2021 was 19 (30 June 2020: 20).

Fund performance

The Argo Funds

Fund	Launch date	30 June 2021 6 months	30 June 2020 6 months	2020 year total	Since inception	Annualised performance CAGR %	Sharpe ratio	Down months	AUM US\$m
The Argo Fund – A class	Oct-00	4.28	4.55	5.53	256.95	7.06	0.51	82 of 249	90.1

The Argo Fund – Other classes									36.6
Total									126.7

Following the wild gyrations in financial markets in the first half of 2020 due to Covid-19, the first six months of this year were relatively calm. Business sentiment and equity markets rose as vaccination campaigns got underway and then accelerated in most developed economies, especially in the US, UK and Europe. In addition, many governments also began to ease Covid-related mobility restrictions and activity levels picked up. Economic data in the period has generally been very strong, especially in the US, which posted an annualised growth rate of 6.4% in the first quarter. Although the eurozone economy contracted in the first quarter, indicators point to a strong economic rebound having taken place in Europe. After an estimated contraction of over 3% in 2020, the IMF have upgraded their global growth forecast to 6% in 2021, before moderating in 2022.

However, the reopening of economies and the quick rebound in activity that has followed has fuelled inflation in some countries. In June, the US consumer price index increased by 5.4% year on year, although some of the underlying details suggest that there are temporary factors at play, such as the rise in used car prices. The US Federal Reserve continues to see this inflation increase as transitory but has acknowledged that tapering is being discussed as are two rate hikes sometime in 2023. Notwithstanding the concerns about inflationary pressure, 10-year US Treasury yields have dropped by 50 bps from the end of March, falling to 1.25%.

The Covid recession has had - so far at least - less impact than the 2008 global financial crisis due to an unprecedented policy response in the major economies, combining accommodative monetary measures with the running of large fiscal deficits. However, some emerging market economies have been hit harder and are expected to suffer more significant medium-term losses, for example countries that rely on tourism and for those with limited policy space to respond. Efforts to relieve financial strain on these countries such as the Debt Service Suspension Initiative and the allocation of additional SDR reserves by the IMF together with enhanced vaccine rollout should help emerging markets growth to rebound towards the end of 2021.

The NAV of the Class A shares of the TAF increased by 4.28% in the first half of 2021, compared to a rise of 4.55% in the same period of the previous year; the benchmark JP Morgan EMBI+ bond index fell by 3.12% in the first six months. The fund benefitted from the effect of higher oil prices on several long bond positions but was held back by various macro hedges and the failure of Argentine sovereign bonds to attract a bid post-restructuring. Class A shares issued by TAF continue to be invested in a diversified debt and macro positions which seek to capture alpha through long and short investment in liquid EM corporate and sovereign bonds and FX. In addition, there are other share classes within the TAF master/feeder structure which offer investors exposure to distressed debt portfolio and also special situations where the timeline to investment realisation will be longer.

Dividends and share purchase programme

The Group did not pay a dividend during the current or prior period. The Directors intend to restart dividend payments as soon as the Group's performance provides a consistent track record of profitability.

Outlook

The Board remains optimistic about the Group's prospects based on the transactions in the pipeline and the Group's initiatives to increase AUM. A significant increase in AUM is still required to ensure sustainable profits on a recurring management fee basis and the Group is well placed with capacity to absorb such an increase in AUM with negligible impact on operational costs.

Boosting AUM will be Argo's top priority in the next six months. The Group's marketing efforts continue to focus on TAF which has a 20-year track record as well as identifying acquisitions that are earnings enhancing.

Over the longer term, the Board believes there is significant opportunity for growth in assets and profits and remains committed to ensuring the Group's investment management capabilities and resources are appropriate to meet its key objective of achieving a consistent positive investment performance in the emerging markets sector.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Note	Six months ended 30 June 2021 US\$'000	Six months ended 30 June 2020 US\$'000
Management fees		1,250	1,227
Performance fees		283	-
Other income		131	144
Revenue		1,664	1,371
Legal and professional expenses		(249)	(267)
Management fees payable		(157)	-
Operational expenses		(339)	(335)
Employee costs		(1,129)	(1,202)
Bad debt provision	9, 10	(365)	(203)
Foreign exchange profit/(loss)		(4)	313
Depreciation	7	(103)	(97)
Operating loss		(682)	(420)
Interest income		519	409
Realised and unrealised (loss)/gain on investments		(38)	205
(Loss)/profit on ordinary activities before taxation		(201)	194
Taxation	5	-	-
(Loss)/profit for the period after taxation attributable to members of the Company	6	(201)	194
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(10)	(15)
Total comprehensive income for the period		(211)	179
		Six months Ended 30 June 2021 US\$	Six months Ended 30 June 2020 US\$
Earnings per share (basic)	6	(0.005)	0.005
Earnings per share (diluted)	6	(0.005)	0.004

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

		30 June 2021	31 December 2020
	Note	US\$'000	US\$'000
Assets			
Non-current assets			
Land, fixtures, fittings and equipment	7	386	484
Loans and advances receivable	10	13,837	13,645
Total non-current assets		14,223	14,129
Current assets			
Financial assets at fair value through profit or loss	8	7,110	6,818
Loan and advances receivable	10	12	13
Trade and other receivables	9	351	1,669
Cash and cash equivalents		1,236	675
Total current assets		8,709	9,175
Total assets		22,932	23,304
Equity and liabilities			
Equity			
Issued share capital	11	390	390
Share premium		25,353	25,353
Revenue reserve		(79)	122
Foreign currency translation reserve		(3,065)	(3,055)
Total equity		22,599	22,810
Current liabilities			
Trade and other payables		333	415
Total current liabilities		333	415
Non-current liabilities			
Trade and other payables	15	-	79
Total non-current liabilities		-	79
Total equity and liabilities		22,932	23,304

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Issued share capital	Share premium	Revenue reserve	Foreign currency translation reserve	Total
	2020	2020	2020	2020	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 January 2020	390	25,353	(1,546)	(2,932)	21,265
Total comprehensive income					
Profit for the period after taxation	-	-	194	-	194
Other comprehensive income	-	-	-	(15)	(15)
As at 30 June 2020	390	25,353	(1,352)	(2,947)	21,444

	Issued share capital	Share premiu m	Revenue reserve	Foreign currency translation reserve	Total
	2021	2021	2021	2021	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 January 2021	390	25,353	122	(3,055)	22,810
Total comprehensive income					
Loss for the period after taxation	-	-	(201)	-	(201)
Other comprehensive income	-	-	-	(10)	(10)
As at 30 June 2021	390	25,353	(79)	(3,065)	21,599

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Note	Six months ended 30 June 2021 US\$'000	Six months ended 30 June 2020 US\$'000
Net cash (outflow)/inflow from operating activities	12	(300)	195
Cash flows used in investing activities			
Interest received on cash and cash equivalents		1	3
Purchase of fixtures, fittings and equipment	7	(2)	(1)

Proceeds from sale of financial assets at fair value through profit or loss	1,001	11,779
Loan investments	-	(11,200)
Net cash generated from investing activities	1,000	581
Cash flows from financing activities		
Payment of lease liabilities	(119)	(44)
Repurchase of own shares	-	-
Net cash used in financing activities	(119)	(44)
Net decrease in cash and cash equivalents	581	732
Cash and cash equivalents at 1 January 2021 and 1 January 2020	675	863
Foreign exchange loss on cash and cash equivalents	(20)	6
Cash and cash equivalents as at 30 June 2021 and 30 June 2020	1,236	1,601

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. CORPORATE INFORMATION

The Company is domiciled in the Isle of Man under the Companies Act 2006. Its registered office is at 33-37 Athol Street, Douglas, Isle of Man, IM1 1LB. The condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the “Group”).

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 are available upon request from the Company’s registered office or at www.argogrouplimited.com.

The principal activity of the Company is that of a holding company and the principal activity of the wider Group is that of an investment management business. The functional currency of the Group undertakings are US dollars, Sterling and Romanian Lei. The presentational currency is US dollars.

Wholly owned subsidiaries	Country of incorporation
Argo Capital Management Limited	United Kingdom
Argo Property Management Srl	Romania

2. ACCOUNTING POLICIES

(a) Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2020.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020.

These condensed consolidated interim financial statements were approved by the Board of Directors on 29 July 2021.

b) Financial instruments and fair value hierarchy

The following represents the fair value hierarchy of financial instruments measured at fair value in the Condensed Consolidated Statement of Financial Position. The hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

3. SEGMENTAL ANALYSIS

The Group operates as a single asset management business.

The operating results of the companies are regularly reviewed by the Directors of the Group for the purposes of making decisions about resources to be allocated to each company and to assess performance. The following summary analyses revenues, profit or loss, assets and liabilities:

	Argo Group Ltd 2021 US\$'000	Argo Capital Management Ltd 2021 US\$'000	Argo Property Management Srl 2021 US\$'000	Six months ended 30 June 2021 US\$'000
Total revenues for reportable segments customers	-	1,533	131	1,664
Intersegment revenues	-	-	-	-
Total profit/(loss) for reportable segments	86	(316)	(193)	(423)
Intersegment profit/(loss)	(222)	-	-	(222)
Total assets for reportable segments assets	21,561	1,066	305	22,932
Total liabilities for reportable segments	7	275	51	333

Revenues, profit or loss, assets and liabilities may be reconciled as follows:

	Six months Ended 30 June 2021 US\$'000
Revenues	

Total revenues for reportable segments	1,664
Elimination of intersegment revenues	-
Group revenues	1,664
Profit or loss	
Loss for reportable segments	(423)
Elimination of intersegment loss	222
Other unallocated amounts	-
Loss on ordinary activities before taxation	(201)
Assets	
Total assets for reportable segments	22,936
Elimination of intersegment receivables	(4)
Group assets	22,932
Liabilities	
Total liabilities for reportable segments	3,716
Elimination of intersegment payables	(3,383)
Group liabilities	333

	Argo Group Ltd	Argo Capital Management (Cyprus) Ltd	Argo Capital Management Ltd	Argo Capital Management Property Ltd	Six months ended 30 June
	2020	2020	2020	2020	2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Total revenues for reportable segments	-	120	1,227	144	1,491
Intersegment revenues	-	120	-	-	120
Total profit/(loss) for reportable segments	818	-	(423)	(201)	194
Intersegment profit/(loss)	-	120	(120)	-	-
Total assets for reportable segments	20,370	341	1,460	303	22,474
Total liabilities for reportable segments	6	90	857	78	1,031

Revenues, profit or loss, assets and liabilities may be reconciled as follows:

	Six months Ended 30 June 2020 US\$'000
Revenues	
Total revenues for reportable segments	1,491
Elimination of intersegment revenues	(120)
Group revenues	1,371
Profit or loss	
Total profit for reportable segments	194
Elimination of intersegment loss	-

Other unallocated amounts	-
Profit on ordinary activities before taxation	194
Assets	
Total assets for reportable segments	25,358
Elimination of intersegment receivables	(2,884)
Group assets	22,474
Liabilities	
Total liabilities for reportable segments	3,915
Elimination of intersegment payables	(2,884)
Group liabilities	1,031

4. SHARE-BASED INCENTIVE PLANS

On 14 March 2011 the Group granted options over 5,900,000 shares to directors and employees under The Argo Group Limited Employee Stock Option Plan. All options are exercisable at 24p per share within 10 years of the grant date.

The fair value of the options granted was measured at the grant date using a Black-Scholes model that takes into account the effect of certain financial assumptions, including the option exercise price, current share price and volatility, dividend yield and the risk-free interest rate. The fair value of the options granted is spread over the vesting period of the scheme and the value is adjusted to reflect the actual number of shares that are expected to vest.

The principal assumptions for valuing the options are:

Exercise price (pence)	24.0
Weighted average share price at grant date (pence)	17.0
Weighted average option life (years)	10.0
Expected volatility (% p.a.)	15.0
Dividend yield (% p.a.)	10.0
Risk-free interest rate (% p.a.)	0.907

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The total charge to employee costs in respect of this incentive plan is £nil (30 June 2020: £nil)

The number and weighted average exercise price of the share options during the period is as follows:

	Weighted average exercise price	No. of share options
Outstanding at beginning of period	24.0p	4,115,000
Granted during the period	-	-
Forfeited during the period	24.0p	(3,865,000)
Outstanding at end of period	24.0p	250,000
Exercisable at end of period	24.0p	250,000

The options outstanding at 30 June 2021 have an exercise price of 24p and a weighted average contractual life of 5.6 years. Outstanding share options are contingent upon the option holder remaining an employee of the Group.

No share options were issued during the period.

5. TAXATION

Taxation rates applicable to the parent company and the UK and Romanian subsidiaries range from 0% to 19% (2020: 0% to 19%).

Consolidated statement of profit or loss	Six months ended 30 June 2021 US\$'000	Six months Ended 30 June 2020 US\$'000
Taxation charge for the period on Group companies	-	-

The charge for the period can be reconciled to the profit shown on the Condensed Consolidated Statement of profit or loss as follows:

	Six months Ended 30 June 2021 US\$'000	Six months Ended 30 June 2020 US\$'000
(Loss)/profit before tax	(201)	194
Applicable Isle of Man tax rate for Argo Group Limited of 0%	-	-
Timing differences	-	-
Non-deductible expenses	-	-
Other adjustments	-	-
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	-	-
Tax charge	-	-

Consolidated statement of financial position	30 June 2021 US\$'000	31 December 2020 US\$'000
Corporation tax payable	-	-

6. EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period.

	Six months ended 30 June 2021 US\$'000	Six months Ended 30 June 2020 US\$'000
Net (loss)/profit for the period after taxation attributable to members	(201)	194
	No. of shares	No. of shares

Weighted average number of ordinary shares for basic earnings per share	38,959,986	38,959,986
Effect of dilution (Note 4)	250,000	4,115,000
Weighted average number of ordinary shares for diluted earnings per share	39,209,986	43,074,986

	Six months Ended 30 June 2021 US\$	Six months ended 30 June 2020 US\$
Earnings per share (basic)	(0.005)	0.005
Earnings per share (diluted)	(0.005)	0.004

7. LAND, FIXTURES, FITTINGS AND EQUIPMENT

	Right of use assets USD'000000	Fixtures, fittings and equipment US\$'000	Land US\$'000	Total US\$'000
Cost				
At 1 January 2020	808	260	179	1,247
Additions	-	-	-	-
Disposals	-	-	-	-
Foreign exchange movement	25	6	17	48
At 31 December 2020	833	266	196	1,295
Additions	-	2	-	2
Disposals	-	(62)	-	(62)
Foreign exchange movement	9	-	(5)	4
At 30 June 2021	842	206	191	1,239
Accumulated Depreciation				
At 1 January 2020	344	242	-	586
Depreciation charge for period	188	10	-	198
Disposals	-	-	-	-
Foreign exchange movement	23	4	-	27
At 31 December 2020	555	256	-	811
Depreciation charge for period	99	4	-	103
Disposals	-	(62)	-	(62)
Foreign exchange movement	6	(5)	-	1
At 30 June 2021	660	193	-	853
Net book value				
At 31 December 2020	278	10	196	484
At 30 June 2021	342	18	181	541

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Holding	Investment in management shares	30 June 2021 Total cost US\$'000	30 June 2021 Fair value US\$'000
10	The Argo Fund Ltd	-	-
		-	-
Holding	Investment in ordinary shares	Total cost US\$'000	Fair value US\$'000
19,920	The Argo Fund Ltd*	5,511	7,110
		5,511	7,110
Holding	Investment in management shares	31 December 2020 Total cost US\$'000	31 December 2020 Fair value US\$'000
10	The Argo Fund Ltd	-	-
100	Argo Distressed Credit Fund Ltd	-	-
1	Argo Special Situations Fund LP	-	-
		-	-
Holding	Investment in ordinary shares	Total cost US\$'000	Fair value US\$'000
20,061	The Argo Fund Ltd*	5,511	6,818
		5,511	6,818

*Classified as current in the consolidated statement of Financial Position
Note that some of the Argo Funds listed above may have investments in each other.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 US\$ '000	At 31 December 2020 US\$ '000
Trade receivables – Gross	1,306	1,292
Less: provision for impairment of trade receivables	(1,139)	(780)
Trade receivables – Net	167	512
Other receivables	47	1,062
Prepayments and accrued income	137	95
	351	1,669

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. All trade receivable balances are recoverable within one year from the reporting date except as disclosed below.

The movement in the Group's provision for impairment of trade and loan receivables is as follow:

	At 30 June 2021 US\$ '000	At 31 December 2020 US\$ '000
Opening balance	14,101	12,405
Bad debt recovered	-	-

Charged during the period	365	484
Foreign exchange movement	(417)	1,212
Closing balance	14,049	14,101

10. LOANS AND ADVANCES RECEIVABLE

	At 30 June 2021 US\$'000	At 31 December 2020 US\$'000
Deposits on leased premises – current	12	13
Deposits on leased premises - non-current (see below)	113	111
Other loans and advances receivable – non-current (note 14)	13,724	13,534
	13,849	13,658

The deposits on leased premises relate to the Group's offices in London and Romania.

Other loans and advances receivable relates to a loan for \$12.1 million (€10.2 million) principal made by Argo Group Limited to Argo Real Estate Limited Partnership in February 2020, an entity that is 100% owned by Andreas Rialas. The loan accrues interest at 9%.

The Group also has a balance receivable for \$12.9 million (€10.9 million) from Argo Real Estate Limited Partnership that was assigned from Argo Real Estate Opportunities Fund Limited during the period. The carrying value of this balance is \$nil.

11. SHARE CAPITAL

The Company's authorised share capital is unlimited with a nominal value of US\$0.01.

	30 June 2021 No.	30 June 2021 US\$'000	31 December 2020 No.	31 December 2020 US\$'000
Issued and fully paid				
Ordinary shares of US\$0.01 each	38,959,986	390	38,959,986	390
	38,959,986	390	38,959,986	390

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2020 and do not recommend an interim dividend in respect of the current period.

12. RECONCILIATION OF NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES TO PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	Six months ended 30 June 2021 US\$'000	Six months ended 30 June 2020 US\$'000
(Loss)/profit on ordinary activities before taxation	(201)	194
Interest income	(519)	(409)
Depreciation on fixtures, fittings and equipment	4	6
Depreciation on right of use asset	99	91
Realised and unrealised loss/(gain)	38	(205)
Net foreign exchange loss/(profit)	4	(313)

(Decrease)/increase in payables	(42)	97
Decrease in receivables, loans and advances	317	754
Corporation tax paid	-	(20)
Net cash (outflow)/inflow from operating activities	(300)	195

13. FAIR VALUE HIERARCHY

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level of the fair value hierarchy (note 2b).

	At 30 June 2021			
	Level 1 US\$ '000	Level 2 US\$ '000	Level 3 US\$ '000	Total US\$ '000
Financial assets at fair value through profit or loss	-	7,110	-	7,110

	At 31 December 2020			
	Level 1 US\$ '000	Level 2 US\$ '000	Level 3 US\$ '000	Total US\$ '000
Financial assets at fair value through profit or loss	-	6,818	-	6,818

14. RELATED PARTY TRANSACTIONS

Most Group revenues derive from The Argo Fund in which two of the Company's directors, Kyriakos Rialas and Kenneth Watterson, have influence through directorships and the provision of investment management services.

At the reporting date the Company holds investments in The Argo Fund Limited. These investments are reflected in the accounts at fair value of US\$7.1 million (31 December 2020: \$6.8 million).

At the period end, the Group was owed \$13.7 million (note 10) by Argo Real Estate Limited Partnership, an entity that is 100% owned by Andreas Rialas. The loan carries an interest rate of 9% per annum.

During the period, a balance owed by Argo Real Estate Opportunities Fund Limited for US\$12.9 million (€10.9 million) (31 December 2020: US\$13.3 million (€10.9 million)) was assigned to Argo Real Estate Limited Partnership. These balances are carried at US\$ nil (31 December 2020: US\$ nil) in the financial statements.

15. TRADE AND OTHER PAYABLES

	At 30 June 2021 US\$ '000	At 31 December 2020 US\$ '000
Trade creditors	99	118
Other creditors and accruals	234	297
Total current trade and other payables	333	415

Trade creditors are normally settled on 30-day terms.

At 30 June At 31 December

	2021	2020
	US\$ '000	US\$ '000
Other creditors and accruals	-	79
Total non-current trade and other payables	-	79