Argo Group Limited
("Argo" or the "Company")

Annual Report and Accounts for the Year ended 31 December 2022

Argo today announces its final results for the year ended 31 December 2022.

The Company will today make available its report and accounts for the year ended 31 December 2022 on the Company's website www.argogrouplimited.com. These will be sent by post to shareholders no later than 30 April 2023.

Key highlights for the twelve months ended 31 December 2022

- Revenues US$2.5 million (2021: US$4.4 million)
- Operating loss US$2.3 million (2021: operating loss US$0.2 million)
- Loss before tax US$3.4 million (2021: profit before tax of US$0.3million)
- Net assets US$19.6 million (2021: US$23.1 million)

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

"The last financial year has been very difficult especially for Emerging Markets that experienced huge outflows closed to US$100 billion. Increasing interest rates to combat inflation has been the dominant global theme with the USA leading the way. Inevitably this influenced the performance of The Argo Fund Ltd that saw a loss for the year of 12.5% mitigated by active management and macro hedges which compares favourably to the JPM EMBI+ index that saw a loss of 24.7%. Consequently, with steady assets under management, Argo group had to rely only on management fees in 2022 to cover its expenses. In the second half of 2022 Argo Group took over the management of two US Hedged funds managed accounts with first loss provisions that doubled its assets under management. January 2023 started very well in line with most markets and with indications that inflation and interest rates are peaking. Finally, Riviera, the shopping mall in Odessa, Ukraine partially reopened in November 2022 while the restoration of the damages caused by the combat rocket in May 22 is being completed."

Enquiries

Argo Group Limited
Andreas Rialas
020 7016 7660

Panmure Gordon
Dominic Morley
020 7886 2500

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

CHAIRMAN'S STATEMENT

Key highlights for the twelve months ended 31 December 2022

- Revenues US$2.5 million (2021: US$4.4 million)
- Operating loss US$2.3 million (2021: operating loss US$0.2 million)
- Loss before tax US$3.4 million (2021: profit before tax of US$0.3million)
- Net assets US$19.6 million (2021: US$23.1 million)

The Group and its 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

This report sets out the results of Argo Group Limited for the year ended 31 December 2022.

For the year ended 31 December 2022 the Group generated revenues of US$2.5 million (2021: US$4.4 million) with management fees accounting for US$2.2 million (2021: US$2.5 million). The Group also generated incentive fees of US$ nil (2021: US$1.6 million) during the year.

Total operating costs, ignoring bad debt provisions, are US$4.2 million (2021: US$3.8 million). The Group has provided against management fees of US$0.6 million (2021: US$0.7 million) from the Designated Investment share class in TAF. In the Directors' view these amounts are fully recoverable however they have concluded that it would be appropriate to carry a provision against these receivables as the timing of the receipts should match the exit from the investments in this share class.

Overall, the financial statements show an operating loss for the year of US$2.3 million (2021: operating loss US$0.2 million) and a loss before tax of US$3.4 million (2021: profit before tax of US$0.3 million) reflecting the realised and unrealised loss on current asset investments of US$2.1 million (2021: unrealised loss of US$0.6 million) and interest income of $1.0 million (2021: $1.1 million).

At the year end, the Group had net assets of US$19.6 million (2021: US$23.1 million) and net current assets of US$6.0 million (2021: US$9.1million) including cash reserves of US$1.6 million (2021: US$1.7 million). The Directors are not declaring a final dividend.

Net assets include investment in TAF at fair value of US$4.4 million (2021: US$6.1 million).

At the year end, The Argo Fund owed the Group total management and performance fees of US$2.1 million (31 December 2021: US$2.6 million). The Group received $0.2 million of these fees in January and February 2023. The remaining fees of $1.9 million relates to the Designated Investment share class which will be paid when the investments are sold and against which a full provision has been made in these financial statements.

The Argo Funds ended the year with Assets under Management ("AUM") at US$109.8 million (2021: US$122.6). 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 number of permanent employees of the Group at 31 December 2022 was 18 (2021: 18).

Fund performance

Fund	Launch Date	2022 Year Total	2021 Year Total	Since inception	Annualised performance	Sharpe ratio	Down months
		%	%	%	CAGR %		
The Argo Fund:							
A class	Oct-00	-12.54	5.29	215.19	6.04	0.40	89 of 267
X2 class	Feb-21	-16.83	11.86	-6.97	-3.55	-0.20	9 of 23
Designated Investment class	Jan-20	-2.82	5.45	89.18	NA	NA	NA

After the turbulence stemming from Covid, any hopes that 2022 would be a rather uneventful year were quickly dispelled. The decision by Russia to launch military action in Ukraine not only had a detrimental impact on the population and economy of the latter country but also sparked a crisis in global energy and food markets. Sanctions on Russian energy exports and retaliatory measures led to a scramble, particularly by Europe, to secure alternative gas and oil supplies often at higher cost and necessitating additional outlays on infrastructure. Grain and other foodstuffs shipped from the Black Sea region were also disrupted by the conflict causing harm in the form of escalating food prices to consumers across the world.

After a prolonged period of quantitative easing and negative real interest rates, last year witnessed a major shift in monetary policy in many countries. Alarmed by inflation figures last seen 40 years ago, the world's central banks began to focus on the supply constraints and concomitant price rises by raising interest rates. The US Federal Reserve led the way, increasing the discount rate on seven occasions from a starting point of 0.25% to end the year at 4.5%. The European Central Bank, the Bank of England and others all followed in its wake. However, this pressure to prioritize price stability over economic expansion which, in turn, cast a cloud over the outlook for corporate profits and asset prices did not bode well for markets as recession fears surfaced.

Unusually, both equity and bond markets recorded significant negative returns in 2022. For example, US equities had their worst year since 2008 with the S&P 500 index sinking over 19 per cent. Developed government debt as measured by the Bloomberg Barclays Global Treasury Index fell by 17.5 per cent; commodities and cash were the only asset classes yielding positive returns. However, these annual figures mask volatility within the year as sentiment in both equity and debt markets improved in the fourth quarter amidst hopes that inflationary pressures had peaked, rate rises were nearing an end and recessions could be avoided.

It is difficult to imagine a more challenging backdrop for emerging markets debt than the one that unfolded over the course of last year. Stubbornly high inflation, aggressive monetary tightening, slowing global growth, the war in Ukraine, and record investor outflows all contributed to one of the worst drawdowns ever for the asset class: emerging market debt (EMBI Global) dropped by 16.5 percent whilst local currency debt fared a little better, limiting losses to under 12 per cent. A number of emerging countries have seen their borrowing costs soar and/or difficulties in accessing the market in 2022 leading to defaults such as Sri Lanka and Ghana whilst other countries including Egypt, Tunisia and Pakistan have sought assistance from the International Monetary Fund.

The Argo Fund also had a difficult year. The Net Asset Value of the Class A shares fell by 12.54 per cent in 2022, from US$360.39 to US$315.19. There were positive contributions to this performance from macro hedges and short positions but the main detractors were Ukrainian sovereign bonds -now largely exited- and exposure to countries facing an imbalance between financing requirements and sources. The NAV of the X2 Class, which was launched in February 2021 and is a carve-out of the TAF distressed debt strategy, declined by 16.83 per cent in the period up to December due in part to a variety of corporates undergoing restructuring. It is currently funded internally but efforts continue to be made to market this share class to external investors. Units in the Designated Investment Class – holding a position in distressed sovereign debt – fell by 2.82 per cent during 2022.

Dividends

The Directors are not declaring a final dividend but intend to restart dividend payments as soon as the Group's performance provides a consistent track record of profitability.

Loan receivable from Argo Real Estate Limited Partnership

The Directors would like to draw the attention of the shareholders to the limitation of scope qualification of the audit report on page 14. Details of this loan and the related expected credit loss provision are set out in Note 12.

Outlook

As previously stated, a significant increase in AUM is still required to ensure sustainable profits on a recurring management fee basis. The Group is well placed with capacity to absorb such an increase in AUM with negligible impact on operational costs.

Raising AUM remains Argo's top priority over the coming year. The Group's marketing efforts continues to focus on TAF which has 22 years of track record. However, the Group continues to seek opportunities to increase AUM either through existing fund structures or by identifying external partners with whom to cooperate.

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.

Independent Auditor's Report (as provided by the Auditors in the annual report)

To the Members of Argo Group Limited

Qualified Opinion

We have audited the consolidated financial statements of Argo Group Limited (the "Company"), and its subsidiaries ("the Group"), which are presented in pages 17 to 42 and comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the IASB.

Basis for Qualified Opinion

As described in Note 12 to the consolidated financial statements, other loans and advances receivable with a carrying value of US$13,320 thousand relate to a loan that is exposed to the performance of an investment property in Ukraine. An expected credit loss of US$0.5 million has been recognised in relation to this loan as at 31 December 2022. Due to the current war in Ukraine, it was not possible for Management obtain an independent fair value of the underlying collateral for the loan order for us to reliably assess the assumptions used for the calculation of the Group's estimate of expected credit loss. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section of our report, we have determined that there are no such matters to report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the following:

- Chairman's statement
- Director's report
- Statement of Director's Responsibilities in respect of the consolidated financial statements

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit 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.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the IASB, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Maria Kaffa.

Maria Kaffa
Certified Public Accountant and Registered Auditor
for and on behalf of

Baker Tilly Klitou and Partners Ltd
Certified Public Accountants and Registered Auditors
Corner C Hatzopoulou & 30 Griva Digheni Avenue
CY-1066 Nicosia
Cyprus

Nicosia, 30 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 31 December 2022 US$'000	Year ended 31 December 2021 US$'000
Management fees		2,193	2,548
Performance fees		2	1,582
Other income		351	252
Revenue	2(e), 3	2,546	4,382
Legal and professional expenses		(272)	(411)
Management and incentive fees payable		(312)	(312)
Operational expenses		(728)	(698)
Employee costs	4	(2,782)	(2,220)
Foreign exchange gain/(loss)		20	(8)
Bad debts	11	(636)	(740)
Depreciation	9	(125)	(186)
Operating loss	6	(2,289)	(193)
Interest income		971	1,091
Realised and unrealized losses on investments		(2,079)	(600)
(Loss)/profit on ordinary activities before taxation	3	(3,397)	298
Taxation	7	-	-

Profit for the year after taxation attributable to members of the Company	8	(3,397)	298
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(123)	(31)
Total comprehensive income for the year		(3,520)	267

		Year ended 31 December 2022 US$	Year ended 31 December 2021 US$
Earnings per share (basic)	8	(0.09)	0.01
Earnings per share (diluted)	8	(0.08)	0.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	At 31 December 2022 US$'000	At 31 December 2021 US$'000
Assets			
Non-current assets			
Land, fixtures, fittings and equipment	9	607	290
Loans and advances receivable	12	13,320	13,641
Total non-current assets		13,927	13,931
Current assets			
Financial assets at fair value through profit or loss	10	4,387	6,098
Loan and advances receivable	12	96	122
Trade and other receivables	11	413	1,453
Cash and cash equivalents		1,642	1,709
Total current assets		6,538	9,382
Total assets	3	20,465	23,313
Equity and liabilities			
Equity			
Issued share capital	13	390	390
Share premium		25,353	25,353
Revenue reserve		(2,977)	420
Foreign currency translation reserve	2(d)	(3,209)	(3,086)
Total equity		19,557	23,077
Current liabilities			
Trade and other payables	14	497	236
Taxation payable	7	-	-
Total current liabilities	3	497	236
Non-current Liabilities			

	Note	2022	2021
Trade and other payables	14	411	-
Total non-current liabilities		411	-
Total equity and liabilities		20,465	23,313

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY YEAR ENDED 31 DECEMBER 2022

	Issued share capital 2021	Share premium 2021	Revenue reserve 2021	Foreign currency translation reserve 2021	Total 2021
	US$'000	US$'000	US$'000	US$'000	US$'000
Restated at 1 January 2021	**390**	**25,353**	**122**	**(3,055)**	**22,810**
Total comprehensive income					
Profit for the year after taxation	-	-	298	-	298
Other comprehensive income	-	-	-	(31)	(31)
At 31 December 2021	**390**	**25,353**	**420**	**(3,086)**	**23,077**

	Issued share capital 2022	Share premium 2022	Revenue reserve 2022	Foreign currency translation reserve 2022	Total 2022
	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 January 2022	**390**	**25,353**	**420**	**(3,086)**	**23,077**
Total comprehensive income					
Loss for the year after taxation	-	-	(3,397)	-	(3,397)
Other comprehensive income	-	-	-	(123)	(123)
As at 31 December 2022	**390**	**25,353**	**(2,977)**	**(3,209)**	**19,557**

The notes on pages 21 to 43 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 31 December 2022 US$'000	Year ended 31 December 2021 US$'000
Net cash (outflow)/inflow from operating activities	15	(800)	213
Cash flows from investing activities			
Interest received on cash and cash equivalents		1	1
Disposal of financial assets at fair value through profit or loss	10	924	1,105
Loan repayment received	12	26	-
Purchase of fixtures, fittings and equipment	9	(7)	(1)
Net cash generated from investing activities		**944**	**1,105**
Cash flows from financing activities			
Payment of lease liabilities	2(n)	(124)	(251)
Net cash used in financing activities		**(124)**	**(251)**
Net increase in cash and cash equivalents		**20**	**1,067**
Cash and cash equivalents at 1 January 2022 and 1 January 2021		1,709	675
Foreign exchange loss on cash and cash Equivalents		(87)	(33)
Cash and cash equivalents as at 31 December 2022 and 31 December 2021		**1,642**	**1,709**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2022

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 and the principal place of business is at 24-25 New Bond Street, London, W1S 2RR. 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 currencies of the Group undertakings are US dollars, Sterling, Euros and Romanian Lei. The presentational currency is US dollars. The Group has 22 (2021: 18) employees.

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

2. ACCOUNTING POLICIES

(a) Accounting convention

These consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments, and in accordance with International Financial Reporting Standards, as adopted by the EU.

Going concern
The financial statements have been prepared on a going concern basis which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

The Directors have carried out a rigorous assessment of all the factors affecting the business in deciding to adopt the going concern basis for the preparation of the accounts. They have reviewed and examined the Group's financial and other processes including the annual budgeting process and expect the Group to have sufficient cash resources available in the foreseeable future. This has included the preparation of forecast financial information focussed on cash flow requirements through to at least March 2022. These forecasts reflect current cost patterns of the Group and take into consideration current liquidity constraints of funds under management and therefore their ability to settle management fees and other receivables (refer to notes 11 and 12).

On the basis of review of this forecast financial information, the liquid assets currently held and forecast inflows during the period, the Directors are confident that the Group has adequate financial resources available to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis for preparing the consolidated financial statements.

The Directors have therefore concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis.

(b) Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date upon which control is transferred to the Company and cease to be consolidated from the date upon which control is transferred from the Company.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(c) Business combinations
The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill
Goodwill arising on the consolidation represents the excess of the cost of the acquisition over the Company's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Any excess of the Company's interest in the fair value of the identifiable assets and liabilities over the cost of the acquisition (negative goodwill) is immediately recognised in the Consolidated statement of profit or loss. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed at least annually for impairment. Any impairment is recognised immediately in the Consolidated statement of profit or loss.

Impairment of intangible assets
At each reporting date the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(d) Foreign currency translation

The consolidated financial statements are expressed in US dollars. Transactions denominated in currencies other than US dollars have been translated at the rate of exchange prevailing at the date of the transaction. Assets and liabilities in other currencies are translated to US dollars at the rates of exchange prevailing at the reporting date. The resulting profits or losses are reflected in the Consolidated statement of profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve.

(e) Revenue

Revenue is recognised to the extent that it is probable that economic benefit will flow to the Group and the revenue can be reliably measured.

Management and incentive fees receivable

The Group recognises revenue for providing management services to funds. Revenue is accrued on a monthly basis on completion of management services. In the Argo funds revenue is based on the assets under management of each mutual fund.

Incentive fees arise monthly, quarterly or on realisation of an investment. Incentive fees are recognised in the month they arise.

(f) Depreciation

Plant and equipment is initially recorded at cost and depreciated on a straight-line basis over the expected useful lives of the assets, after taking into account the assets' residual values, as follows:

Leasehold	20% per annum
Fixtures and fittings	33 1/3% per annum
Office equipment	33 1/3% per annum
Computer equipment and software	33 1/3% per annum

(g) IFRS 9 "Financial instruments"

The standard requires debt financial assets to be classified into two measurement categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (either FVTPL or FVPL) and those to be measured at amortized cost. The determination is made at initial recognition. For debt financial assets the classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instruments. For equity financial assets it depends on the entity's intentions and designation.

In particular, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Lastly, assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

For investments in equity instruments that are not held for trading, the classification depends on whether the entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. If no such election has been made or the investments in equity instruments are held for trading they are required to be classified at fair value through profit or loss.

IFRS 9 also introduces a single impairment model applicable for debt instruments at amortised cost and fair value through other comprehensive income and removes the need for a triggering event to be necessary for recognition of impairment losses. The new impairment model under IFRS 9 requires the recognition of allowances for doubtful debts based on expected credit losses (ECL), rather than incurred credit losses as under IAS 39. The standard further introduces a simplified approach for calculating impairment on trade receivables as well as for calculating impairment on contract assets and lease receivables; which also fall within the scope of the impairment requirements of IFRS 9.

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(h) Trade date accounting

All 'regular way' purchases and sales of financial assets are recognised on the 'trade date', i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the asset within the time frame generally established by regulation or convention in the market place.

(i) Financial instruments

Financial assets – Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.
For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Currently the Group holds only investments which have been classified as financial assets at fair value through profit or loss. Investments held at fair value in managed mutual funds are valued at fair value of the net assets as provided by the administrators of those funds. Where funds contain level 3 assets the Directors will consider the carrying value based on information regarding future expected cash flows using appropriate valuation techniques such as discounted cash flow analysis. Investment in the management shares of The Argo Fund Limited is stated at fair value, being the recoverable amount.

Financial assets – Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between

fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets - impairment - credit loss allowance for ECL

The Group assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at Amortized Cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at Amortized Cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial Liabilities

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

(j) Loans and borrowings

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. Loans and borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

(k) Current taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those enacted or substantively enacted by the reporting date.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other periods or because it excludes items that are never taxable or deductible.

(l) Deferred taxation

Deferred income tax is provided for using the liability method on temporary timing differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in full for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused losses can be utilised.

The carrying amount of deferred income tax assets is revalued at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that is probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

(m) Accounting estimates, assumptions and judgements

The preparation of the consolidated financial statements necessitates the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets, liabilities and contingent liabilities at the reporting date as well as affecting the reported income and expenses for the year. Although the estimates are based on management's knowledge and best judgment of information and financial data, the actual outcome may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that and prior periods, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, which are described above, management has made best judgements of information and financial data that have the most significant effect on the amounts recognised in the consolidated financial statements:

- Investments fair value
- Management fees
- Trade receivables
- Going concern
- Loans and advances

It has been assumed that, when available, the audited financial statements of the funds under the Group's management will confirm the net asset values used in the calculation of management and performance fees receivable.

(n) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

the contract involves the use of an identified asset this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    - the Group has the right to operate the asset; or
    - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
-fixed payments, including in-substance fixed payments;
-variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
-amounts expected to be payable under a residual value guarantee; and
-the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group 's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

(o) Financial instruments and fair value hierarchy

The following represents the fair value hierarchy of financial instruments measured at fair value in the 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.

(p) Future changes in accounting policies

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements:

Below are the standards that have been endorsed and not endorsed, effective after 31 December 2022:

Effective date

Amendments to IAS 1 Presentation of Financial Statements: • Classification of Liabilities as Current or Non-current Date (issued on 23 Jan 2020); • Classification of Liabilities as Current or Non-current - Deferral of Effective I (issued on 15 July 2020); and • Non-current Liabilities with Covenants (issued on 31 October 2022)	01/01/2024 (not endorsed)
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued o September 2022) Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and I 9 – Comparative Information (issued on 9 December 2021)	01/01/2024 (not endorsed)
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and I 9 – Comparative Information (issued on 9 December 2021)	01/01/2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabil arising from a Single Transaction (issued on 7 May 2021)	01/01/2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Pra Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	01/01/2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates Errors: Definition of Accounting Estimates (issued on 12 February 2021)	01/01/2023
IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to I 17 (issued on 25 June 2020)	01/01/2023

The Directors do not expect the adoption of these standards and interpretations to have a material impact on the Group's financial statements in the period of initial application.

(q) Dividends payable

Interim and final dividends are recognised when declared.

2. SEGMENTAL ANALYSIS

The Group operates as a single asset management business. The operating results of the companies set out in note 1 above are regularly reviewed by the Directors 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	Argo Capital Management Limited	Argo Capital Management Property Limited	Year ended 31 December
	2022	2022	2022	2022
	US$'000	US$'000	US$'000	US$'000
Total revenues for reportable segments	-	2,201	345	2,546
Intersegment revenues	-	-	-	-
Total loss for reportable segments	(1,357)	(1,717)	(323)	(3.397)
Intersegment profit/(loss)	-	-	-	-
Total assets for reportable segments	18,390	1,553	522	20,465
Total liabilities for reportable segments	24	528	356	908

Revenues, profit or loss, assets and liabilities may be reconciled as follows:	Year ended 31 December 2022
	US$'000
Revenues	
Total revenues for reportable segments	2,546
Elimination of intersegment revenues	-
Group revenues	**2,546**
Profit or loss	
Total loss for reportable segments	(3,397)
Other unallocated amounts	(-)
Loss on ordinary activities	**(3,397)**
Assets	
Total assets for reportable segments	24,008
Elimination of intersegment receivables	(3,543)
Group assets	**20,465**
Liabilities	
Total liabilities for reportable segments	4,448
Elimination of intersegment payables	(3,543)
Group liabilities	**908**

	Argo Group Ltd	Argo Capital Management (Cyprus) Limited	Argo Capital Management Limited	Argo Capital Management Property Limited	Year ended 31 December
	2021	2021	2021	2021	2021
	US$'000	US$'000	US$'000	US$'000	US$'000
Total revenues for reportable segments	-	-	4,130	252	4,382
Intersegment revenues	-	-	-	-	-
Total profit/(loss) for reportable segments	180	-	544	(426)	298
Intersegment profit/(loss)	-	-	-	-	-
Total assets for reportable segments	20,661	-	2,426	226	23,313
Total liabilities for reportable segments	28	-	185	23	236

Revenues, profit or loss, assets and liabilities may be reconciled as follows:	Year ended 31 December 2021
	US$'000
Revenues	
Total revenues for reportable segments	4,382
Elimination of intersegment revenues	-

Group revenues	**4,382**
Profit or loss	
Total profit for reportable segments	298
Other unallocated amounts	(-)
Profit on ordinary activities	**298**
Assets	
Total assets for reportable segments	26,748
Elimination of intersegment receivables	(3,435)
Group assets	**23,313**
Liabilities	
Total liabilities for reportable segments	3,671
Elimination of intersegment payables	(3,435)
Group liabilities	**236**

4. EMPLOYEE COSTS

	Year ended 31 December 2022 US$'000	**Year ended 31 December 2021 US$'000**
Wages and salaries -under employment contract	1,682	1,682
Wages and salaries – under service contract	250	250
Social security costs	187	187
Other	101	101
	2,220	2,220

5. KEY MANAGEMENT PERSONNEL REMUNERATION

Included in employee costs are payments to the following:

	Year ended 31 December 2022 US$'000	**Year ended 31 December 2021 US$'000**
Directors and key management personnel	1,326	1,051

The remuneration of the Directors of the Company for the year was as follows:

	Salaries US$'000	**Fees US$'000**	**Benefits US$'000**	**Cash bonus US$'000**	**Year ended 31 December 2022 US$'000**	**Year ended 31 December 2021 US$'000**
Executive Directors						
Kyriakos Rialas	201	-	-	40	241	225
Andreas Rialas	196	-	13	350	559	233
Non-Executive Directors						
Michael Kloter	-	53	-	-	53	56

David Fisher	-	31	-	-	31	34
Ken Watterson	-	31	-	-	31	34

6. OPERATING LOSS

Operating profit is stated after charging:

	Year ended 31 December 2022 US$'000	Year ended 31 December 2021 US$'000
Auditors' remuneration	51	56
Depreciation -owned assets	5	7
Depreciation – right of use assets	119	189
Directors' fees and key management personnel	1,326	1,051
Rent expense	58	33

7. TAXATION

Taxation rates applicable to the parent company and the UK, and Romanian subsidiaries range from 0% to 19% (2021: 0% to 19%).

Consolidated statement of profit or loss

	Year ended 31 December 2022 US$'000	Year ended 31 December 2021 US$'000
Taxation charge for the year on Group companies	-	-
Tax on profit on ordinary activities	-	-

The tax charge for the year can be reconciled to the profit on ordinary activities before taxation shown in the consolidated statement of profit or loss as follows:

	Year ended 31 December 2022 US$'000	Year ended 31 December 2021 US$'000
(Loss)/profit before tax	(3,397)	298
Applicable Isle of Man tax rate for Argo Group Limited of 0%	-	-
Timing differences	(2)	(3)
Non-deductible expenses	2	2
Other adjustments	(79)	(108)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	79	109
Tax charge	-	-

Consolidated statement of financial position

	At 31 December 2022 US$'000	At 31 December 2021 US$'000
Corporation tax payable/receivable	-	-

8. EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares (see note 20).

	Year ended 31 December 2022 US$'000	Year ended 31 December 2021 US$'000
(Loss)/profit for the year after taxation attributable to members	(3,397)	298
	No. of Shares	**No. of Shares**
Weighted average number of ordinary shares for basic earnings	38.959,986	38,959,986
Effect of dilution (note 20)	3,895,998	3,895,998
Weighted average number of ordinary shares for diluted earnings per share	42,855,984	42,855,984

	Year ended 31 December 2022 US$	Year ended 31 December 2021 US$
Earnings per share (basic)	(0.09)	0.01
Earnings per share (diluted)	(0.08)	0.01

9. LAND, FIXTURES, FITTINGS AND EQUIPMENT

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Right of use asset US$'000	Fixtures, fittings & US$'000	Land US$'000	US$'000
Cost				
At 1 January 2021	833	266	196	1,295
Additions	-	1	-	1
Disposals	(92)	(62)	-	(154)
Foreign exchange movement	(9)	(4)	(14)	(27)
At 31 December 2021	732	201	182	1,115
Additions	455	7	-	462
Disposals	(732)	(3)	-	(735)
Foreign exchange movement	-	(17)	(10)	(27)
At 31 December 2022	455	188	172	815
Accumulated Depreciation				
At 1 January 2021	555	256	-	811
Depreciation charge for period	179	7	-	186
Disposals	(92)	(62)	-	(154)
Foreign exchange movement	(8)	(10)	-	(18)
At 31 December 2021	634	191	-	825
Depreciation charge for period	120	5	-	125
Disposals	(732)	(3)	-	(735)
Foreign exchange movement	8	(16)	-	(8)
At 31 December 2022	30	177	-	207
Net book value				
At 31 December 2022	425	11	172	608
At 31 December 2021	98	10	182	290

Holding	Investment in management shares	31 December 2022 Total cost US$'000	31 December 2022 Fair value US$'000
10	The Argo Fund Ltd	-	-
		-	**-**

Holding	Investment in ordinary shares	Total cost US$'000	Fair value US$'000
13,920	The Argo Fund Ltd*	3,824	4,387
		3,824	**4,387**

		31 December 2021	31 December 2021

Holding	Investment in management shares	Total cost US$'000	Fair value US$'000
10	The Argo Fund Ltd	-	-
		-	**-**

Holding	Investment in ordinary shares	Total cost US$'000	Fair value US$'000
16,920	The Argo Fund Ltd*	4,648	6,098
		4,648	**6,098**

*Classified as current in the consolidated statement of financial position

11. TRADE AND OTHER RECEIVABLES

	At 31 December 2022 US$ '000	At 31 December 2021 US$ '000
Trade receivables – Gross	2,255	2,814
Less: provision for impairment of trade receivables	(1,980)	(1,499)
Trade receivables – Net	275	1,315
Other receivables	41	34
Prepayments and accrued income	97	99
	413	1,448

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. All trade receivable balances are either recoverable within one year from the reporting date or are fully provided for. Since the year end the Group received US$0.2 million in full settlement of these trade receivables.

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

	At 31 December 2022 US$ '000	At 31 December 2021 US$ '000
As at 1 January	14,252	14,101
Bad debt written off	(125)	-
Provision charged during the year	636	740
Foreign exchange movement	(744)	(589)
As at 31 December	14,019	14,252

At year end, the provision for impairment of loan receivables related to balances previously owed by Argo Real Estate Opportunities Fund Limited for US$12 million (€11.2 million) (2021: US$12.8 million (€11.2 million).

12. LOANS AND ADVANCES RECEIVABLE

	At 31 December 2022 US$'000	At 31 December 2021 US$'000

Deposits on leased premises – current	-	122
Deposits on leased premises - non-current	96	-
Other loans and advances receivable – current	-	-
Other loans and advances receivable – non-current	13,320	13,641
	13,416	13,763

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 $11 million (€10.2 million) made in February 2020 by Argo Group Limited to ARE LP, an entity that is 100% owned by Andreas Rialas. The loan carries an interest rate of 9%..As this loan is exposed to the performance of an investment property in Ukraine, the Group has made an IFRS 9 valuation adjustment of US$0.5 million for expected losses at the reporting date.

The Group also has a balance receivable for $12 million (€11.2 million) from ARE LP (note 11) that was assigned from Argo Real Estate Opportunities Fund Limited during 2021. The carrying value of this balance is $nil.

13. SHARE CAPITAL

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

	31 December 2022 No.	**31 December 2022 US$'000**	**31 December 2021 No.**	**31 December 2021 US$'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 do not recommend the payment of a final dividend for the year ended 31 December 2022 (31 December 2021: US$nil).

14. TRADE AND OTHER PAYABLES

	At 31 December 2022 US$ '000	**At 31 December 2021 US$ '000**
Trade creditors	26	37
Other creditors and accruals	471	199
Total current trade and other payables	497	236

Trade creditors are normally settled on 30-day terms.

	At 31 December 2022 US$ '000	**At 31 December 2021 US$ '000**
Other creditors and accruals	411	-
Total non-current trade and other payables	411	-

15. RECONCILIATION OF NET CASH OUTLOW FROM OPERATING ACTIVITIES TO LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 December 2022 US$ '000	Year ended 31 December 2021 US$ '000
(Loss)/profit on ordinary activities before taxation	(3,397)	298
Interest income	(971)	(1,091)
Depreciation	125	186
Provision for bad debts	636	740
(Decrease)/increase in payables	343	(8)
Decrease/(increase) in receivables	405	(519)
Decrease in fair value of current asset investments	2,079	599
Net foreign exchange (gain)/loss	(20)	8
Income taxes paid	-	-
Net cash (outflow)/inflow from operating activities	(800)	213

16. RELATED PARTY TRANSACTIONS

All Group revenues derive from funds or entities in which two of the Company's directors, Andreas Rialas and Kyriakos Rialas, have an influence through directorships and the provision of investment services.

At the reporting date the Company holds an investment in The Argo Fund Limited. This investment is reflected in the consolidated financial statements at a fair value of US$4.4 million (31 December 2021: US$6.1 million).

At the year end, the Group was owed $13.8 million (note 12) by ARE LP, an entity that is 100% owned by Andreas Rialas. The adjusted IFRS 9 valuation of the loan after providing for expected losses was US$13.3 million. This balance relates to a loan made to ARE LP in February 2020 that was lent onwards for the refinancing of Riviera Shopping City in Odessa, Ukraine. The Group has a fixed charge security on the back to back loan in ARE LP. The loan carries an interest rate of 9% per annum.

During the year, a balance owed by Argo Real Estate Opportunities Fund Limited for US$12 million (€11.2 million) (31 December 2021: US$12.8 million (€11.2 million)) was assigned to Argo Real Estate Limited Partnership. These balances are carried at US$ nil (31 December 2021: US$ nil) in the financial statements.

17. FINANCIAL INSTRUMENTS RISK MANAGEMENT

(a) Use of financial instruments

The wider Group has maintained sufficient cash reserves not to use alternative financial instruments to finance the Group's operations. The Group has various financial assets and liabilities such as trade and other receivables, loans and advances, cash, short-term deposits, and trade and other payables which arise directly from its operations.

The Group's non-subsidiary investments in funds were entered into with the purpose of providing seed capital, supporting liquidity and demonstrating the commitment of the Group towards its fund investors.

(b) Market risk

Market risk is the risk that a decline in the value of assets adversely impacts on the profitability of the Group, either as a result of an asset not meeting its expected value or through the decline of assets under management generating lower fees. The principal exposures of the Group are in respect of its seed investments in its own funds (refer to note 10). Lower management fee and incentive fee revenues could result from a reduction in asset values.

(c) Capital risk management

The primary objective of the Group's capital management is to ensure that the Company has sufficient cash and cash equivalents on hand to finance its ongoing operations. This is achieved by ensuring that trade receivables are collected on a timely basis and that excess liquidity is invested in an optimum manner by placing fixed short-term deposits or using interest bearing bank accounts.

At the year-end cash balances were held at Royal Bank of Scotland and Banca Transilvana.

(d) Credit/counterparty risk

The Group will be exposed to counterparty risk on parties with whom it trades and will bear the risk of settlement default. Credit risk is concentrated in the funds under management and in which the Group holds significant investments as detailed in notes 10, 11 and 12. As explained within these notes the Group is experiencing collection delays with regard to management fees receivable and monies advanced. Some of the investments in funds under management (note 10) are illiquid and may be subject to events materially impacting recoverable value.

The Group's principal financial assets are bank and cash balances, trade and other receivables and investments held at fair value through profit or loss. These represent the Company's maximum exposure to credit risk in relation to financial assets and are represented by the carrying amount of each financial asset in the statement of financial position.At the reporting date, the financial net assets past due but not impaired amounted to US$nil (2021: US$nil).

e) Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its payment obligations. This would be the risk of insufficient cash resources and liquid assets, including bank facilities, being available to meet liabilities as they fall due.

The main liquidity risks of the Group are associated with the need to satisfy payments to creditors. Trade payables are normally on 30-day terms (note 14).

As disclosed in note 2(a), Accounting Convention: Going Concern, the Group has performed an assessment of available liquidity to meet liabilities as they fall due during the forecast period. The Group has concluded that it has sufficient resources available to manage its liquidity risk during the forecast period.

(f) Foreign exchange risk

Foreign exchange risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates.

The Group is subject to short-term foreign exchange movements between the calculation date of fees in currencies other than US dollars and the date of settlement. The Group holds cash balances in US Dollars, Sterling, Romanian Lei and Euros with carrying amounts as follows: US dollar – US$1.15 million, Sterling – US$0.18 million and Euros - US$0.31 million.

If there was a 5% increase or decrease in the exchange rate between the US dollar and the other operating currencies used by the Group at 31 December 2022 the exposure would be a profit or loss to the Consolidated statement of comprehensive income of approximately US$0.025 million (2021: US$0.008 million).

(g) Interest rate risk

The interest rate profile of the Group at 31 December 2022 is as follows:

	Total as per balance sheet	Variable interest rate instruments*	Fixed interest rate instruments	Instruments on which no interest is receivable
	US$ '000	US$ '000	US$ '000	US$ '000
Financial Assets				
Financial assets at fair value through profit or loss	4,387	-	-	4,387
Loans and receivables	13,829	96	13,320	413
Cash and cash equivalents	1,642	-	-	1,642

	19,858	96	13,320	6,442
Financial liabilities				
Trade and other payables	908	-	470	438

* Changes in the interest rate may cause movements.

Any movement in interest rates would have an immaterial effect on the profit/(loss) for the year.

19. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

The interest rate profile of the Group at 31 December 2021 is as follows:

	Total as per balance sheet	Variable interest rate instruments*	Fixed interest rate instruments	Instruments on which no interest is receivable
	US$ '000	US$ '000	US$ '000	US$ '000
Financial Assets				
Financial assets at fair value through profit or loss	6,098	-	-	6,098
Loans and receivables	15,216	111	13,641	1,464
Cash and cash equivalents	1,709	-	-	1,709
	23,023	111	13,641	9,271
Financial liabilities				
Trade and other payables	236	-	124	112

* Changes in the interest rate may cause movements.

Any movement in interest rates would have an immaterial effect on the profit/(loss) for the year.

(h) Fair value

The carrying values of the financial assets and liabilities approximate the fair value of the financial assets and liabilities and can be summarised as follows:

	At 31 December 2022	At 31 December 2021
	US$ '000	US$ '000
Financial Assets		
Financial assets at fair value through profit or loss	4,387	6,098
Loans and receivables	13,829	15,216
Cash and cash equivalents	1,642	1,709
	19.858	23,023
Financial Liabilities		
Trade and other payables	908	236

Financial assets and liabilities, other than investments, are either repayable on demand or have short repayment dates. The fair value of investments is stated at the redemption prices quoted by fund administrators and are based on the fair value of the underlying net assets of the funds because, although the funds are quoted, there is no active market for any of the investments held.

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 2o).

	At 31 December 2022			
	Level 1 US$ '000	**Level 2 US$ '000**	**Level 3 US$ '000**	**Total US$ '000**
Financial assets at fair value through profit or	-	4,387	-	4,387

	At 31 December 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	-	6,098	-	6,098

20. SHARE-BASED INCENTIVE PLANS

To incentivise personnel and to align their interests with those of the shareholders of Argo Group Limited, Argo Group Limited has granted share options to directors and employees under The Argo Group Limited Employee Stock Option Plan. The options are exercisable within 10 years of the grant date.

The fair value of the options granted during the period 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)	21.0
Weighted average share price at grant date	19.0
Average option life at date of grant (years)	10.0
Expected volatility (% p.a.)	15.0
Dividend yield (% p.a.)	10.0
Risk-free interest rate (% p.a.)	2

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 (2021: £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	21.2p	3,895,998
Granted during the period	-	-
Forfeited during the period	-	-
Outstanding at end of period	21.2p	3,895,998
Exercisable at end of period	21.2p	3,895,998

Outstanding share options are contingent upon the option holder remaining an employee of the Group. The weighted average fair value of the options issued during the period was £Nil (2021: £Nil).