

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

Interim Results for the six months ended 30 June 2022

Argo today announces its interim results for the six months ended 30 June 2022.

The Company will today make available its interim report for the six months period ended 30 June 2022 on the Company’s website www.argogrouplimited.com.

Key highlights for the six months period ended 30 June 2022

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 2022.

- Revenues US\$1.3 million (six months to 30 June 2021: US\$1.7 million)
- Operating loss US\$1.5 million (six months to 30 June 2021: US\$0.7 million)
- Loss before tax US\$3.5 million (six months to 30 June 2021: loss before tax US\$0.2 million)
- Net assets US\$19.4 million (31 December 2021: US\$23.1 million)

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

“The first six months of 2022 have been devastating for Emerging market Bonds as global interest rates have been rising and outflows accelerated especially for EM bonds. Coupled with an illiquid and dysfunctional market we saw many bonds marked down several points for no good reason. Argo through a combination of short hedges mitigated such losses but still lost around 14.5% in The Argo Fund compared to a loss of 26% for the EMBI+ index. The situation in Ukraine is of some concern with the shopping mall in Odessa suffering some collateral damage and repairs are underway so that some of the shops affected open again. With inflationary pressures projected to soften going forward and interest rates curve inverting we believe the second half will improve.”

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 it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

CHAIRMAN'S STATEMENT

Key highlights for the six months ended 30 June 2022

- Revenues US\$1.3 million (six months to 30 June 2021: US\$1.7 million)
- Operating loss US\$1.5 million (six months to 30 June 2021: US\$0.7 million)
- Loss before tax US\$3.5 million (six months to 30 June 2021: loss before tax US\$0.2 million)
- Net assets US\$19.4 million (31 December 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

For the six months ended 30 June 2022 the Group generated revenues of US\$1.3 million (six months to 30 June 2021: US\$1.7 million) with management fees accounting for US\$1.1 million (six months to 30 June 2021: US\$1.2 million).

Total operating costs for the period, ignoring bad debt provisions, are US\$2.5 million compared to US\$2.0 million for the six months to 30 June 2021. The Group has provided against management fees of US\$0.3 million due from the Designated share class in The Argo Fund ("TAF") (six months to 30 June 2021: US\$0.4 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\$1.5 million (six months to 30 June 2021: US\$0.7 million) and a loss before tax of US\$3.5 million (six months to 30 June 2021: loss before tax of US\$0.2 million). Net loss on investments of US\$2.5 million (six months to 30 June 2021: net loss on investments US\$0.04 million) and interest income of US\$0.5 million (six months to 30 June 2021: US\$0.5 million).

At the period end, the Group had net assets of US\$19.4 million (31 December 2021: US\$23.1 million) and net current assets of US\$6.7 million (31 December 2021: US\$9.1 million) including cash reserves of US\$1.2 million (31 December 2021: US\$1.7 million).

Net assets include investments in The Argo Fund ("TAF") at fair values of US\$5.2 million (31 December 2021: US\$6.1 million).

At the period end TAF owed the Group total fees of US\$1.7 million (31 December 2021: US\$2.6 million). At 30 June 2022, a provision for US\$1.6 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\$107.5 million (31 December 2021: US\$122.6 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 2022 was 20 (30 June 2021: 19).

Fund performance

The Argo Funds

Fund	Launch date	30 June 2022 6 months	30 June 2021 6 months	2021 year total	Since inception	Annualised performance CAGR %	Sharpe ratio	Down months
The Argo Fund – A class	Oct-00	-14.25	4.28	5.29	209.03	6.07	0.41	86 of 261
The Argo Fund – X2 class	Feb21	-21.39	5.69	11.86	-12.08	-7.61	-0.51	7 of 17

In contrast to last year when the focus was on the anticipated recovery from the Covid pandemic, the first half of 2022 witnessed an accelerated deterioration in global economic conditions as inflation concerns prompted a tightening of monetary policy. To exacerbate matters further, the Ukraine-Russia conflict threatened international stability and triggered supply chain issues, trade frictions, and increased commodity prices, notably of energy and wheat.

The annual rate of inflation in both the US and Europe was recorded in excess of 9 per cent in June with food and fuel having a sizeable impact. In attempting to address the highest price rises for decades, the US Federal Reserve increased interest rates three times in the first half of 2022, the last hike by a rarely seen 75bps. US Treasury yields continued on their upward path for most of the period although the ten-year bond dipped to 3 per cent at the end of the period -and subsequently below that-as recessionary fears encouraged the belief that central banks would tighten less aggressively in future. Europe has been slower to increase rates, reflecting the divergence of growth projections especially in the Eurozone and also the specific pressures arising from the interruption of gas flow from Russia and the desire to reduce the bloc's reliance on that country for energy supplies. Nevertheless, yields on ten-year Bunds turned positive for the first time since early 2019 and ended June at 1.3 per cent.

Gas and oil prices remain elevated but below the spikes seen periodically since Russia initiated its invasion of Ukraine. From a low of US\$86, Brent oil traded up at nearly US\$128 before dropping back to US\$100. Gas prices have fluctuated with uncertainty over reliability of supply through the pipelines from the East, but demand has been much reduced because of the warmer weather. Interestingly, copper prices have declined roughly 30 per cent from their most recent highs in 2022 and historically bear markets in copper are regarded as a predictor of recessions.

Unsurprisingly, the first six months of 2022 have proven unsatisfactory for investors, with significant drawdowns in equity and bond markets. Both the Euro Stoxx 50 and the S&P 500 lost around 20 per cent of their value and for the latter, it was its worst start since 1970. Rising yields on developed market bonds, a stronger dollar- the DXY index rose 9.4 per cent in the period- and worsening terms of trade all combined to have a detrimental impact on emerging markets and sentiment towards them, and the JP Morgan EMBI+ index fell by 26.7 percent in the six months to end-June.

The NAV of the Class A shares of the TAF decreased by 14.25% in the first half of 2022, compared to a rise of 4.28% in the same period of the previous year. The fund was adversely affected by the conflict in Ukraine and the failure of Argentina to capitalise on its renegotiated IMF programme but, more generally, the “risk-off” environment hit several long sovereign and corporate positions. 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 (Class X2 launched last year) and also special situations where the timeline to investment realisation will be longer

Following the sell-off in the first half, many EM assets now offer better value than has been the case for some time and the fund hopes that more stable macro circumstances will help it to recoup losses during the second half.

Loan to Argo Real Estate Limited Partnership

On 9th May 2022, Riviera Shopping Centre was partially damaged by a Russian combat missile. The Shopping Centre is currently closed until the necessary repairs are completed. Based on the preliminary assessments, experts expect the centre to reopen in February 2023 after completion of Phase 1 works which will enable the Centre to generate up to 95% of its full revenue capacity. Consequently, there will be a delay in the repayment of the loan receivable from Argo Real Estate Limited Partnership, while the Company continues to accrue interest at 9% per annum. As the loan receivable from Argo Real Estate Limited Partnership is exposed to the performance of this investment property held in Ukraine, the Group has made an IFRS 9 valuation adjustment for US\$0.5 million for expected losses at the reporting date (note 10).

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 21-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 2022

	Note	Six months ended 30 June 2022 US\$'000	Six months ended 30 June 2021 US\$'000
Management fees		1,140	1,250
Performance fees		-	283
Other income		125	131
Revenue		1,265	1,664
Legal and professional expenses		(128)	(249)
Management fees payable		(180)	(157)
Operational expenses		(362)	(339)
Employee costs		(1,752)	(1,129)
Bad debt provision	9, 10	(320)	(365)
Foreign exchange profit/(loss)		9	(4)
Depreciation	7	(71)	(103)
Operating loss		(1,539)	(682)
Interest income		499	519

Realised and unrealised (loss)/gain on investments		(2,507)	(38)
Loss on ordinary activities before taxation		(3,547)	(201)
Taxation	5	-	-
Loss for the period after taxation attributable to members of the Company	6	(3,547)	(201)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(107)	(10)
Total comprehensive income for the period		(3,654)	(211)
		Six months Ended 30 June 2022 US\$	Six months Ended 30 June 2021 US\$
Earnings per share (basic)	6	(0.09)	(0.005)
Earnings per share (diluted)	6	(0.08)	(0.005)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Note	30 June 2022 US\$'000	31 December 2021 US\$'000
Assets			
Non-current assets			
Land, fixtures, fittings and equipment	7	200	290
Loans and advances receivable	10	12,502	13,641
Total non-current assets		12,702	13,931
Current assets			
Financial assets at fair value through profit or loss	8	5,229	6,098
Loan and advances receivable	10	110	122
Trade and other receivables	9	259	1,453
Cash and cash equivalents		1,232	1,709
Total current assets		6,830	9,382
Total assets		19,532	23,313
Equity and liabilities			
Equity			
Issued share capital	11	390	390
Share premium		25,353	25,353
Revenue reserve		(3,127)	420

Foreign currency translation reserve		(3,193)	(3,086)
Total equity		19,423	23,077
Current liabilities			
Trade and other payables		109	236
Total current liabilities		109	236
Non-current liabilities			
Trade and other payables	15	-	-
Total non-current liabilities		-	-
Total equity and liabilities		19,532	23,313

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	Issued share capital 2021 US\$'000	Share premium 2021 US\$'000	Revenue reserve 2021 US\$'000	Foreign currency translation reserve 2021 US\$'000	Total 2021 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

	Issued share capital 2022 US\$'000	Share premium 2022 US\$'000	Revenue reserve 2022 US\$'000	Foreign currency translation reserve 2022 US\$'000	Total 2022 US\$'000
As at 1 January 2022	390	25,353	420	(3,086)	23,077
Total comprehensive income					
Loss for the period after taxation	-	-	(3,547)	-	(3,547)
Other comprehensive income	-	-	-	(107)	(107)
As at 30 June 2022	390	25,353	(3,127)	(3,193)	19,423

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

		Six months ended 30 June 2022 US\$'000	Six months ended 30 June 2021 US\$'000
Net cash (outflow)/inflow from operating activities	Note 12	(332)	(300)
Cash flows used in investing activities			
Interest received on cash and cash equivalents		-	1
Purchase of fixtures, fittings and equipment	7	(4)	(2)
Proceeds from sale of financial assets at fair value through profit or loss		-	1,001
Net cash (used)/ generated from investing activities		(4)	1,000
Cash flows from financing activities			
Payment of lease liabilities		(78)	(119)
Net cash used in financing activities		(78)	(119)
Net decrease in cash and cash equivalents		(414)	581
Cash and cash equivalents at 1 January 2022 and 1 January 2021		1,709	675
Foreign exchange loss on cash and cash equivalents		(63)	(20)
Cash and cash equivalents as at 30 June 2022 and 30 June 2021		1,232	1,236

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 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. The condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2022 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 2021 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

Argo Capital Management Limited
Argo Property Management Srl

Country of incorporation

United Kingdom
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 2021.

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 2021.

These condensed consolidated interim financial statements were approved by the Board of Directors on 11 August 2022.

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 2022 US\$'000	Argo Capital Management Ltd 2022 US\$'000	Argo Property Management Srl 2022 US\$'000	Six months ended 30 June 2022 US\$'000
Total revenues for reportable segments customers	-	1,140	125	1,265
Intersegment revenues	-	-	-	-
Total profit/(loss) for reportable segments	(2,329)	(1,215)	(211)	(3,755)
Intersegment loss	208	-	-	208

Total assets for reportable segments assets	18,046	1,279	207	19,532
Total liabilities for reportable segments	6	77	26	109

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

**Six months
Ended
30 June 2022
US\$'000**

Revenues

Total revenues for reportable segments	1,265
Elimination of intersegment revenues	-

Group revenues	1,265
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Profit or loss

Loss for reportable segments	(3,755)
Elimination of intersegment loss	208
Other unallocated amounts	-

Loss on ordinary activities before taxation	(3,547)
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Assets

Total assets for reportable segments	19,536
Elimination of intersegment receivables	(4)

Group assets	19,532
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Liabilities

Total liabilities for reportable segments	3,466
Elimination of intersegment payables	(3,357)

Group liabilities	109
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	Argo Group Ltd 2021 US\$'000	Argo Capital Management Ltd 2021 US\$'000	Argo Capital Management Property Ltd 2021 US\$'000	Six months ended 30 June 2021 US\$'000
Total revenues for reportable segments	-	1,533	131	1,664
Intersegment revenues	-	-	-	-
Total profit/(loss) for reportable segments	86	(316)	(193)	(423)
Intersegment 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

4. 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).

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% (2021: 0% to 19%).

Consolidated statement of profit or loss	Six months ended 30 June 2022 US\$'000	Six months Ended 30 June 2021 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 2022 US\$'000	Six months Ended 30 June 2021 US\$'000
Loss before tax	(3,547)	(201)
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 2022 US\$'000	31 December 2021 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 2022 US\$'000	Six months Ended 30 June 2021 US\$'000
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Net loss for the period after taxation attributable to members	(3,547)	(201)
	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)	3,895,9898	250,000
Weighted average number of ordinary shares for diluted earnings per share	42,855,984	39,209,986
	Six months Ended 30 June 2022	Six months ended 30 June 2021
	US\$	US\$
Earnings per share (basic)	(0.09)	(0.005)
Earnings per share (diluted)	(0.08)	(0.005)

7. LAND, FIXTURES, FITTINGS AND EQUIPMENT

	Right of use assets	Fixtures, fittings and equipment	Land	Total
	USD'000	US\$'000	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	-	4	-	4
Disposals	-	-	-	-
Foreign exchange movement	(74)	(19)	(15)	(108)
At 30 June 2022	658	186	167	1,011
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	68	3	-	71
Disposals	-	-	-	-
Foreign exchange movement	(67)	(18)	-	(85)
At 30 June 2022	635	176	-	811
Net book value				
At 31 December 2021	98	10	182	290

At 30 June 2022	23	10	167	200
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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

30 June 2022	30 June 2022
Total cost	Fair value
US\$'000	US\$'000
Holding	Investment in management shares
10	The Argo Fund Ltd
-	-
-	-
Holding	Investment in ordinary shares
16,920	The Argo Fund Ltd*
4,648	5,229
4,648	5,229
31 December 2021	31 December 2021
Total cost	Fair value
US\$'000	US\$'000
Holding	Investment in management shares
10	The Argo Fund Ltd
-	-
-	-
Holding	Investment in ordinary shares
16,920	The Argo Fund Ltd*
4,648	6,098
4,648	6,098

*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 2022	At 31 December 2021
	US\$ '000	US\$ '000
Trade receivables – Gross	1,923	2,814
Less: provision for impairment of trade receivables	(1,800)	(1,499)
Trade receivables – Net	123	1,315
Other receivables	31	34
Prepayments and accrued income	105	99
	259	1,448

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

As at 1 January	14,252	14,101
Bad debt recovered	-	-
Charged during the period	320	740
Foreign exchange movement	(1,040)	(589)
Closing balance	13,532	14,252

10. LOANS AND ADVANCES RECEIVABLE

	At 30 June 2022 US\$'000	At 31 December 2021 US\$'000
Deposits on leased premises – current	11	122
Deposits on leased premises - non-current (see below)	99	-
Other loans and advances receivable – non-current (note 14)	12,502	13,641
	12,612	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 \$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. Riviera Shopping Centre was partially damaged by a Russian combat missile. The Shopping Centre is currently closed until the necessary repairs are completed. Based on the preliminary assessments, experts expect the centre to reopen in February 2023 after completion of Phase 1 works which will enable the Centre to generate up to 95% of its full revenue capacity. Consequently, there will be a delay in the repayment of the loan receivable from Argo Real Estate Limited Partnership, while the Company continues to accrue interest at 9% per annum. As this loan is exposed to the performance of an investment property held in Ukraine, the Group has made an IFRS 9 valuation adjustment for US\$0.5 million for expected losses at the reporting date.

The Group also has a balance receivable for \$11.7 million (€11.2 million) from Argo Real Estate Limited Partnership that was assigned from Argo Real Estate Opportunities Fund Limited during 2021. 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 2022 No.	30 June 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 did not recommend the payment of a final dividend for the year ended 31 December 2021 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	Six months ended
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	30 June 2022	30 June 2021
	US\$'000	US\$'000
Loss on ordinary activities before taxation	(3,547)	(201)
Interest income	(499)	(519)
Depreciation on fixtures, fittings and equipment	3	4
Depreciation on right of use asset	68	99
Realised and unrealised loss on investments	2,507	38
Net foreign exchange (profit)/loss	(9)	4
Decrease in payables	(49)	(42)
Decrease in receivables, loans and advances	1,194	317
Corporation tax paid	-	-
Net cash outflow from operating activities	(332)	(300)

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 2022			
	Level 1	Level 2	Level 3	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Financial assets at fair value through profit or loss	-	5,229	-	5,229

	At 31 December 2021			
	Level 1	Level 2	Level 3	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Financial assets at fair value through profit or loss	-	6,098	-	6,098

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\$5.2 million (31 December 2021: \$6.1 million).

At the period end, the Group was owed \$13 million (note 10) 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\$12.5 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.

The Group is also owed US\$11.7 million (€11.2 million) (31 December 2021: US\$12.8 million (€11.2 million)) by ARE LP, which were previously owed by the now liquidated Argo Real Estate Opportunities Fund Limited. These balances are carried at US\$ nil (31 December 2020: US\$ nil) in the financial statements.

15. TRADE AND OTHER PAYABLES

	At 30 June 2022 US\$ '000	At 31 December 2021 US\$ '000
Trade creditors	72	37
Other creditors and accruals	37	199
Total current trade and other payables	109	236

Trade creditors are normally settled on 30-day terms.