

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

Interim Results for the six months ended 30 June 2020

Argo today announces its interim results for the six months ended 30 June 2020.

The Company will today make available its interim report for the six months period ended 30 June 2020 on the Company’s website www.argogrouplimited.com.

Key highlights for the six months period ended 30 June 2020

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 2020.

- Revenues US\$1.4 million (six months to 30 June 2019: US\$2.4 million)
- Operating loss US\$0.4 million (six months to 30 June 2019: US\$0.03 million)
- Profit before tax US\$0.2 million (six months to 30 June 2019: US\$1.5 million)
- Net assets US\$21.4 million (31 December 2019 restated: US\$21.3 million)

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

“The outbreak of the Covid-19 pandemic has been totally unexpected but Argo Group took early measures to protect the health of its employees and their families. The office was closed early on with employees working from home and key operations such as trading and settlements functioned smoothly with remote secure computers. The market volatility that resulted provided trading opportunities and although March was a down month The Argo Fund recovered strongly from April to June resulting in a YTD return of 4.55%. In January 2020 Argo Group finalised the refinancing of the Odessa Riviera shopping mall in Ukraine with EBRD at improved terms. This involved the company contributing US\$11.2 million to the outstanding loan balance.

Finally in July 2020 we have launched the Argo US Feeder Fund in an effort to attract US onshore investors as the Group’s main target is to increase assets under management.”

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.

The Group and its investment objective

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

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

Business and operational review

For the six months ended 30 June 2020 the Group generated revenues of US\$1.4 million (six months to 30 June 2019: US\$2.4 million) with management fees accounting for US\$1.2 million (six months to 30 June 2019: US\$2.0 million). Management fees for the comparative period included US\$0.6 million earned from Argo Real Estate Opportunities Fund Limited ("AREOF"). The management contract with AREOF was terminated on 1 January 2020, so there was no fees earned from AREOF in the current period. The Group does not accrue for performance fees until they are crystalized at the year end.

Total operating costs for the period, ignoring bad debt provisions, are US\$1.6 million compared to US\$2.5 million for the six months to 30 June 2019. The Group has provided against management fees of US\$0.2 million due from the Designated share class in The Argo Fund ("TAF") (six months to 30 June 2019: US\$0.3 million (€0.2 million) due from AREOF). In the Directors' view these amounts are fully recoverable however they have concluded that it would only be appropriate to recognise income without provision from these investment management services once a liquidity event occurs in this share class.

Overall, the financial statements show an operating loss for the period of US\$0.4 million (six months to 30 June 2019: US\$0.03 million) and a profit before tax of US\$0.2 million (six months to 30 June 2019: US\$1.5 million) reflecting the net profit on investments of US\$0.2 million (six months to 30 June 2019: US\$1.4 million) and interest income of US\$0.4 million (six months to 30 June 2019: US\$0.1 million).

At the period end, the Group had net assets of US\$21.4 million (31 December 2019 restated: US\$21.3 million) and net current assets of US\$9.0 million (31 December 2019 restated: US\$20.7 million) including cash reserves of US\$1.6 million (31 December 2019: US\$0.9 million).

Net assets include investments in TAF, ASSF LP and ADCF (together referred to as "the Argo Funds") at fair values of US\$7.8 million (31 December 2019: US\$18.6 million), US\$ nil (31 December 2019: US\$0.1 million) and US\$0.02 million (31 December 2019: US\$0.8 million) respectively. On 30 June 2020, The ASSF LP was struck off. Its assets and remaining investors were moved to ADCF.

Business and operational review

At the period end the Argo Funds owed the Group total fees of US\$0.3 million (31 December 2019: US\$0.9 million). At 30 June 2020, a provision for US\$0.2 million was made against this amount as the timing of the receipt of the fees from the designated share class in TAF is uncertain. Moreover, the Group owes US\$0.3 million to ADCF in overpayment of performance fees at the period end. This overpayment will be set off against future management fees that the fund will owe to the Group.

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

The average number of permanent employees of the Group for the six months to 30 June 2020 was 20 (30 June 2019: 21).

Fund performance

The Argo Funds

Fund	Launch date	30 June 2020 6 months	30 June 2019 6 months	2019 year total	Since inception	Annualised performance CAGR %	Sharpe ratio	Down months	AUM US\$m
The Argo Fund	Oct-00	4.55	4.25	2.18	239.11	7.14	0.51	76 of 237	105.0
Argo Distressed Credit Fund	Oct-08								25.4
Total									130.4

The events of the first six months of 2020 caught most by surprise. At the beginning of the period markets were largely focused on the US electoral cycle and whether growth momentum would be maintained, particularly in the US and China, but very quickly attention turned to the impact of the previously little-known COVID-19 virus. Initially thought to be a localised problem in parts of Asia, the virus (and fear of it) spread to the rest of the world leading to a meltdown in global equity and credit markets from early March. Arguably, the response from governments, particularly the G7, was much faster compared with the 2008 Global Financial Crisis and they announced sizeable packages of monetary easing and fiscal support and stimuli alongside public health initiative measures such as lockdowns and travel restrictions. As confidence about a rapid economic recovery took hold, equity markets partially rebounded and delivered strong returns from April onwards. Emerging markets have not escaped the effects of COVID-19 despite the perceived advantage of a younger demographic; some like Brazil have recorded a high number of infections and deaths whilst others have seen their economies adversely affected by the sudden halt in global growth and trade and direct hits on sectors including oil and tourism. Countries such as Argentina and Lebanon had already signalled a need to restructure their external debts, but the strains of falling demand and additional health costs have led to wider calls for debt relief, particularly for poorer countries. Although government creditors (including China) have begun to implement this for those countries that have requested it, there remains a large question mark over the necessity and operability of involvement by private creditors such as bond investors.

The Class A NAV of TAF increased by 4.55% in the first half of 2020, compared to a rise of 4.25% in the same period of the previous year, but against a very different -and more volatile- global economic and financial backdrop; for example, the benchmark JP Morgan EMBI+ bond index fell by 0.4% in the first six months. The fund was conservatively positioned, with low net exposure, heading into the first quarter sell-off and whilst TAF suffered a drawdown in March, it was not of the scale witnessed in some other funds. The losses were clawed back and more by a judicious choice of long bond positions that benefited from positive developments in sovereign restructurings and the oil market. At the end of 2019, the decision was taken to restructure the fund, creating a master/feeder structure. 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 new classes of Designated Investments which offer investors exposure to distressed and special situations where the timeline to investment realisation will be three years or more. A US feeder fund was also recently established in order to widen the potential pool of investors in that jurisdiction.

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 will continue to focus on TAF which has a 19-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 2020**

	Note	Six months ended 30 June 2020 US\$'000	Six months ended 30 June 2019 US\$'000
Management fees		1,227	2,013
Performance fees		-	300
Other income		144	122
Revenue		1,371	2,435
Legal and professional expenses		(267)	(303)
Management and incentive fees payable		-	(34)
Operational expenses		(335)	(520)
Employee costs		(1,202)	(1,291)
Bad debt provision	9, 10	(203)	(295)
Foreign exchange profit/(loss)		313	(20)
Depreciation	7	(97)	(5)
Operating loss		(420)	(33)
Interest income		409	90
Realised and unrealised gain on investments	8	205	1,438
Profit on ordinary activities before taxation		194	1,495
Taxation	5	-	(19)
Profit for the period after taxation attributable to members of the Company	6	194	1,476
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(15)	(44)
Total comprehensive income for the period		179	1,432
		Six months Ended	Six months Ended

		30 June 2020 US\$	30 June 2019 US\$
Earnings per share (basic)	6	0.004	0.03
Earnings per share (diluted)	6	0.005	0.03

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	30 June 2020 US\$'000	31 December 2019 Restated US\$'000
Assets			
Non-current assets			
Land, fixtures, fittings and equipment	7	541	661
Financial assets at fair value through profit or loss	8	-	56
Loans and advances receivable	10	12,042	120
Total non-current assets		12,583	837
Current assets			
Financial assets at fair value through profit or loss	8	7,839	19,357
Trade and other receivables	9	452	951
Cash and cash equivalents		1,601	863
Total current assets		9,892	21,171
Total assets		22,475	22,008
Equity and liabilities			
Equity			
Issued share capital	11	390	390
Share premium		25,353	25,353
Revenue reserve		(1,352)	(1,546)
Foreign currency translation reserve		(2,947)	(2,932)
Total equity		21,444	21,265
Current liabilities			
Trade and other payables		870	443
Tax payable		-	20
Total current liabilities		870	463
Non-current liabilities			
Trade and other payables	15	161	280
Total non-current liabilities		161	280

Total equity and liabilities	22,475	22,008
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Issued share capital 2019 US\$'000	Share premium 2019 US\$'000	Revenue reserve 2019 US\$'000	Foreign currency translation reserve 2019 US\$'000	Total 2019 US\$'000
As at 1 January 2019	470	28,022	(2,363)	(2,860)	23,269
Total comprehensive income					
Profit for the period after taxation	-	-	1,476	-	1,476
Other comprehensive income	-	-	-	(44)	(44)
Transaction with owners recorded directly in equity					
Purchase of own shares	(80)	(2,669)	-	-	(2,749)
As at 30 June 2019	390	25,353	(887)	(2,904)	21,952

	Issued share capital 2020 US\$'000	Share premiu m 2020 US\$'000	Revenue reserve 2020 US\$'000	Foreign currency translation reserve 2020 US\$'000	Total 2020 US\$'000
As at 1 January 2020 restated (note 16)	390	25,353	(1,546)	(2,932)	21,265
Total comprehensive income					
Profit for the period after taxation	-	-	194	-	194
Other comprehensive income	-	-	-	(15)	(15)
As at 30 June 2020	390	25,353	(1,352)	(2,947)	21,444

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

Six months ended 30 June	Six months ended 30 June
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	Note	2020 US\$'000	2019 US\$'000
Net cash inflow/(outflow) from operating activities	12	195	(32)
Cash flows used in investing activities			
Interest received on cash and cash equivalents		3	8
Purchase of fixtures, fittings and equipment	7	(1)	(1)
Proceeds from sale of financial assets at fair value through profit or loss	8	11,779	-
Loan investments		(11,200)	-
Net cash generated from investing activities		581	7
Cash flows from financing activities			
Payment of lease liabilities		(44)	-
Repurchase of own shares		-	(2,749)
Net cash used in financing activities		(44)	(2,749)
Net decrease in cash and cash equivalents		732	(2,774)
Cash and cash equivalents at 1 January 2020 and 1 January 2019		863	4,005
Foreign exchange loss on cash and cash equivalents		6	(63)
Cash and cash equivalents as at 30 June 2020 and 30 June 2019		1,601	1,168

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 2020 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 2019 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 and presentational currency of the Group undertakings is US dollars.

Wholly owned subsidiaries

Country of incorporation

Argo Capital Management Limited	United Kingdom
Argo Capital Management Cyprus Limited	Cyprus
Argo Capital Management Property Limited (dissolved in June 2020)	Cayman Islands
Argo Property Management Srl	Romania

2. ACCOUNTING POLICIES

(a) Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2019.

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 2019.

These condensed consolidated interim financial statements were approved by the Board of Directors on 30 July 2020.

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 2020 US\$'000	Argo Capital Management (Cyprus) Ltd 2020 US\$'000	Argo Capital Management Ltd 2020 US\$'000	Argo Capital Management Property Ltd 2020 US\$'000	Six months ended 30 June 2020 US\$'000
Total revenues for reportable segments	-	120	1,227	144	1,491
Intersegment revenues	-	120	-	-	120

Total profit/(loss) for reportable segments	818	-	(423)	(201)	194
Intersegment profit/(loss)	-	120	(120)	-	-
Total assets for reportable segments	20,370	341	1,460	303	22,474
Total liabilities for reportable segments	6	90	857	78	1,031

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

**Six months
Ended
30 June 2020
US\$'000**

Revenues

Total revenues for reportable segments	1,491
Elimination of intersegment revenues	(120)

Group revenues **1,227**

Profit or loss

Profit for reportable segments	194
Elimination of intersegment loss	-
Other unallocated amounts	-

Profit on ordinary activities before taxation **194**

Assets

Total assets for reportable segments	25,358
Elimination of intersegment receivables	(2,884)

Group assets **22,474**

Liabilities

Total liabilities for reportable segments	3,915
Elimination of intersegment payables	(2,884)

Group liabilities **1,031**

	Argo Group Ltd 2019 US\$'000	Argo Capital Management (Cyprus) Ltd 2019 US\$'000	Argo Capital Management Ltd 2019 US\$'000	Argo Capital Management Property Ltd 2019 US\$'000	Six months ended 30 June 2019 US\$'000
Total revenues for reportable segments	-	437	1,748	687	2,872
Intersegment revenues	-	437	-	-	437
Total profit/(loss) for reportable segments	1,114	135	157	70	1,476
Intersegment profit/(loss)	-	437	(437)	-	-
Total assets for reportable segments	20,034	346	1,100	690	22,170

Total liabilities for reportable segments	6	10	92	110	218
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Revenues, profit or loss, assets and liabilities may be reconciled as follows:

	Six months Ended 30 June 2019 US\$'000
Revenues	
Total revenues for reportable segments	2,872
Elimination of intersegment revenues	(437)
Group revenues	2,435
Profit or loss	
Total profit for reportable segments	1,495
Elimination of intersegment loss	-
Other unallocated amounts	-
Profit on ordinary activities before taxation	1,495
Assets	
Total assets for reportable segments	22,546
Elimination of intersegment receivables	(376)
Group assets	22,170
Liabilities	
Total liabilities for reportable segments	594
Elimination of intersegment payables	(376)
Group liabilities	218

4. SHARE-BASED INCENTIVE PLANS

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

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

The principal assumptions for valuing the options are:

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

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The total charge to employee costs in respect of this incentive plan is £nil (30 June 2019: £nil)

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

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

The options outstanding at 30 June 2020 have an exercise price of 24p and a weighted average contractual life of 1 year. Outstanding share options are contingent upon the option holder remaining an employee of the Group.

No share options were issued during the period.

5. TAXATION

Taxation rates applicable to the parent company and the Cypriot, UK, Luxembourg, Cayman and Romanian subsidiaries range from 0% to 19% (2019: 0% to 19%).

Consolidated statement of profit or loss	Six months ended 30 June 2020 US\$'000	Six months Ended 30 June 2019 US\$'000
Taxation charge for the period on Group companies	-	19

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 2020 US\$'000	Six months Ended 30 June 2019 US\$'000
Profit before tax	194	1,495
Applicable Isle of Man tax rate for Argo Group Limited of 0%	-	-
Timing differences	-	-
Non-deductible expenses	-	-
Other adjustments	-	(31)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	-	50
Tax charge	-	19

Consolidated statement of financial position

	30 June 2020 US\$'000	31 December 2019 US\$'000
Corporation tax payable	-	(4)

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 2020 US\$'000	Six months ended 30 June 2019 US\$'000
Net profit for the period after taxation attributable to members	194	1,476
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic earnings per share	38,959,986	42,996,432
Effect of dilution (Note 4)	4,115,000	4,340,000
Weighted average number of ordinary shares for diluted earnings per share	43,074,986	47,336,432
	Six months Ended 30 June 2020 US\$	Six months ended 30 June 2019 US\$
Earnings per share (basic)	0.004	0.03
Earnings per share (diluted)	0.005	0.03

7. LAND, FIXTURES, FITTINGS AND EQUIPMENT

	Right of use assets USD'000000	Fixtures, fittings and equipment US\$'000	Land US\$'000	Total US\$'000
Cost				
At 1 January 2019	-	266	184	450
IFRS 16 recognition at 1 January 2019	717	-	-	717
Additions	91	5	-	96
Disposals	-	(31)	-	(31)
Foreign exchange movement	-	20	(5)	15
At 31 December 2019	808	260	179	1,247
Additions	-	1	-	1
Foreign exchange movement	(49)	(9)	2	(56)
At 30 June 2020	759	252	181	1,192
Accumulated Depreciation				
At 1 January 2019	-	238	-	238
IFRS 16 recognition at 1 January 2019	191	-	-	191
Depreciation charge for period	153	9	-	162

Disposals	-	(31)	-	(31)
Foreign exchange movement	-	26	-	26
At 31 December 2019	344	242	-	586
Depreciation charge for period	91	6	-	97
Foreign exchange movement	(18)	(14)	-	(32)
At 30 June 2020	417	234	-	651
Net book value				
At 31 December 2019	464	18	179	661
At 30 June 2020	342	18	181	541

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Holding	Investment in management shares	30 June 2020 Total cost US\$'000	30 June 2020 Fair value US\$'000
10	The Argo Fund Ltd	-	-
100	Argo Distressed Credit Fund Ltd	-	-
-	Argo Special Situations Fund LP	-	-
		-	-
Holding	Investment in ordinary shares	Total cost US\$'000	Fair value US\$'000
23,061	The Argo Fund Ltd*	6,226	7,821
-	Argo Special Situations Fund LP	-	-
9	Argo Distressed Credit Fund Limited*	56	18
		6,282	7,839
Holding	Investment in management shares	31 December 2019 Total cost US\$'000	31 December 2019 Fair value US\$'000
10	The Argo Fund Ltd	-	-
100	Argo Distressed Credit Fund Ltd	-	-
1	Argo Special Situations Fund LP	-	-
		-	-
Holding	Investment in ordinary shares	Total cost US\$'000	Fair value US\$'000
57,301	The Argo Fund Ltd*	15,472	18,587
115	Argo Special Situations Fund LP	115	56
221	Argo Distressed Credit Fund Ltd*	786	770
		16,373	19,413

*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 2020 US\$ '000	At 31 December 2019 US\$ '000
Trade receivables – Gross	10,141	10,489

Less: provision for impairment of trade receivables	(9,995)	(9,733)
Trade receivables – Net	146	756
Other receivables	209	105
Prepayments and accrued income	97	90
	452	951

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 2020 US\$ '000	At 31 December 2019 US\$ '000
Opening balance	12,405	11,803
Bad debt recovered	-	(335)
Charged during the period	203	1,270
Foreign exchange movement	75	(333)
Closing balance	12,683	12,405

10. LOANS AND ADVANCES RECEIVABLE

	At 30 June 2020 US\$'000	At 31 December 2019 US\$'000
Deposits on leased premises – current	12	-
Deposits on leased premises - non-current (see below)	101	120
Other loans and advances receivable – non-current (note 14)	11,929	-
	12,042	120

The deposits on leased premises are retained by the lessor until vacation of the premises at the end of the lease term as follows:

	At 30 June 2020 US\$'000	At 31 December 2019 US\$'000
Non-current:		
Lease expiring in second year after the reporting date	12	-
Lease expiring in second year after the reporting date	101	12
Lease expiring in third year after the reporting date	-	108
	113	120

11. SHARE CAPITAL

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

	30 June 2020 No.	30 June 2020 US\$'000	31 December 2019 No.	31 December 2019 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
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The Directors did not recommend the payment of a final dividend for the year ended 31 December 2019 and do not recommend an interim dividend in respect of the current period.

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

	Six months ended 30 June 2020 US\$'000	Six months ended 30 June 2019 US\$'000
Profit on ordinary activities before taxation	194	1,495
Interest income	(409)	(90)
Depreciation on fixtures, fittings and equipment	6	5
Depreciation on right of use asset	91	-
Realised and unrealised gain	(205)	(1,438)
Net foreign exchange (profit)/loss	(313)	20
Increase in payables	97	34
Decrease/(increase) in receivables, loans and advances	754	(48)
Corporation tax paid	(20)	(10)
Net cash inflow/(outflow) from operating activities	195	(32)

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 2020			Total US\$ '000
	Level 1 US\$ '000	Level 2 US\$ '000	Level 3 US\$ '000	
Financial assets at fair value through profit or loss	-	7,839	-	7,839

	At 31 December 2019			Total US\$ '000
	Level 1 US\$ '000	Level 2 US\$ '000	Level 3 US\$ '000	
Financial assets at fair value through profit or loss	-	19,357	56	19,413

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

	Unlisted closed ended investment fund Real Estate US\$ '000	Listed open ended investment fund Emerging Markets US\$ '000	Total US\$ '000
Balance as at 1 January 2020	-	56	56

Total profit recognized in profit or loss	-	-	-
Transfer to ADCF	-	(56)	-
Balance as at 30 June 2020	-	-	-

14. RELATED PARTY TRANSACTIONS

Most Group revenues derive from funds or entities in which one of the Company's directors, Kyriakos Rialas, has an influence through directorships and the provision of investment advisory services.

At the reporting date the Company holds investments in The Argo Fund Limited and Argo Distressed Credit Fund Limited. These investments are reflected in the accounts at fair value of US\$7.8 million, and US\$0.02 million respectively.

The management contract with AREOF was terminated on 1 January 2020. As at the period end, AREOF owed US\$12.2 million (€10.9 million) (31 December 2019: US\$12.1 million (€10.9 million)). These balances are carried at US\$ nil (31 December 2019: US\$ nil) in the financial statements.

David Fisher, a non-executive director of the Company, is also a non-executive director of AREOF.

During the period, the Group also made a loan for \$11.2 million to Argo Real Estate Limited Partnership, an entity that is 100% owned by Andreas Rialas. The loan carries an interest rate of 9% with a final maturity of July 2027.

15. TRADE AND OTHER PAYABLES

	At 30 June 2020 US\$ '000	At 31 December 2019 US\$ '000
Trade creditors	434	17
Other creditors and accruals	436	426
Total current trade and other payables	870	443

Trade creditors are normally settled on 30-day terms.

	At 30 June 2020 US\$ '000	At 31 December 2019 US\$ '000
Other creditors and accruals	161	280
Total non-current trade and other payables	161	280

16. PRIOR YEAR ADJUSTMENTS

The comparatives have been restated for correction of performance fees for the prior period. Comparatives were adjusted by decreasing performance fees and debtors by \$0.2 million. As a result, the opening revenue reserve at 1 January 2020 has been adjusted downward by \$0.2 million.

	US\$'000
Opening revenue reserve at 1 January 2020	(1,357)
Prior year adjustment	(189)
Restated opening reserve at 1 January 2020	(1,546)