TERRA CAPITAL PLC

Consolidated Annual Report

Year ended 31 December 2015

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Directors and advisers

Directors	Dirk Van den Broeck (Non-executive Chairman) Peter Bartlett (Non-executive Director) Ian Dungate (Non-executive Director)
Registered office	Millennium House 46 Athol Street Douglas Isle of Man, IM1 1JB
Investment Manager	Terra Partners Asset Management Limited Portomaso Tower Suite 8/5A Portomaso Avenue STJ4011 St Julian's Malta
Nominated Adviser & Broker	Panmure Gordon & Co 1 New Change London EC4M 9AF
English law adviser	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
Administrator and Registrar	Galileo Fund Services Limited 46 Athol Street Douglas Isle of Man, IM1 1JB
Auditors	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man, IM99 1HN
Isle of Man law adviser	Appleby 33 Athol Street Douglas Isle of Man, IM1 1LB

Chairman's statement

Our year end net asset value per share stood at $0.925 against $0.979 for 2014. This represents a decrease for the year of 5.5% and a net decrease of 1.7% for the year allowing for the dividend of 3.72 cents per share paid in February 2015. This compares to the MSCI Frontier Markets Index which declined by 14.07% in 2015 and demonstrates the benefits of the Investment Manager's value based approach.

In accordance with the dividend policy we announced in late 2013 we have paid a dividend of 3.24 cents per share in February 2016 based on our income in 2015. This represented a dividend yield at the time of declaration of 3.5% on Net Asset Value and 3.9% on the closing middle market price.

The Investment Manager has continued to maintain a diverse portfolio of undervalued assets throughout 2015 and equity exposure at December 31 2015 stood at 85% spread across 68 positions in 42 different markets. Further details can be found on the Company's website http://terracapitalplc.com/ under News and Reporting "Company Reports".

Sincerely yours,

Dirk Van den Broeck

Chairman

17 June 2016

Report of Terra Partners Asset Management Limited, the Investment Manager

TCA's 4th Quarter Return & Portfolio

The Fund ended 2015 with a net NAV decrease of 5.5% from its Dec. 31, 2014 NAV. and it increased its equity exposure from 81% at December 31, 2014 to 85% at December 31, 2015 (including its commitment to Terra Argentine Fund). The Fund's NAV increased in the fourth quarter from $0.9234 per share as of September 30, 2015 to $0.9250 at December 31, 2015.

Europe

The Fund's exposure to Europe increased from 23.24% to 24.67%, maintaining Europe its largest regional allocation.

Asia

The Fund's holdings in Asia declined from 17.94% to 16.81% on sales in Australia, Georgia and Korea.

Middle East

The Fund's exposure to the Middle East rose to 16.57%.

Africa

TCA's African allocation expanded from 9.08% to 10.25%

Americas

The allocation to the Americas decreased from 14.84% to 13.74

Further Fund Details

The following page details the Fund's holdings, changes from the prior year, and the local currency performance of each company's shares over the year.

Respectfully submitted,

Terra Partners Asset Management Limited
Portomaso Tower Suite 8/5A
Portomaso Ave
St. Julian's Malta STJ4011
Telephone +356-2371-7000
Regulated by Malta Financial Services Authority, Reg No. C56353

Report of Terra Partners Asset Management Limited, the Investment Manager (continued)

Region	Country	Security	Shares	Market value	% of Fund	Change from prior year
AFRICA	Burkina Faso	Onatel BF	47,577	1,187,446	1.88%	Increase
	Morocco	Reidences Dar Saada	69,843	903,267	1.43%	New
	Tunisia	One Tech Holding	248,305	857,364	1.36%	Increase
	Tunisia	ARTES	246,934	740,571	1.17%	Decrease
	South Africa	Holdsport Limited	202,501	738,397	1.17%	Increase
	Tunisia	Tunisie Leasing	84,522	688,333	1.09%	Decrease
	Uganda	Umeme Limited	2,940,000	546,694	0.87%	New
	South Africa	Onelogix	2,281,292	493,831	0.78%	Increase
	Nigeria	UAC of Nigeria	2,847,886	295,838	0.47%	New
	Tunisia	Tunisie Leasing Rights	3,296	26,842	0.04%	New
				6,478,583	10.25%	
AMERICAS	Jamaica	National Commercial Bank Jamaica	5,431,719	1,800,073	2.85%	Increase
	Jamaica	Scotia Group Jamaica	5,429,031	1,349,836	2.14%	Increase
	Argentina	IRSA	81,433	1,001,626	1.59%	Decrease
	Peru	Ferreycorp	2,150,387	850,329	1.35%	Decrease
	Jamaica	JMMB Group	8,500,000	724,648	1.15%	New
	Argentina	Terra Argentine Fund LP - Series 2	510,000	704,799	1.12%	Increase
	Argentina	Terra Argentine Fund LP - Series 3	510,000	615,737	0.97%	Increase
	Peru	Refineria La Pampilla	17,808,102	599,863	0.95%	Increase
	Panama	Copa Holdings	11,165	538,823	0.85%	Decrease
	Argentina	Terra Argentine Fund LP - Series 1	340,000	459,838	0.73%	Increase
	USA	Put 100 PHLX US-EUR Options Strike $112 03-18-16	40	15,600	0.02%	New
	USA	Put 100 PHLX US-EUR Options Strike $111 03-18-16	40	12,800	0.02%	New
	USA	Put 100 PHLX US-EUR Options Strike $106 03-18-16	32	3,072	0.00%	New
	USA	Put 100 PHLX US-EUR Options Strike $110 03-18-16	10	2,600	0.00%	New
	USA	Put 100 PHLX US-EUR Options Strike $109 03-18-16	10	2,070	0.00%	New
				8,681,714	13.74%	
ASIA	Bangladesh	Square Pharma	629,734	2,029,774	3.21%	Increase
	Bangladesh	Brac Bank	2,710,489	1,677,053	2.65%	Increase
	Vietnam	Imexpharm Pharmaceutical	802,158	1,336,634	2.12%	Decrease
	China	Qingling Motors	3,042,615	946,021	1.50%	Increase
	Philippines	RFM Corporation	11,003,750	925,374	1.46%	New
	Georgia	Bank of Georgia Holdings	31,280	877,647	1.39%	Decrease
	Australia	Ardent Leisure Group	372,606	613,768	0.97%	Decrease
	Korea	Lotte Chilsung beverage Co - PFD	749	588,736	0.93%	Increase
	Korea	Kumho Petro Chemical Co - PFD	17,850	520,271	0.82%	Decrease
	Kazakhstan	Kcell	127,990	517,080	0.82%	Increase
	Korea	Shinyoung Securities	8,370	361,315	0.57%	Decrease
	Korea	Hyundai Motor Co. Ltd. - PFD	2,580	225,816	0.36%	Decrease
	Vietnam	Hung Vuong Corporation	8	5	0.00%	Decrease
				10,619,494	16.81%	
EUROPE	Hungary	Any Security Printing	553,679	1,947,893	3.08%	Increase
	Serbia	Galenika-Fitofarmacija	82,744	1,756,639	2.78%	Increase
	Italy	Polis Banc QF	1,657	1,592,058	2.52%	Increase
	Russia	JSC Acron	308,792	1,559,400	2.47%	Increase
	Macedonia	Komercijalna Banka AD Skopje	28,845	1,170,492	1.85%	Increase
	Ukraine	Kernel Holding	86,323	1,056,308	1.67%	Increase
	Montenegro	Crnogorski Telekom	222,624	942,605	1.49%	Decrease
	Slovenia	Gorenje Velenje	175,399	875,948	1.39%	Decrease
	Poland	PKP Cargo	42,964	748,055	1.18%	New
	Croatia	Hrvatski Telekom	36,228	739,328	1.17%	Decrease
	Russia	X5 Retail	29,846	558,120	0.88%	Increase
	Bulgaria	Monbat	115,000	510,955	0.81%	Decrease
	Italy	QF BNL Portfolio Imm	817	506,467	0.80%	Increase
	Switzerland	U-Blox	1,969	421,486	0.67%	Decrease
	Estonia	Silvano Fashion Group	267,000	371,035	0.59%	Increase
	Bulgaria	Speedy EAD	16,818	364,370	0.58%	Increase
	Germany	Vib Vermoegen	19,378	359,643	0.57%	Decrease
	Serbia	Komercjialna Banka Serbia	7,231	104,970	0.17%	Increase
				15,585,772	24.67%	
MIDDLE EAST	United Arab Emirates	Air Arabia	1,440,000	533,217	0.84%	New
	Lebanon	Blom Bank	144,872	1,399,464	2.22%	No Change
	Qatar	Al Meera	21,218	1,280,753	2.03%	Increase
	Oman	Oman Refreshment	175,000	1,008,829	1.60%	Decrease
	Qatar	Doha Bank	77,678	948,410	1.50%	Decrease
	Bahrain	Gulf Hotel Group	444,273	948,018	1.50%	New
	Lebanon	Soldiere	89,508	939,834	1.49%	Increase
	Oman	Oman Cement	720,950	861,171	1.36%	Decrease
	Oman	Bank Sohar	2,049,283	835,465	1.32%	New
	Bahrain	SEEF Properties	1,333,577	714,069	1.13%	Increase
	Qatar	Gulf Warehousing	32,600	508,942	0.81%	Decrease
	Bahrain	Bahrain Commercial Facilities	200,000	405,567	0.64%	Increase
	Qatar	Gulf Warehousing Rights	8,150	86,091	0.14%	New
				10,469,829	16.57%	
		Total Equity Holdings		51,835,392	82.05%	
		Net Cash and Other Net Current Assets		11,341,834	17.95%	
		Total Fund		63,177,226		

Investing Policy

Investment Objective and Policy – Adopted at the Extraordinary General Meeting held on 26 January 2015

The Company's investment objective is to provide capital appreciation to Shareholders. To achieve this objective, the Company may invest up to 100 per cent of its assets in investments that, for the purposes of the Company's investment policy, are categorised as "Frontier Market Investing". The Investment Manager believes that such markets provide opportunities to take advantage of market inefficiencies. The Company may also invest up to 30 per cent of its assets in a variety of instruments that do not meet the Company's definition of Frontier Market Investing and any such assets will be invested using the same approach applied to investing in Frontier Markets.

"Frontier Market Investing", shall mean:

1. An investment made into a "Frontier Market" which, at the time of the investment, is defined for the purposes of the Company's investment policy as:

1.1 Any country that is not included in all of the following indices, or their successors (the "Indices"):

- **MSCI World Index** : A stock market index of 1,612 'world' stocks maintained by MSCI Inc., formerly Morgan Stanley Capital International, and is used as a common benchmark for 'world' or 'global' stock funds. The index includes a collection of stocks of all the developed markets in the world, as defined by MSCI.
- **MSCI Emerging Markets Index**; An index created by Morgan Stanley Capital International (MSCI) designed to measure equity market performance in global emerging markets.
- **S&P Developed BMI Index:** A comprehensive benchmark index that includes stocks from 25 developed markets and which is a member of the S&P Global BMI series.
- **S&P Emerging Markets BMI Index**: An index that captures all companies domiciled in the emerging markets within the S&P Global BMI with a float-adjusted market capitalization of at least USD 100 million and a minimum annual trading liquidity of USD 50 million. The index is segmented by country/region, size (large, mid and small), style (value and growth), and GICS (sectors/industry groups).

1.2 Any country included in any of the Indices but which the Investment Manager believes is undergoing macroeconomic deterioration or political turbulence, a state often signalled by a departure of institutional fund flows or impositions of currency controls, or annual inflation of 15 per cent or more; *or*

1.3 Any country that the Investment Manager believes is characterised by rules, laws or other barriers which either (a) hinder capital flows; (b) limit or prevent the dissemination of public information concerning securities; or (c) limit otherwise make access to the country difficult; or (d) other technical methods which create difficulties in trading, clearing; or (e) in which access to timely information or market liquidity is in the process of serious deterioration, or

1.4 Any country whose market accounts for less than 3 per cent of the MSCI Emerging Markets Index; or

1.5 Any country that had been upgraded to Emerging Market status by either of S&P or MSCI at any time during the two years prior to the Company making its investment.

2 An investment in any security of a company that the Investment Manager believes, at the time of investing, derives a substantial amount of its income from goods produced or sold, investments made, or services provided in a Frontier Market (as defined above);

Provided that if, following investment by the Company, an investment subsequently fails to fall within one of the categories of Frontier Market Investing as outlined above, the allocation to such market will continue to be viewed as having been made in the market as it was originally categorised.

Investing Policy (continued)

The Company intends to invest primarily in common equity listed on regulated exchanges; however, as opportunities arise, and depending on market conditions, it may also invest in any of the following instruments:

- preferred and preference shares;
- debt securities;
- factoring and trade loans;
- baskets of non-performing and other distressed loans;
- participation notes or other such instruments (when they act as a proxy for investing directly in a country's securities);
- privately traded funds and shares on non-regulated markets;
- convertible bonds;
- Transferable Rights to buy additional shares directly from the company, either granted to a company's existing shareholders or to new subscribers
- Closed-end funds;
- Investment trusts;

as well as other instruments as such opportunities may arise.

The Company may use derivatives and other instruments such as forward contracts, options, and futures for hedging both market and currency risks, either directly and indirectly (for example, when hedging a currency partially linked to the Euro by hedging the Euro if there are no opportunities to hedge the currency directly, hedging macroeconomic risks related to a specific country's equity by purchasing credit default notes on a country's bond securities, and so on).

The Manager intends to invest principally by performing an in-house “bottom-up” analysis. This means it will first determine whether a stock presents the opportunity for capital appreciation through an examination of its most recent publically available information, such as its balance sheet, income statement, cash flow, business model, and micro-competitive environment and only then examining the general industry and macro-economic environment in which the target company issuing the security operates in. Under certain circumstances, the Investment Manager may perform a “top-down” analysis, meaning that it will first gauge a market’s overall macroeconomic growth potential and then endeavour to identify specific instruments likely to allow the Company to take advantage of that market’s growth potential.

The Company’s principal focus will be on “value” investments – that is, investments that, in the Investment Manager’s opinion are trading for less than their true value and which provide an opportunity for capital appreciation through a reversion to their true valuation, in addition to whatever potential growth prospects the investments might have. Some of the Company’s investments will be in companies which the Investment Manager believes are fairly valued but which offer an opportunity for growth at a reasonable price. The Investment Manager will be under no obligation to sell an investment once it no longer falls into the category of investment within which it was originally made and will sell investments at its sole discretion and when it deems appropriate.

The Company may invest in instruments which represent interests in financially distressed companies that the Investment Manager believes have an opportunity to provide capital returns upon recovery; it may also make investments in distressed macroeconomic environments and/or take positions for the purpose of activist investing.

Directors' Report

The Directors hereby submit their annual report together with the audited consolidated financial statements of Terra Capital plc (the "Company") for the financial year ended 31 December 2015.

The Company

The Company was incorporated in the Isle of Man as Speymill Macau Property Company to invest in the high quality commercial and residential real estate market in the Macau Special Administrative Region of the People's Republic of China. Following an extraordinary general meeting held on 24 May 2012, the shareholders resolved for the company to change its name to Terra Capital plc and to adopt the current investment policy.

Results and dividends

The results and position of the Company at the year-end are set out on pages 12 to 39 of the annual report.

Directors

The Directors during the year and up to the date of this Report were as follows:

Dirk Van den Broeck
Filip Montfort (resigned 16 December 2015)
Ian Dungate
Peter Bartlett (appointed 16 December 2015)

Directors' interests in the shares of the Company

The interests of the Directors in the share capital of the Company as at 31 December 2015 are set out below:

Director	**No. of shares**
Dirk Van den Broeck***	854,068

Worldwide Opportunity Fund ("WWOF") A class, which owns 5,435,555 shares or 7.81% of the Company is managed by Terra Partners Asset Management Limited ("TPAM") which is also the Company's Investment Manager. The principals of TPAM are Filip Montfort, Yarden Mariuma and Howard Golden. Mr Montfort holds 1.30% of the shares in issue in WWOF (in addition to his direct holding of 763,393 Ordinary Shares in the Company); Mr Mariuma holds 1.20% in WWOF (and 865,820 Ordinary Shares directly in the company) and Mr Golden holds 12.41% of the shares in WWOF either directly or beneficially (and 459,805 Ordinary Shares directly in the Company, and 690,103 shares as a beneficiary totalling 1.68%)
***Director Dirk van den Broeck holds the total of 854,068 shares noted above together with his wife, but not jointly.

Director's interests

Filip Montfort is a Director and a beneficial part-owner of Terra Partners Asset Management Limited, the Investment Manager.

Ian Dungate is a director and a shareholder of Galileo Fund Services Limited (the "Administrator").

Save as disclosed above, none of the Directors had any interest during the year in any material contract for the provision of services which was significant to the business of the Company.

Corporate governance

Although the Company is not obliged by the listing rules to do so, the Board intends, where appropriate for a Company of its size, to comply with the main provisions of the principles of good governance and code of best practice set out in the UK Corporate Governance Code ('the Code').

Directors' Report (continued)

Independent Auditors

KPMG Audit LLC, being eligible, have expressed their willingness to continue in office in accordance with Section 12 (2) of the Companies Act 1982.

Responsibilities of the Board

The Directors are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities including the review of the investment activity and performance.

All of the Directors are non-executive.

The Board of Directors delegates to the Investment Manager through the Investment Management Agreement the responsibility for the management of the Company's assets in accordance with the Company's investment policy.

The Company has no executives or employees.

The Articles of Association require that all Directors submit themselves for election by shareholders at the first opportunity following their appointment and shall not remain in office longer than three years since their last election or re-election without submitting themselves for re-election.

The Board meets formally at least 4 times a year and between these meetings there is regular contact with the Investment Manager. Other meetings are arranged as necessary. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The Board ensures that at all times it conducts its business with the interests of all shareholders in mind and in accord with Directors' duties.

Audit Committee

All audit committee responsibilities are performed by the Board, with specified terms of reference.

The principal terms of reference are to appoint auditors, to set their fees, to review the scope and results of the audit, to consider the independence of the auditors, to review the internal financial and non-financial controls, to approve the contents of the draft interim and annual reports to shareholders and to review the accounting policies. In addition, the Board reviews the quality of the services of all the service providers to the Company and reviews the Company's compliance with financial reporting and regulatory requirements.

The Company's internal financial controls and risk management systems have been reviewed with the Investment Manager and Advisors. The audit report is considered by the Board and discussed with the Auditors prior to approving and signing the Financial Statements.

On behalf of the Board

Dirk Van den Broeck
Chairman
17 June 2016

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year, which meet the requirements of Isle of Man company law. In addition, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and to enable them to ensure that its financial statements comply with the Companies Acts 1931 to 2004. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

On behalf of the Board

Dirk Van den Broeck
Chairman
17 June 2016

Report of the Independent Auditors, KPMG Audit LLC, to the members of Terra Capital plc

We have audited the financial statements of Terra Capital plc ("the Parent Company") and its subsidiaries (together "the Group") for the year ended 31 December 2015 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity and the Consolidated and Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been properly prepared in accordance with the provisions of Companies Acts 1931 to 2004.

Report of the Independent Auditors, KPMG Audit LLC, to the members of Terra Capital plc (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Parent Company and proper returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company's balance sheet and income statement are not in agreement with the books of account and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man, IM99 1HN

17 June 2016

Consolidated Income Statement

	Notes	For the year ended 31 December 2015 US$'000	For the year ended 31 December 2014 US$'000
Net changes in fair value on financial assets at fair value through profit or loss		(6,266)	215
Realised gain on sale of financial assets at fair value through profit or loss		4,206	4,963
Interest income on cash balances		7	26
Bond Interest income		27	25
Dividend income on quoted equity investments		2,691	2,188
Total Income		**665**	7,417
Manager's fees	11,12.4	(820)	(2,818)
Audit and professional fees	12.3	(173)	(213)
Other expenses	12.1,12.2,18	(536)	(523)
Administrative and other expenses		**(1,529)**	(3,554)
(Loss)/profit before tax		**(864)**	3,863
Taxation	19	(276)	(232)
(Loss)/profit for the year		**(1,140)**	3,631
Basic and diluted (loss)/earnings per share (cents per share) for year	15	**(1.67)**	5.30

The Directors consider all activities to derive from continuing activities.

The accompanying notes on pages 21 to 39 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	For the year ended 31 December 2015 US$'000	For the year ended 31 December 2014 US$'000
(Loss)/profit for the year	**(1,140)**	3,631
Other comprehensive income		
Other comprehensive (loss)/income for the year	**(1,140)**	3,631
Total comprehensive (loss)/income for the year	**(1,140)**	3,631

The accompanying notes on pages 21 to 39 form an integral part of these consolidated financial statements.

Consolidated Balance Sheet

	Note	31 December 2015 US$'000	31 December 2014 US$'000
Financial assets at fair value through profit or loss	8	**51,835**	52,749
Funds held in escrow		**2,256**	2,279
Trade and other receivables	13	**237**	161
Cash and cash equivalents	14	**11,182**	14,057
Total current assets		**65,510**	69,246
Total assets		**65,510**	69,246
Issued share capital	16	**7,726**	7,726
Retained earnings		**49,326**	53,007
Capital redemption reserve		**5,274**	5,274
Foreign currency translation reserve		**851**	851
Total equity		**63,177**	66,858
Taxation	19	**1,940**	1,939
Trade and other payables	17	**393**	449
Total current liabilities		**2,333**	2,388
Total liabilities		**2,333**	2,388
Total equity & liabilities		**65,510**	69,246
Net asset value per share	10	**0.93**	0.98

Approved by the Board of Directors on 17 June 2016

Ian Dungate
Director

Dirk Van den Broeck
Director

The accompanying notes on pages 21 to 39 form an integral part of these consolidated financial statements.

Company Balance Sheet

	Note	31 December 2015 US$'000	31 December 2014 US$'000
Trade and other receivables	13	**34**	50
Intercompany balances	5	**57,741**	52,990
Cash and cash equivalents	14	**3,867**	12,309
Total current assets		**61,642**	65,349
Total assets		**61,642**	65,349
Issued share capital	16	**7,726**	7,726
Retained earnings		**48,568**	52,273
Capital redemption reserve		**5,274**	5,274
Total equity		**61,568**	65,273
Trade and other payables	17	**74**	76
Total current liabilities		**74**	76
Total liabilities		**74**	76
Total equity & liabilities		**61,642**	65,349
Net asset value per parent company share		**0.90**	0.96

The loss made by the Company for the year ended 31 December 2015 was US$1,164,000 (year ended 31 December 2014, profit US$2,046,000).

Approved by the Board of Directors on 17 June 2016

Ian Dungate Director	Dirk Van den Broeck Director

The accompanying notes on pages 21 to 39 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Share capital	Retained earnings	Capital redemption reserve	Foreign currency translation reserves	**Total**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
Balance at 1 January 2014	7,726	52,736	5,274	851	**66,587**
Profit for the year		3,631			**3,631**
Other comprehensive income					
Foreign exchange translation differences	-	-	-	-	**-**
Total comprehensive income for the year	-	3,631	-	-	**3,631**
Transactions with owners					
Dividends paid	-	(2,291)	-	-	**(2,291)**
Shares Repurchased to be held in treasury	-	(1,069)			**(1,069)**
Total contributions by and distributions to owners	-	(3,360)	-	-	**(3,360)**
Balance at 31 December 2014	7,726	53,007	5,274	851	**66,858**

The accompanying notes on pages 21 to 39 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Share capital	Retained earnings	Capital redemption reserve	Foreign currency translation reserves	**Total**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
Balance at 1 January 2015	7,726	53,007	5,274	851	**66,858**
Loss for the year	-	(1,140)	-	-	**(1,140)**
Other comprehensive income					
Total comprehensive expense for the year	-	(1,140)	-	-	**(1,140)**
Transactions with owners					
Dividends paid	-	(2,541)	-	-	**(2,541)**
Total contributions by and distributions to owners	-	(2,541)	-	-	**(2,541)**
Balance at 31 December 2015	7,726	49,326	5,274	851	**63,177**

The accompanying notes on pages 21 to 39 form an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

	Share Capital	Retained earnings	Capital redemption reserve	**Total**
	US$'000	US$'000	US$'000	**US$'000**
Balance as 1 January 2014	7,726	53,587	5,274	**66,587**
Profit for the year	-	2,046	-	**2,046**
Total comprehensive income for the year	-	2,046	-	**2,046**
Transactions with owners:				
Dividends paid	-	(2,291)	-	**(2,291)**
Shares repurchased to be held in treasury	-	(1,069)	-	**(1,069)**
Total contributions by and distributions to owners	-	(3,360)	-	**(3,360)**
Balance at 31 December 2014	7,726	52,273	5,274	**65,273**
Balance as 1 January 2015	7,726	52,273	5,274	**65,273**
Loss for the year	-	(1,164)	-	**(1,164)**
Total comprehensive expense for the year	-	(1,164)	-	**(1,164)**
Transactions with owners:				
Dividends paid	-	(2,541)	-	**(2,541)**
Shares repurchased to be held in treasury	-	-	-	**-**
Total contributions by and distributions to owners	-	(2,541)	-	**(2,541)**
Balance at 31 December 2015	7,726	48,568	5,274	**61,568**

The accompanying notes on pages 21 to 39 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	For the year ended 31 December 2015 US$'000	For the year ended 31 December 2014 US$'000
Operating activities			
Group (loss)/profit before tax		(864)	3,863
Adjustments for:			
Net changes in fair value on financial assets		6,266	(215)
Realised gain on sale of investments		(4,206)	(4,963)
Interest income		(34)	(51)
Operating income/(expense) before changes in working capital		1,162	(1,366)
(Increase)/decrease in trade and other receivables		(52)	63
Decrease in trade and other payables		(56)	(1,136)
Cash generated from operations		1,054	(2,439)
Interest received		34	51
Income tax paid		(276)	(579)
Cash flows generated from/(used in) operating activities		812	(2,967)
Investing activities			
Net purchase of financial assets		(1,208)	(6,034)
Funds held at brokers		-	11
Cash flows used in investing activities		(1,208)	(6,023)
Financing activities			
Cost of ordinary shares purchased		-	(1,069)
Dividends paid		(2,541)	(2,291)
Cash flows used in financing activities		(2,541)	(3,360)
Net decrease in cash and cash equivalents		(2,937)	(12,350)
Cash and cash equivalents at beginning of year		14,057	29,109
Difference on foreign exchange		62	(2,702)
Cash and cash equivalents at end of year	14	11,182	14,057

The accompanying notes on pages 21 to 39 form an integral part of these consolidated financial statements.

Company Statement of Cash Flows

	Note	For the year ended 31 December 2015 US$'000	For the year ended 31 December 2014 US$'000
Operating activities			
Company (loss)/profit before tax		(1,164)	2,046
Adjustments			
Operating expense before changes in working capital		(1,164)	2,046
Decrease/(increase) in trade and other receivables		16	(24)
Decrease in trade and other payables		(2)	(124)
Cash flows (used in)/generated from operating activities		(1,150)	1,898
Investing activities			
Advance of intercompany loans		(4,751)	(7,064)
Cash flows used in investing activities		(4,751)	(7,064)
Financing activities			
Cost of ordinary shares purchased		-	(1,069)
Dividends paid		(2,541)	(2,291)
Cash flows used in financing activities		(2,541)	(3,360)
Net decrease in cash and cash equivalents		(8,442)	(8,526)
Cash and cash equivalents at beginning of year		12,309	20,835
Cash and cash equivalents at end of year	14	3,867	12,309

The accompanying notes on pages 21 to 39 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 The Company

Terra Capital plc (formerly Speymill Macau Property Company plc) (the "Company") was incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004 on 31 October 2006 as a public company with registered number 118202C.

The annual report of the Company as at and for the year ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the “Group”).

The Company's investment objective is to achieve capital appreciation while attempting to reduce risk primarily by applying a disciplined and diversified value investing philosophy.

2 Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

The consolidated financial statements were authorised for issue by the Board of Directors on 17 June 2016.

2.2 Basis of measurement

These consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU. The financial statements have been prepared under the historic cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss.

2.3 Functional and presentation currency

These consolidated financial statements are presented in United States Dollars (US$), which is the Company’s presentation currency. The functional currency of Terra Capital Cayman a subsidiary company is the United States Dollar. This subsidiary holds the investment portfolio. The United States Dollar is the currency of the primary economic environment in which the Company operates (“the functional currency”).

2.4 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Certain investments are in illiquid/inactive markets and classified as Level 2 in the IFRS 7 fair value Hierarchy (see note 7).

Notes to the Consolidated Financial Statements (continued)

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Fund's accounting principles are summarised below, all of which have been applied consistently throughout the year.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists where the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United States Dollars, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the subsidiaries are expressed in United States Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

3.3 Financial instruments

(i) Non-derivative financial assets

IFRS13 has been adopted from 1 January 2013. It establishes a single source of guidance for measuring fair value and requires disclosures about fair value measurements. Fair value under IFRS13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

Notes to the Consolidated Financial Statements (continued)

3. Significant accounting policies (continued)

3.3 Financial instruments (continued)

(i) Non-derivative financial assets (continued)

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The fair value of financial assets and liabilities traded in relatively illiquid/inactive markets is based on the last traded price.

Investments are designated at fair value through profit or loss on initial recognition. The Group invests in quoted equities and debt securities for which fair value is based on quoted market prices. The Group also has one investment in a limited partnership, which is valued at the audited net asset value.

(ii) Non-derivative financial liabilities

Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recorded at fair value, and transaction costs for all financial assets and financial liabilities carried at fair value through profit and loss are expensed as incurred.

Gains and losses arising from changes in the fair value of the financial assets and liabilities are included in the income statement in the year in which they arise.

The Group initially recognises financial liabilities on the date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group has the following non-derivative financial liabilities: amounts due to broker for investment purchases falling due after the balance sheet date and other payables.

(iii) Share capital

Ordinary Shares
Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares and share options are recognised as a deduction from equity, net of any tax effects.

3.4 Revenue recognition

Interest income and dividend income

Interest income is recognised on a time-proportionate basis using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

Foreign currency gains and losses are reported on a net basis and are recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)

3. Significant accounting policies continued

3.5 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Income tax expense

Income tax expense comprises current tax. Income tax expense is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3.7 Earnings per share

The Group 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, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of Ordinary Shares outstanding, adjusted for own shares held, for the effects of all dilutive potential Ordinary Shares.

3.8 Dividends

Dividends are recognised as a liability in the period in which they are declared and approved.

3.9 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating result of the single operating segment is reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated and assess its performance.

Notes to the Consolidated Financial Statements (continued)

4. Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk (including foreign exchange risk)
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to develop a disciplined and constructive control environment.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's financial assets.

Notes to the Consolidated Financial Statements (continued)

4. Financial risk management (continued)

Cash and cash equivalents
The Group limits its exposure to credit risk by investing only with counterparties that have high credit ratings. Management actively monitors credit ratings and does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Market risk (including foreign exchange risk)

The Group's strategy for the management of investment risk is driven by the Group's investment objective. The main objective of the Group is to achieve capital appreciation while attempting to reduce risk primarily by applying a disciplined and diversified value investing philosophy.

All investments present a risk of loss of capital through movements in market prices. The Investment Manager moderates this risk through a careful selection of securities within specified limits. The Investment Manager reviews the position on a day to day basis and the Directors review the position at Board meetings.

The Group's market price risk is managed through the diversification of the investment portfolio.

The Group operates internationally and is exposed to foreign exchange risk (see note 20). Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities, income and expense that are not in the functional currency of the Group.

Notes to the Consolidated Financial Statements (continued)

4. Financial risk management (continued)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, service providers, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness. The Group has developed standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- ethical and business standards

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The capital structure of the Group consists of the equity of the Group (comprising issued capital as detailed in note 16, reserves and retained earnings). The Board reviews the capital structure of the Group on a semi-annual basis.

The Board of Directors monitors the net asset value per share, which the Group defines as the total shareholders' equity divided by the total number of shares in issue. The Board of Directors also monitors the level of dividends to ordinary shareholders.

5 The subsidiaries

At the end of the year, the Company owned a controlling interest in the following subsidiaries:

	Country of incorporation	Percentage of shares held
Terra Capital Cayman	Cayman Islands	100%
Armando Global Limited (dissolved 23 March 2016)	British Virgin Islands	100%

Inter Company loans from the Company to Terra Capital Cayman are repayable on demand and bear interest at the US Prime rate per annum.

Notes to the Consolidated Financial Statements (continued)

6 Segment reporting

No additional disclosure is included in relation to segment reporting as the Group's activities are limited to one business segment.

7 Fair value hierarchy

IFRS 7 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

• Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
• Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
• Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

US$41,016,000 (2014: US$42,004,000) of the Company's investments are classed as level 1 investments and US$10,819,000 (2014: US$10,745,000) of the Company's investments are classed as level 2 investments.

8 Financial assets at fair value through profit or loss

Group
31 December 2015: Financial assets at fair value through profit or loss; principally quoted equity securities:

Security name	Number	US$'000
Air Arabia	1,440,000	533
Ardent Leisure Group	372,606	614
Brac Bank Ltd	2,710,489	1,677
Square Pharma	629,734	2,030
Montbat AD-Sofia	115,000	511
Speedy EAD-Sofia	16,818	364
Bahrain Commercial Facility	200,000	406
Gulf Hotel Group	444,273	948
SEEF Properties	1,333,577	714
U-Blox Holding AG	1,969	421
Crnogorski Telekom AD Podgoric	222,624	943
Gorenje Volenje	175,399	876
Polis Banc QF	1,657	1,592
QF BNL Portfolio IMM	817	506
Silvano Fashion Group	267,000	371
VIB Vermoegen	19,378	360
Bank of Georgia	31,280	878
Qingling Motors	3,042,615	946
Hrvatski Telekom	36,228	739
Allami Nyomda	553,679	1,948
JMMB Group Limited	8,500,000	725
National Commercial Bank Jamaica	5,431,719	1,800
Scotia Group Jamaica	5,429,031	1,350
Hyundai Motor Company	2,580	226
Kumho Petro Chem	17,850	520
Lotte Chilsung Beverage Co-Preference Shares	749	589

Notes to the Consolidated Financial Statements (continued)

8 Financial assets at fair value through profit or loss (continued)

Shinyoung Securities	8,370	361
Residences Dar Saada	69,843	903
Komercijalna Banka AD (Macedonia)	28,845	1,170
UAC of Nigeria	2,847,886	296
Bank Sohar SAOG	2,049,283	835
Oman Cement Company	720,950	861
Oman Refreshment Company	175,000	1,009
Ferreycorp SAA	2,150,387	850
Refineria La Pampilla SA	17,808,102	600
RFM Corporation	11,003,750	925
Kernel Holdings	86,323	1,056
PKP Cargo SA	42,964	748
Al Meera	21,218	1,281
Doha Bank	77,678	948
Gulf Warehousing	32,600	509
Gulf Warehousing Rights	8,150	86
Galenika Fitofarmacija	82,744	1,757
Komercijalna Banka AD (Serbia)	7,231	105
Artes SA (Automobile Reaseau Tunisien)	246,934	741
One Tech Holding	248,305	857
Tunisie Leasing	84,522	688
Tunisie Leasing Rights	3,296	27
Umeme Limited	2,940,000	547
Blom Bank GDS	144,872	1,399
Copi Holdi NPV	11,165	539
IRSA SP-ADR	81,433	1,002
JSC Acron	308,792	1,559
KCELL JT	127,990	517
Lebanese GDS Class A	89,508	940
Put 100 PHLX US-EUR Options Strike $106 03-18-16	32	3
Put 100 PHLX US-EUR Options Strike $109 03-18-16	10	2
Put 100 PHLX US-EUR Options Strike $110 03-18-16	10	3
Put 100 PHLX US-EUR Options Strike $111 03-18-16	40	13
Put 100 PHLX US-EUR Options Strike $112 03-18-16	40	16
Terra Argentina Fund LP*	1,360,000	1,780
X5 Retail Group	29,846	558
Hung Vuong Corporation	8	-
Imexpharm Pharmaceutical	802,158	1,337
Onatel BF	47,577	1,187
Holdsport	202,501	738
Onelogix Group Ltd	2,281,292	494
Total		**51,835**

* Limited partnership fund investment

Notes to the Consolidated Financial Statements (continued)

9 Net finance income

	2015	2014
	US$'000	US$'000
Interest income on bank balances	**7**	26
Finance income	**7**	**26**
Bank charges	**(13)**	(5)
Finance cost	**(13)**	**(5)**
Net finance (expense)/income	**(6)**	**21**

10 Net asset value per share

The consolidated net asset value per share as at 31 December 2015 is US$0.93 based on 68,299,236 Ordinary Shares in issue as at that date (2014: US$0.98 based on 66,299,236 shares) excluding shares held in treasury .

11 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the party making financial or operational decisions.

Directors of the Company

Howard Golden, Filip Montfort and Yarden Mariuma are directors of the Investment Manager. The Investment Manager was appointed at the EGM held on 24 May 2012. Following the EGM, Mr Golden and Mr Mariuma resigned as directors of the Company.

Ian Dungate is a director and principal of the administrator.

With effect from the date of appointment of the Manager, Mr Montfort agreed to waive his entitlement to Director's remuneration going forward.

The Investment Manager

Following the EGM held on 24 May 2012, the Company appointed Terra Partners Asset Management ("TPAM") as its Investment Manager. The level of fees payable to the investment manager were adjusted following resolutions passed at an Extraordinary General Meeting held on 27 January 2015.

Term and termination
The Investment Management Agreement may be terminated by either party giving to the other not less than 12 months' notice expiring on or at any time after the third anniversary of the commencement date of the agreement or otherwise, in circumstances, *inter alia*, where one of the parties has a receiver appointed over its assets or if an order is made or an effective resolution passed for the winding-up of one of the parties.

Management fee
The Investment Manager shall be entitled to receive a management fee equal to 1.25 per cent. per annum (previously 2.0 per cent. up to 31 December 2014) of the aggregate Net Asset Value of the Company during the relevant fee payment period, calculated on the first day of each month, accrued on a daily basis and payable monthly in arrears (or pro rata for lesser periods).

Notes to the Consolidated Financial Statements (continued)

11 Related party transactions (continued)

The Investment Manager (continued)

Performance fee
The Manager is also entitled to receive a performance fee equal to 12 per cent. (previously 20 per cent. up to 31 December 2014) of the increase (if any) in the Net Asset Value per Share (with dividends and other distributions added back and ignoring any accrued performance fee) as at each semi-annual performance fee calculation period above the Net Asset Value as at the commencement of each such semi-annual performance fee calculation period, provided that any performance fee shall be payable only to the extent that the Net Asset Value of the Share exceeds the Net Asset Value immediately following the settlement of the Tender Offer or, if a performance fee has been paid, the Net Asset Value per Share when a performance fee was last paid. The performance fee shall be calculated on 30 June and 31 December in each year and paid following such calculation.

Expenses
In addition, the Company shall be responsible for the payment of all out-of-pocket expenses reasonably incurred by the Manager in the proper performance of the Investment Management Agreement up to a maximum of US$75,000 per annum.

Terra Argentine Fund LP
The Group has committed to invest a maximum of $3,400,000 in Terra Argentine Fund L.P, $1,360,000 of which had been called down at 31 December 2015. Terra Argentine Fund is managed by the Investment Manager. The Company and the Investment Manager have entered into an agreement whereby for so long as it is the Investment Manager, any fees earned in respect of the Groups' investment in Terra Argentine Fund LP will be rebated to the Group.

The Administrator

The Administrator was entitled to receive a fee of 0.10 per cent. per annum of the net assets of the Company between £0 and £100m and 0.075 per cent. of the net asset value of the Company in excess of £100m, subject to a minimum monthly fee of £4,000, and a maximum monthly fee of £11,250 payable quarterly in arrears.

The Administrator assists in the preparation of the financial statements of the Company for which it received a fee of £1,750 per set and provides general secretarial services to the Company for which it received a minimum annual fee of £5,000.

With effect from 1 October 2015 the following changes were made:

The Administrator shall be paid by the Company a fixed fee of US$100,000 per annum, payable quarterly in arrears.

For the preparation of the financial statements the Administrator shall be paid by the Company US$3,000 per set.

In the event that the Administrator provides secretarial services to the Company, the Administrator shall be paid an annual fee of US$8,000. The Administrator shall be entitled to additional fees for such general secretarial services based on time and charges where the number of board meetings or general meetings exceeds for per annum. The Administrator shall be entitled to an attendance fee of US$750 per day or part thereof where the Administrator attends a board meeting or general meeting which is not held in the Isle of Man.

12 Charges and fees

12.1 Nominated adviser and broker fees

As nominated adviser and broker to the Company for the purposes of the AIM rules, the Nominated Adviser and Broker is entitled to receive an annual fee of £60,000 payable quarterly in advance.
Total advisory fees payable to the Nominated Adviser and Broker for the year ended 31 December 2015 amounted to US$52,206 (2014: US$51,205) with US$ Nil due at 31 December 2015 (2014 US$ Nil).

Notes to the Consolidated Financial Statements (continued)

12 Charges and fees (continued)

12.2 Administrator and Registrar fees

Administration fees payable for the year ended 31 December 2015 amounted to US$89,587, (31 December 2014: US$84,974), secretarial fees US$5,739 (2014: US$8,226), financial statement preparation fees US$2,667 (2014: US$5,759), and Crest fees US$9,122 (2014: US$10,573) with administration fees of US$30,000 still due at 31 December 2015 (31 December 2014: US$20,189).

12.3 Audit and professional fees

Audit fees for the year ended 31 December 2015 amounted to US$30,000 (31 December 2014: US$33,364).
Professional fees for the year ended 31 December 2015 amounted to US$142,998 (31 December 2014: US$179,199).

12.4 Manager's fees

Management fees payable for the year ended 31 December 2015 amounted to US$820,057 (2014: US$ 1,346,209) and the amount accrued but not paid at the period end was $39,439 (31 December 2014: $90,687).

Performance fees payable for the year ended 31 December 2015 amounted to US$Nil (2014: US$1,472,639). Performance fees accrued but not paid for the year ended 31 December 2015 amounted to $Nil (31 December 2014: US$nil)

13 Trade and other receivables

	Group 31 December 2015 US$'000	**Company 31 December 2015 US$'000**	Group 31 December 2014 US$'000	Company 31 December 2014 US$'000
Prepayments and other receivables (note 20)	**237**	**34**	161	50
Total	**237**	**34**	161	50

14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held with banks and amounts held by brokers. All cash and bank balances are available for operational use in the Group.

15 Basic and diluted (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted-average number of Ordinary Shares in issue during the year.

	31 December 2015	31 December 2014
(Loss)/Profit attributable to owners of the Company (US$'000)	**(1,140)**	3,631
Weighted average number of Ordinary Shares in issue (thousands)(excluding shares held in Treasury)	**68,299**	68,437
Basic and diluted (loss)/earnings per share (cents per share)	**(1.67)**	5.30

Notes to the Consolidated Financial Statements (continued)

16 Share capital

	31 December 2015 US$'000	31 December 2014 US$'000
Authorised:		
400,000,000 Ordinary shares of US$0.10 each	40,000,000	40,000,000
Allotted, Called-up and Fully-Paid:		
68,299,236 (31 December 2014: 68,299,236) Ordinary shares of US$0.10 each in issue, with full voting rights	6,830	6,830
8,956,423 (31 December 2014: 8,956,423) Ordinary shares of US$0.10 each held in Treasury	896	896
	7,726	7,726

During the period to 31 December 2015 the Company repurchased Nil (31 December 2014: 1,330,000) Ordinary shares, at a cost of US$Nil (31 December 2014: US$1,069,300). Nil (31 December 2014: Nil) shares were subsequently cancelled, with 8,956,423 Ordinary shares retained in Treasury (31 December 2014 8,956,423). The Ordinary shares held in Treasury have no voting rights and are not entitled to dividends.

17 Trade and other payables

	Group 31 December 2015 US$'000	**Company 31 December 2015 US$'000**	Group 31 December 2014 US$'000	Company 31 December 2014 US$'000
Current liabilities				
Sundry creditors and accruals (note 20)	**393**	**74**	449	76
Total	**393**	**74**	449	76

18 Directors' remuneration

Mr Van den Broeck, as Chairman, is entitled to remuneration of US$45,000 per annum from the date of his appointment and Mr Dungate and Mr Bartlett are each entitled to remuneration of US$30,000 per annum. Mr Montfort who was entitled to remuneration of US$30,000 agreed to waive his director's fees for so long as he was associated with the Investment Manager.

At 31 December 2015 Directors fees payable were US$ Nil (2014: US$ Nil)

19 Taxation

	2015 US$'000	2014 US$'000
Balance at 1 January	**1,939**	2,286
Withholding taxes on dividends received	**276**	232
Tax paid	**(275)**	(579)
Balance at 31 December	**1,940**	1,939

The tax liability relates to a provision for tax at the Macau Complementary Tax rate of 12% on the book gain arising on the sale of the AIA Tower (the last remaining property owned by the former business – Speymill Macau). The final assessment, which has been fully provided for, was received in 2015. The final assessment has been appealed and a final determination and assessment is expected to occur in 2016.

Notes to the Consolidated Financial Statements (continued)

19 Taxation (continued)

Isle of Man taxation

The Company is resident in the Isle of Man for tax purposes and pays income tax at 0%. The Company pays a corporate charge of £380 to the Isle of Man Government for each tax year.

20 Financial instruments

The Group's activities expose it to a variety of financial risks: market price risk, foreign exchange risk, credit risk, liquidity risk and cash flow interest rate risk.

All financial instruments are considered to be stated at amounts which approximate their fair value.

Market price risk

The Group's strategy for the management of investment risk is driven by the Group's investment objective. The main objective of the Group is to achieve capital appreciation while attempting to reduce risk primarily by applying a disciplined and diversified value investing philosophy.

All investments present a risk of loss of capital through movements in market prices. The Investment Manager moderates this risk through a careful selection of securities within specified limits. The Investment Manager reviews the position on a day to day basis and the Directors review the position at Board meetings.

The Group's market risk is managed through the diversification of the investment portfolio. Certain investments are in illiquid/inactive markets and classified as Level 2 in the fair value hierarchy.

At 31 December 2015, if the market value of the investment portfolio had increased/decreased by 1.5% with all other variables held constant, this would have increased/decreased net assets attributable to shareholders by approximately US$778,000 (31 December 2014 : US$791,000).

Foreign exchange risk

The Group's operations are conducted in jurisdictions which generate revenue, expenses, assets and liabilities in currencies other than the United States Dollar (the Functional Currency). As a result, the Group is subject to the effects of exchange rate fluctuations with respect to these currencies.

Notes to the Consolidated Financial Statements (continued)

20 Financial instruments (continued)

The following table sets out the Group's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

31 December 2015	Monetary Assets US$'000	Monetary Liabilities US$'000	Net Exposure US$'000
United Arab Emirate Dirham	**537**	**-**	**537**
Australian Dollar	**633**	**-**	**633**
Bangaldeshi Taka	**3,724**	**(210)**	**3,514**
Bulgarian Lev	**875**	**-**	**875**
Bahraini Dinar	**2,068**	**-**	**2,068**
Swiss Franc	**421**	**-**	**421**
Euro	**4,936**	**-**	**4,936**
British Pound	**892**	**-**	**892**
Hong Kong Dollar	**1,262**	**(1,959)**	**(697)**
Croatian Kuna	**739**	**-**	**739**
Hungarian Forint	**1,948**	**-**	**1,948**
Jamaican Dollar	**3,952**	**(12)**	**3,940**
South Korean Won	**1,723**	**(6)**	**1,717**
Moroccan Dirham	**903**	**-**	**903**
Macedonian Denar	**1,237**	**-**	**1,237**
Macau Pataca	**1,940**	**-**	**1,940**
Nigerian Naira	**1,571**	**(2)**	**1,569**
Omani Rial	**2,705**	**-**	**2,705**
Peruvian Nueva Sol	**1,450**	**-**	**1,450**
Philippine Peso	**926**		**926**
Polish Zloty	**1,804**	**-**	**1,804**
Qatari Rial	**2,827**	**-**	**2,827**
Serbian Dinar	**1,889**	**-**	**1,889**
Tunisian Dinar	**2,313**	**-**	**2,313**
Uganda Shilling	**572**	**-**	**572**
Vietnamese Dong	**1,371**	**-**	**1,371**
CFA Franc	**1,187**	**-**	**1,187**
South African Rand	**1,253**	**-**	**1,253**
US Dollar	**17,852**	**(144)**	**17,708**
	65,510	**(2,333)**	**63,177**

Notes to the Consolidated Financial Statements (continued)

20 Financial instruments (continued)

31 December 2014	**Monetary Assets US$'000**	**Monetary Liabilities US$'000**	**Net Exposure US$'000**
Hong Kong Dollar	**3,522**	**(1,939)**	**(1,939)**
Bangladeshi Taka	**3,569**	**-**	**3,569**
Bulgarian Lev	**715**	**-**	**715**
Swiss Franc	**855**	**-**	**855**
Euro	**6,424**	**(51)**	**6,373**
Hungarian Forint	**1.886**	**-**	**1.886**
Kenyan Schilling	**2.109**	**-**	**2.109**
Macedonian Denar	**1,186**	**-**	**1,186**
Omani Rial	**2,083**	**-**	**2,083**
Polish Zloty	**695**	**-**	**695**
Peruvian Nueva Sol	**1,207**	**-**	**1,207**
Australian Dollar	**1,354**	**-**	**1,354**
Bahraini Dinar	**1,042**	**-**	**1,042**
British pounds	**1,011**	**-**	**1,011**
Croatian Kuna	**863**	**-**	**863**
Jamaican Dollar	**1,847**	**-**	**1,847**
South Korean Won	**2,130**	**-**	**2,130**
Qatari Rial	**5,191**	**-**	**5,191**
Serbian Dinar	**1,803**	**-**	**1,803**
Tunisian Dinar	**2,534**		**2,534**
Vietnamese Dong	**2,443**	**-**	**2,443**
CFA Franc	**1,159**	**-**	**1,159**
South African Rand	**279**	**(23)**	**256**
US Dollar	**23,339**	**(375)**	**22,964**
	69,246	**(2,388)**	**66,858**

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost, as they have a short term maturity.

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	31 December 2015 US$'000	31 December 2014 US$'000
Financial assets at fair value through profit or loss	**51,835**	52,749
Funds held in escrow	**2,256**	2,279
Trade and other receivables	**237**	161
Cash at bank	**11,182**	14,057
	65,510	69,246

Notes to the Consolidated Financial Statements (continued)

20 Financial instruments (continued)

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The Group manages its credit risk by monitoring the creditworthiness of counterparties regularly. Cash transactions and balances are limited to high-credit-quality financial institutions. The Investment Manager and the Board of Directors do not expect any losses from non-performance by these counterparties.

Liquidity risk

The Group manages its liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group's liquidity position is monitored by the Manager and the Board of Directors. Residual undiscounted contractual maturities of financial liabilities at the reporting dates were:

Financial liabilities	**Less than 1 month US$'000**	**1-3 months US$'000**	**3 months to 1 year US$'000**	**1-5 years US$'000**	**No stated maturity US$'000**
2015					
Taxation payable	**-**	**-**	**1,940**	**-**	**-**
Trade and other payables	**393**	**-**	**-**	**-**	**-**
	393	**-**	**1,940**	**-**	**-**
2014					
Taxation payable	-	-	1,939	-	-
Trade and other payables	449	-		-	-
	449	-	1,939	-	-

Interest rate risk

Cash held by the Group is invested at short-term market interest rates. As a result, the Company is not exposed to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. However, it is exposed to interest rate cash flow risk.

Notes to the Consolidated Financial Statements (continued)

20 Financial instruments (continued)

The table below summarises the Group's exposure to interest rate risks at 31 December 2015. It includes the Groups' financial assets and liabilities at the earlier of contractual re-pricing or maturity date, measured by the carrying values of assets and liabilities:

	Less than 1 month	1-3 months	Non-interest bearing	Total
31 December 2015	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Financial assets				
Investments at fair value through profit or loss	**-**	**-**	**51,835**	**51,835**
Trade and other receivables	**-**	**-**	**237**	**237**
Funds held in escrow	**2,256**	**-**	**-**	**2,256**
Cash	**11,182**	**-**	**-**	**11,182**
Total financial assets	**13,438**	**-**	**52,072**	**65,510**
Financial liabilities				
Trade and other payables	**-**	**-**	**393**	**393**
Taxation payable	**-**	**-**	**1,940**	**1,940**
Total financial liabilities	**-**	**-**	**2,333**	**2,333**
Total interest rate sensitivity gap (differential 0.4%)	**13,438**	**-**	**-**	**13,438**

	Less than 1 month	1-3 months	Non-interest Bearing	Total
31 December 2014	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Financial assets				
Investments at fair value through profit or loss	-	630	52,119	52,749
Trade and other receivables	-	-	161	161
Due from broker	2,279	-	-	2,279
Cash	14,057			14,057
Total financial assets	16,336	630	52,280	69,246
Financial liabilities				
Trade and other payables	-	-	449	449
Taxation payable	-	-	1,939	1,939
Total financial liabilities	-	-	2,388	2,388
Total interest rate sensitivity gap	16,336	630	-	16,966

Notes to the Consolidated Financial Statements (continued)

21 Post balance sheet events

On 19 February 2016 the Company paid a dividend of 3.24 cents per share (27 February 2015 3.72 cents per share).

22 Capital commitments

At 31 December 2015 The Company had an outstanding commitment to subscribe a total of $2,040,000 at Net Asset Value for shares in the Terra Argentine Fund LP.