

TERRA CAPITAL PLC

Consolidated Annual Report
Year ended 31 December 2016

CONTENTS

	Page
Directors and advisers	1
Chairman's statement	2
Report of Terra Partners Asset Management Limited	3-4
Investing policy	5-6
Directors' Report	7-8
Statement of Directors' Responsibilities	9
Report of the Independent Auditors	10-11
Audited Consolidated Financial Statements:	
Consolidated Income Statement	12
Consolidated Statement of Comprehensive Income	13
Consolidated Balance Sheet	14
Company Balance Sheet	15
Consolidated Statement of Changes in Equity	16
Company Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Company Statement of Cash Flows	19
Notes to the Consolidated Financial Statements	20-39
Notice of Annual General Meeting	40

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 \$1.016 against \$0.925 for 2015. This represents an increase for the year of 9.8% and a gross return of 13.34% for the year taking account of the dividend of 3.24 cents per share paid in February 2016. This compares to the MSCI Frontier Markets Index performance of 3.16% in 2016 and continues to demonstrate the benefits of the Investment Manager's value based approach.

In accordance with the policy adopted following the extraordinary general meeting held in January 2015, as a result of the average discount at which shares traded during 2016, a tender offer was made to purchase up to ten percent. of the shares in issue at 31 December 2016. The tender was effected on 1 March 2017 and was taken up in full. As a result of the tender offer it was determined that no dividend be paid in respect of 2016.

The Investment Manager has continued to maintain a diverse portfolio of undervalued assets throughout 2016 and equity exposure at December 31 2016 stood at 86% spread across 64 positions in 35 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

26 June 2017

Report of Terra Partners Asset Management Limited, the Investment Manager

The Fund's NAV increased to \$1.016 at December 31, 2016 from \$0.925 as of December 31, 2015 with a net total return of 1.9% for the fourth quarter. For the calendar year, the Fund's NAV increased 13.9% with income re-invested, which includes the dividend payment in February 2016.

The Fund's investment level (equity, fixed income and hedging) increased from 85.8% at September 30 (including commitment to Terra Argentine Fund, L.P.) to 86.3% at December 31. The Fund retained an excess of cash in order to fund the take-up of the tender offer that was announced on December 12, 2016.

Specific Areas of Investment

Americas

The allocation to the Americas increased from 23.5% to 25.5% and is the Fund's largest regional allocation. The Fund continued to allocate to its investment strategy in Brazil. The only other portfolio change was a decrease in its position Refineria La Pampilla (Peru).

Europe

The Fund's exposure to Europe decreased from 20.2% to 18.9% and is the second largest regional allocation. The Fund liquidated its position in Hrvatski Telekom (Croatia) and decreased its positions in X5 Retail (Russia) and Silvano Fashion Group (Estonia). The Fund added a new position in Fabryki Mebli Forte (Poland).

Asia

The Fund's exposure to Asia decreased marginally from 16.4% to 16.3%. The Fund liquidated its position in Century Pacific Food (Philippines) and decreased its position in Bank of Georgia (Georgia). The Fund added a new position in Great Wall Motor Company (China) and increased its position in Summit Power (Bangladesh).

Middle East

The Fund's exposure to the Middle East increased on the quarter from 15.7% to 16.2%. The Fund increased its positions in Blom Bank (Lebanon), Abu Dhabi Commercial Bank (UAE), and Solidere (Lebanon) and initiated a new position in Ooredoo (Oman). The Fund liquidated its position in Seef Properties (Bahrain).

Africa

The allocation to Africa decreased slightly from 10.0% to 9.4%. The Fund decreased its positions in UACN (Nigeria), Residences Dar Saada (Morocco) and liquidated its position in Umeme (Uganda). The Fund initiated new positions in Emaar Misr for Development (Egypt) and Co-operative Bank of Kenya (Kenya). There were no other portfolio changes during the period.

Fund Details

The following pages detail the Fund's holdings, changes from the prior quarter, and the total return of each company's shares over the quarter in both U.S. dollars and local currency. The numbers provided are based on TPAM's internal calculations.

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 (st/s)	
AFRICA	Burkina Faso	Onatel BF	29,509	562,335	0.81%	Decrease	
	Kenya	Co-operative Bank of Kenya	2,974,100	382,558	0.55%	New	
	Morocco	Residences Dar Saada	55,843	1,020,089	1.47%	Decrease	
	Nigeria	Nigerian Breweries	70,000	33,916	0.05%	New	
	Nigeria	UAC of Nigeria	1,043,009	57,402	0.08%	Decrease	
	South Africa	Holdsport Limited	230,501	988,417	1.42%	Increase	
	South Africa	Onelogix Group Limited	2,128,792	518,930	0.75%	Decrease	
	Tunisia	One Tech Holding	248,305	916,931	1.32%	No Change	
	Tunisia	Artes SA	246,934	837,846	1.21%	No Change	
	Tunisia	Tunisie Leasing	84,522	674,178	0.97%	No Change	
	Tunisia	Tunisie Leasing Rights	3,296	26,290	0.04%	No Change	
					6,018,895	8.68%	
	AMERICAS	Argentina	IRSA-SP ADR	81,433	1,501,625	2.16%	No Change
Argentina		Terra Argentina Fund LP - Series 1	340,000	583,146	0.84%	No Change	
Argentina		Terra Argentina Fund LP - Series 2	510,000	893,794	1.29%	No Change	
Argentina		Terra Argentina Fund LP - Series 3	510,000	780,835	1.13%	No Change	
Argentina		Terra Argentina Fund LP - Series 4	340,000	414,092	0.60%	New	
Brazil		BB Votantim	54,300	920,636	1.33%	New	
Brazil		FDOS F Lima	589,582	398,036	0.57%	New	
Brazil		FII MOB Projecto Agua Branca	1,800	161,860	0.23%	New	
Brazil		Fii BM Edificio Galeria	39,200	612,293	0.88%	New	
Brazil		Fii Torre Almirante	1,020	582,195	0.84%	New	
Brazil		Fii Vila Olimpia Corporate	34,000	761,445	1.10%	New	
Brazil		SDI Logistica Rio Fii	25,244	622,830	0.90%	New	
Jamaica		JMMB Group Limited	8,500,000	952,547	1.37%	No Change	
Jamaica		National Commercial Bank Jamaica Ltd	5,431,719	2,098,972	3.03%	No Change	
Jamaica		Scotia Group Jamaica	5,429,031	1,541,981	2.22%	No Change	
Panama		Copa Holdings	15,265	1,386,520	2.00%	Increase	
Peru		Ferreycorp SAA	1,827,387	917,766	1.32%	Decrease	
Peru	Refineria La Pampilla SA	12,664,695	876,931	1.26%	Decrease		
				16,007,504	23.07%		
ASIA	Australia	Ardent Leisure Group NPV	372,606	628,169	0.91%	No Change	
	Bangladesh	Square Pharma	692,707	2,168,300	3.13%	Increase	
	Bangladesh	Summit Power Ltd	2,596,398	1,207,172	1.74%	New	
	China	Qingling Motors Co Ltd	3,042,615	922,085	1.33%	No Change	
	China	Great Wall Motor Company	569,000	531,260	0.77%	New	
	Georgia	Bank of Georgia Holdings PLC	12,480	459,536	0.66%	Decrease	
	Kazakhstan	KCELL JT	318,630	1,019,616	1.47%	Increase	
	Korea	Lotte Chilsung Beverage Co-PFD	749	440,774	0.64%	No Change	
	Korea	Kumho Petro Chem	17,850	433,493	0.62%	No Change	
	Korea	Shinyoung Securities Co Ltd	8,370	346,874	0.50%	No Change	
	Philippines	RFM Corporation	11,003,750	1,129,157	1.63%	No Change	
	Philippines	Belle Corp	12,000,000	772,636	1.11%	New	
	Philippines	Emperador Inc	4,279,000	602,676	0.87%	New	
	Philippines	Travellers International Hotel	9,300,000	615,634	0.89%	New	
					11,277,382	16.26%	
	EUROPE	Bulgaria	Speedy EAD-Sofia	16,818	327,453	0.47%	No Change
		Estonia	Silvano Fashion Group	148,299	461,874	0.67%	Decrease
Hungary		Allami Nyomda (Hungarian Printing Co)	553,679	2,138,795	3.08%	No Change	
Italy		Polis Banc QF	1,789	1,537,892	2.22%	Increase	
Italy		QFBNL Portfolio IMM	845	414,765	0.60%	Increase	
Macedonia		Komercijalna Banka AD	28,845	1,412,576	2.04%	No Change	
Montenegro		Crnogorski Telekom AD Podgoric	222,624	660,564	0.95%	No Change	
Poland		Fabryki Mebli Forte	34,955	634,286	0.91%	New	
Russia		X5 Retail Group NV	39,416	1,275,896	1.84%	Increase	
Serbia		Galenika Fitofarmacija	79,115	1,833,763	2.64%	Decrease	
Slovenia		Gorenje Velenje	175,399	1,106,394	1.59%	No Change	
Ukraine		Kernel Holdings SA	86,323	1,315,981	1.90%	No Change	
					13,120,240	18.91%	
MIDDLE EAST	Bahrain	Gulf Hotel Group	444,273	754,024	1.09%	No Change	
	Egypt	Emaar Misr for Development	2,998,000	476,363	0.69%	New	
	Lebanon	BLOM Bank GDS	173,272	1,888,665	2.72%	Increase	
	Lebanon	Solidere	109,849	1,098,490	1.58%	Increase	
	Oman	Oman Refreshment Company	175,000	979,545	1.41%	No Change	
	Oman	Oman Cement Company	464,950	572,432	0.83%	Decrease	
	Oman	Bank Muscat	995,671	1,220,667	1.76%	New	
	Oman	Ooredoo	59,031	101,196	0.15%	New	
	Qatar	Al Meera Consumer Goods Co	21,218	1,019,284	1.47%	No Change	
	Qatar	Doha Bank	83,692	801,793	1.16%	New	
	Qatar	Gulf Warehousing	40,750	626,424	0.90%	Increase	
	United Arab Emirates	AIR ARABIA	2,947,000	1,067,056	1.54%	Increase	
	United Arab Emirates	ABU DHABI Commercial Bank	593,000	1,113,933	1.61%	New	
				11,719,872	16.89%		
		Total Equity Holdings		58,143,892	83.81%		
		Net Cash and Other Net Current Assets		11,233,065	16.19%		
		Total Fund		69,376,957			

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 2016.

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
Ian Dungate
Peter Bartlett

Directors' interests in the shares of the Company

The interests of the Directors in the share capital of the Company as at 31 December 2016 are set out below:

Director	No. of shares
Dirk Van den Broeck***	854,068
Peter Bartlett***	63,000

Worldwide Opportunity Fund ("WEOF") 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 and Yarden Mariuma. Mr Montfort holds 1.30% of the shares in issue in WEOF (in addition to his direct holding of 863,393 Ordinary Shares in the Company); Mr Mariuma holds 1.20% in WEOF (and 865,820 Ordinary Shares directly in the company)

***Director Dirk van den Broeck holds the total of 854,068 shares noted above together with his wife, but not jointly.

***Director Peter Bartlett holds the total of 63,000 shares noted above together with his wife, but not jointly.

Director's interests

Ian Dungate is a director 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
26 June 2017

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
26 June 2017

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 2016 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 2016 and of the Group’s profit 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

26 June 2017

Consolidated Income Statement

	Notes	For the year ended 31 December 2016 US\$'000	For the year ended 31 December 2015 US\$'000
Net changes in fair value on financial assets at fair value through profit or loss		3,143	(6,266)
Realised gain on sale of financial assets at fair value through profit or loss		2,977	4,206
Interest income on cash balances		9	7
Bond Interest income		-	27
Dividend income on quoted equity investments		2,942	2,691
Total Income		9,071	665
Manager's fees	11,12.4	(581)	(820)
Incentive fees	11,12.4	(712)	-
Audit and professional fees	12.3	(84)	(173)
Other expenses	12.1,12.2,18	(657)	(536)
Administrative and other expenses		(2,034)	(1,529)
Profit/(loss) before tax		7,037	(864)
Taxation	19	1,375	(276)
Profit/(loss) for the year		8,412	(1,140)
Basic and diluted earnings/(loss) per share (cents per share) for year	15	12.32	(1.67)

The Directors consider all activities to derive from continuing activities.

The accompanying notes on pages 20 to 39 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	For the year ended 31 December 2016 US\$'000	For the year ended 31 December 2015 US\$'000
Profit/(loss) for the year	8,412	(1,140)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	8,412	(1,140)

The accompanying notes on pages 20 to 39 form an integral part of these consolidated financial statements.

Consolidated Balance Sheet

	Notes	31 December 2016 US\$'000	31 December 2015 US\$'000
Financial assets at fair value through profit or loss	8	58,143	51,835
Funds held in escrow		-	2,256
Trade and other receivables	13	208	237
Cash and cash equivalents	14	12,430	11,182
Total current assets		70,781	65,510
Total assets		70,781	65,510
Issued share capital	16	7,726	7,726
Retained earnings		56,377	50,177
Capital redemption reserve		5,274	5,274
Total equity		69,377	63,177
Taxation	19	-	1,940
Withholding tax	19	373	229
Trade and other payables	17	1,031	164
Total current liabilities		1,404	2,333
Total liabilities		1,404	2,333
Total equity & liabilities		70,781	65,510
Net asset value per share	10	1.02	0.93

Approved by the Board of Directors on 26 June 2017

Ian Dungate
Director

Dirk Van den Broeck
Director

The accompanying notes on pages 20 to 39 form an integral part of these consolidated financial statements.

Company Balance Sheet

	Notes	31 December 2016 US\$'000	31 December 2015 US\$'000
Trade and other receivables	13	35	34
Intercompany balances	5	67,680	57,741
Cash and cash equivalents	14	2,540	3,867
Total current assets		70,255	61,642
Total assets		70,255	61,642
Issued share capital	16	7,726	7,726
Retained earnings		56,377	48,568
Capital redemption reserve		5,274	5,274
Total equity		69,377	61,568
Trade and other payables	17	878	74
Total current liabilities		878	74
Total liabilities		878	74
Total equity & liabilities		70,255	61,642
Net asset value per parent company share		1.02	0.90

The gain made by the Company for the year ended 31 December 2016 was US\$8,643,000 (year ended 31 December 2015, loss US\$1,164,000).

Approved by the Board of Directors on 26 June 2017

Ian Dungate
Director

Dirk Van den Broeck
Director

The accompanying notes on pages 20 to 39 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Share capital US\$'000	Retained earnings US\$'000	Capital redemption reserve US\$'000	Total US\$'000
Balance at 1 January 2015	7,726	53,858	5,274	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	50,177	5,274	63,177

	Share capital US\$'000	Retained earnings US\$'000	Capital redemption reserve US\$'000	Total US\$'000
Balance at 1 January 2016	7,726	50,177	5,274	63,177
Gain for the year	-	8,412	-	8,412
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	8,412	-	8,412
Transactions with owners				
Dividends paid	-	(2,212)	-	(2,212)
Total contributions by and distributions to owners	-	(2,212)	-	(2,212)
Balance at 31 December 2016	7,726	56,377	5,274	69,377

The accompanying notes on pages 20 to 39 form an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

	Share Capital US\$'000	Retained earnings US\$'000	Capital redemption reserve US\$'000	Total US\$'000
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)
Total contributions by and distributions to owners	-	(2,541)	-	(2,541)
Balance at 31 December 2015	7,726	48,568	5,274	61,568

	Share Capital US\$'000	Retained Earnings US\$'000	Capital redemption Reserve US\$'000	Total US\$'000
Balance as 1 January 2016	7,726	48,568	5,274	61,568
Profit for the year	-	10,021	-	10,021
Total comprehensive income for the year	-	10,021	-	10,021
Transactions with owners:				
Dividends paid	-	(2,212)	-	(2,212)
Total contributions by and distributions to owners	-	(2,212)	-	(2,212)
Balance at 31 December 2016	7,726	56,377	5,274	69,377

The accompanying notes on pages 20 to 39 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Notes	For the year ended 31 December 2016 US\$'000	For the year ended 31 December 2015 US\$'000
Operating activities			
Group profit/(loss) before tax		7,037	(864)
Adjustments for:			
Net changes in fair value on financial assets		(3,143)	6,266
Realised gain on sale of investments		(2,977)	(4,206)
Interest income		(9)	(34)
Operating income before changes in working capital		908	1,162
Decrease/(increase) in trade and other receivables		29	(76)
Increase/(decrease) in trade and other payables		867	(125)
Cash generated from operations		1,804	961
Interest received		9	34
Income tax paid		(421)	(206)
Cash flows generated from operating activities		1,392	789
Investing activities			
Net purchase of financial assets		(188)	(1,208)
Decrease in funds held in escrow		2,256	23
Cash flows generated from/(used in) investing activities		2,068	(1,185)
Financing activities			
Dividends paid		(2,212)	(2,541)
Cash flows used in financing activities		(2,212)	(2,541)
Net increase/(decrease) in cash and cash equivalents		1,248	(2,937)
Cash and cash equivalents at beginning of year		11,182	14,057
Difference on foreign exchange		-	62
Cash and cash equivalents at end of year	16	12,430	11,182

The accompanying notes on pages 20 to 39 form an integral part of these consolidated financial statements.

Company Statement of Cash Flows

	Note	For the year ended 31 December 2016 US\$'000	For the year ended 31 December 2015 US\$'000
Operating activities			
Company profit/(loss) before tax		10,021	(1,164)
Operating expense before changes in working capital		10,021	(1,164)
(Increase)/decrease in trade and other receivables		(1)	16
Increase/(decrease) in trade and other payables		804	(2)
Cash flows generated/(used in) from operating activities		10,824	(1,150)
Investing activities			
Advance of intercompany loans		(9,939)	(4,751)
Cash flows used in investing activities		(9,939)	(4,751)
Financing activities			
Dividends paid		(2,212)	(2,541)
Cash flows used in financing activities		(2,212)	(2,541)
Net decrease in cash and cash equivalents		(1,327)	(8,442)
Cash and cash equivalents at beginning of year		3,867	12,309
Cash and cash equivalents at end of year	14	2,540	3,867

The accompanying notes on pages 20 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 2016 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 26 June 2017.

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). The pricing for these investments is based on last traded price or NAV prepared by the fund administrator and is a key estimate in the preparation of the financial statements.

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.

Certain comparatives have been restated in order to ensure consistent presentation with the current year figures.

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 full 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).

Notes to the Consolidated Financial Statements (continued)

3. Significant accounting policies (continued)

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.

“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.

The Group derecognises a financial asset when its contractual rights expire or it is transferred.

(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.

Notes to the Consolidated Financial Statements (continued)

3. Significant accounting policies (continued)

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.

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.

Notes to the Consolidated Financial Statements (continued)

3. Significant accounting policies (continued)

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.

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, being investing in accordance with the Company's investment objective.

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\$49,328,000 (2015: US\$41,016,000) of the Company's investments are classed as level 1 investments and US\$8,815,000 (2015: US\$10,819,000) of the Company's investments are classed as level 2 investments.

8 Financial assets at fair value through profit or loss

Group

31 December 2016: Financial assets at fair value through profit or loss; principally quoted equity securities:

Security name	Number	US\$'000
ABU DHABI Commercial Bank	593,000	1,114
AIR ARABIA	2,947,000	1,067
Al Meera Consumer Goods Co	21,218	1,019
Allami Nyomda (Hungarian Printing Co)	553,679	2,139
Ardent Leisure Group NPV	372,606	628
Artes SA	246,934	838
Bank Muscat	995,671	1,221
Bank of Georgia Holdings PLC	12,480	460
BB Votorantim	54,300	921
Belle Corp	12,000,000	773
BLOM Bank GDS*	173,272	1,889
Co-operative Bank of Kenya	2,974,100	383
Copa Holdings	15,265	1,387
Crnogorski Telekom AD Podgoric	222,624	661
Doha Bank	83,692	802
Emaar Misr for Development	2,998,000	476
Emperador Inc	4,279,000	603
Fabryki Mebli Forte	34,955	634
FDO S F Lima	589,582	398
Ferreycorp SAA	1,827,387	918
FI IMOB Projecto Agua Branca	1,800	162
Fii BM Edificio Galeria	39,200	612
Fii Torre Almirante	1,020	582
Fii Vila Olimpia Corporate	34,000	761
Galenika Fitofarmacija*	79,115	1,834
Gorenje Velenje	175,399	1,106
Great Wall Motor Company	569,000	531
Gulf Hotel Group	444,273	754
Gulf Warehousing	40,750	626
Holdsport Limited	230,501	988
IRSA-SP ADR	81,433	1,502
JMMB Group Limited	8,500,000	953
KCELL JT	318,630	1,020
Kernel Holdings SA	86,323	1,316
Komercijalna Banka AD	28,845	1,413

Notes to the Consolidated Financial Statements (continued)

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

Security name	Number	US\$'000
Kumho Petro Chem	17,850	433
Lotte Chilsung Beverage Co-PFD*	749	441
National Commercial Bank Jamaica Ltd	5,431,719	2,099
Nigerian Breweries	70,000	34
Oman Cement Company	464,950	572
Oman Refreshment Company*	175,000	980
Onatel BF	29,509	562
One Tech Holding	248,305	917
Onelogix Group Limited	2,128,792	519
Ooredoo	59,031	101
Polis Banc QF	1,789	1,538
QF BNL Portfolio IMM	845	415
Qingling Motors Co Ltd	3,042,615	922
Refineria La Pampilla SA	12,664,695	877
Residences Dar Saada	55,843	1,020
RFM Corporation	11,003,750	1,129
Scotia Group Jamaica	5,429,031	1,542
SDI Logistica Rio Fii	25,244	623
Shinyoung Securities Co Ltd	8,370	347
Silvano Fashion Group	148,299	462
Solidere	109,849	1,098
Speedy EAD-Sofia*	16,818	327
Square Pharma	692,707	2,167
Summit Power Ltd	2,596,398	1,207
Terra Argentina Fund LP - Series 1*	340,000	583
Terra Argentina Fund LP - Series 2*	510,000	894
Terra Argentina Fund LP - Series 3*	510,000	781
Terra Argentina Fund LP - Series 4*	340,000	414
Travellers International Hotel	9,300,000	616
Tunisie Leasing*	84,522	674
Tunisie Leasing Rights	3,296	26
UAC of Nigeria	1,043,009	57
X5 Retail Group NV	39,416	1,276
Total		58,143

*Level 2 investments: stated at last traded price or NAV reported by the fund administrator (for Terra Argentina Fund).

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

Notes to the Consolidated Financial Statements (continued)

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

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

Security name	Number	US\$'000
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
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

Notes to the Consolidated Financial Statements (continued)

9 Net finance income

	2016 US\$'000	2015 US\$'000
Interest income on bank balances	9	7
Finance income	9	7
Bank charges	(9)	(13)
Finance cost	(9)	(13)
Net finance (expense)/income	-	(6)

10 Net asset value per share

The consolidated net asset value per share as at 31 December 2016 is US\$1.02 based on 68,299,236 Ordinary Shares in issue as at that date (2015: US\$0.93 based on 68,299,236 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 of the administrator.

Details of director's remuneration is set out in Note 18.

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 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. 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 US\$3,400,000 in Terra Argentine Fund L.P., \$1,700,000 of which had been called down at 31 December 2016. 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, rebate received US\$242,210 (2015 US\$53,330).

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.

Notes to the Consolidated Financial Statements (continued)

12 Charges and fees (continued)**12.1 Nominated adviser and broker fees (continued)**

Total advisory fees payable to the Nominated Adviser and Broker for the year ended 31 December 2016 amounted to US\$40,821 (2015: US\$52,206) with US\$ Nil due at 31 December 2016 (2015 US\$ Nil).

12.2 Administrator and Registrar fees

Administration fees payable for the year ended 31 December 2016 amounted to US\$121,500, (31 December 2015: US\$97,993) and Crest fees US\$8,979 (2015: US\$9,122) with administration fees of US\$31,500 still due at 31 December 2016 (31 December 2015: US\$30,000).

12.3 Audit and professional fees

Audit fees for the year ended 31 December 2016 amounted to US\$32,036 (31 December 2015: US\$30,000). Professional fees for the year ended 31 December 2016 amounted to US\$52,333 (31 December 2015: US\$142,998).

12.4 Manager's fees

Management fees payable for the year ended 31 December 2016 amounted to US\$822,894 but owing to the receipt of a rebate from Terra Argentina Fund these were reduced to US\$580,894 (2015: US\$820,057) and the amount accrued but not paid at the period end was \$73,085 (31 December 2015: \$39,439).

Performance fees payable for the year ended 31 December 2016 amounted to US\$711,673 (2015: US\$Nil). Performance fees accrued but not paid for the year ended 31 December 2016 amounted to US\$711,673 (31 December 2015: US\$Nil)

13 Trade and other receivables

	Group	Company	Group	Company
	31 December	31 December	31 December	31 December
	2016	2016	2015	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Prepayments and other receivables (note 20)	208	35	237	34
Total	208	35	237	34

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 and Parent Company.

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 2016	31 December 2015
Profit/(loss) attributable to owners of the Company (US\$'000)	8,412	(1,140)
Weighted average number of Ordinary Shares in issue (thousands)(excluding shares held in Treasury)	68,299	68,299
Basic and diluted earnings/(loss) per share (cents per share)	12.32	(1.67)

Notes to the Consolidated Financial Statements (continued)

16 Share capital

	31 December 2016	31 December 2015
	US\$'000	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 2015: 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 2015: 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 2016 the Company repurchased Nil (31 December 2015: Nil) Ordinary shares, at a cost of US\$Nil (31 December 2015: US\$Nil). Nil (31 December 2015: Nil) shares were subsequently cancelled, with 8,956,423 Ordinary shares retained in Treasury (31 December 2015 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	Company	Group	Company
	31	31	31	31
	December	December	December	December
	2016	2016	2015	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Current liabilities				
Sundry creditors and accruals	1,031	878	164	74
Total	1,031	878	164	74

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.

At 31 December 2016 Directors fees payable were US\$ Nil (2015: US\$ Nil)

19 Taxation

	2016	2015
	US\$'000	US\$'000
Balance at 1 January	1,940	1,939
Macau tax (release of)/addition to tax provision	(1,940)	1
Balance at 31 December	-	1,940

The Company won its appeal against a claim by the Macau Tax Authorities in regard to the sale of the AIA Tower. As a result of this the provision brought forward was released.

Notes to the Consolidated Financial Statements (continued)

19 Taxation (continued)

Withholding tax

	2016 US\$'000	2015 US\$'000
Balance at 1 January	229	160
Charge for the year	565	276
Paid in the year	(421)	(207)
Balance at 31 December	373	229

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 2016, 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\$872,000 (31 December 2015 : US\$778,000).

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 2016	Monetary Assets US\$'000	Monetary Liabilities US\$'000	Net Exposure US\$'000
United Arab Emirate Dirham	2,226	-	2,226
Australian Dollar	640	-	640
Bangaldeshi Taka	3,401	(205)	3,196
Bulgarian Lev	328	-	328
Bahraini Dinar	754	-	754
Brazilian Real	4,076	-	4,076
Egyptian Pound	476	-	476
Euro	4,197	-	4,197
British Pound	460	-	460
Hong Kong Dollar	1,453	-	1,453
Croatian Kuna	-	-	-
Hungarian Forint	2,139	-	2,139
Jamaican Dollar	4,593	-	4,593
Kenyan Shilling	383	-	383
South Korean Won	1,239	(4)	1,235
Moroccan Dirham	1,020	-	1,020
Macedonian Denar	1,538	-	1,538
Nigerian Naira	147	(2)	145
Omani Rial	2,874	-	2,874
Peruvian Nueva Sol	1,795	-	1,795
Philippine Peso	3,120	-	3,120
Polish Zloty	1,937	-	1,937
Qatari Rial	2,580	-	2,580
Serbian Dinar	1,839	(163)	1,676
Tunisian Dinar	2,455	-	2,455
Uganda Shilling	40	-	40
Vietnamese Dong	-	-	-
CFA Franc	562	-	562
South African Rand	1,526	-	1,526
US Dollar	22,983	(1,030)	21,953
	70,781	(1,404)	69,377

Notes to the Consolidated Financial Statements (continued)

20 Financial instruments (continued)

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

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 2016 US\$'000	31 December 2015 US\$'000
Financial assets at fair value through profit or loss	58,143	51,835
Funds held in escrow	-	2,256
Trade and other receivables	208	237
Cash at bank	12,430	11,182
	70,781	65,510

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
2016					
Taxation payable	-	-	-	-	-
Trade and other payables	1,404	-	-	-	-
	1,404	-	-	-	-
2015					
Taxation payable	-	-	1,940	-	-
Trade and other payables	393	-	-	-	-
	393	-	1,940	-	-

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 2016. 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 2016	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets				
Investments at fair value through profit or loss	-	-	58,143	58,143
Trade and other receivables	-	-	208	208
Funds held in escrow	-	-	-	-
Cash	12,430	-	-	12,430
Total financial assets	12,430	-	58,351	70,781
Financial liabilities				
Trade and other payables	-	-	1,404	1,404
Taxation payable	-	-	-	-
Total financial liabilities	-	-	1,404	1,404
Total interest rate sensitivity gap	12,430	-	-	12,430

	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	13,438	-	-	13,438

Notes to the Consolidated Financial Statements (continued)

21 Post balance sheet events

On 27 February 2017 the shareholders approved a tender for 6,829,924 shares at a price of US\$0.98 per share.

22 Capital commitments

At 31 December 2016 The Company had an outstanding commitment to subscribe a total of \$1,700,000 at Net Asset Value for shares in the Terra Argentine Fund LP.

TERRA CAPITAL PLC
(the “Company”)

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of the Company will be held at the offices of Galileo Fund Services Limited, Millennium House, 46 Athol Street, Douglas, Isle of Man, IM1 1JB, British Isles on 10 August 2017 at 3.00pm to consider the following resolutions:

ORDINARY RESOLUTIONS

1. THAT the Report of the Directors, Auditors’ Report and the Audited Consolidated Financial Statements of the Company for the year ended 31 December 2016 be received and adopted.
2. THAT KPMG Audit LLC Isle of Man, who has indicated their willingness to continue in office, be re-appointed as Auditors of the Company for the year to 31 December 2017.
3. THAT the Directors be authorised to determine the remuneration of the Auditors.
4. THAT the Company be authorised to make market purchases of its own shares as follows:
 - i) the maximum number of shares authorised to be purchased is up to 14.99 per cent of the shares in issue at the time of the passing of this resolution;
 - ii) the minimum price which may be paid for each Ordinary Share is 10 US cents per share;
 - iii) the maximum price which may be paid for an Ordinary Share shall not be more than 5 per cent above the average of the middle market quotations for an Ordinary Share for the five business days immediately preceding the date on which the Ordinary Share is purchased; and
 - iv) this authority will expire on the earlier of 15 months from the passing of this resolution or the conclusion of the next annual general meeting.

BY ORDER OF THE BOARD

Ian Dungate
Company Secretary
26 June 2017

Registered office
Millennium House
46 Athol Street
Douglas
Isle of Man
IM1 1JE
British Isles

Notes:

- 1 A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him; a proxy need not be a member of the Company. In the case of joint holders, if more than one of such joint holder is present, only the person whose name stands first in the Register of Members in respect of the relevant joint holding will be entitled to vote, whether in person or by proxy.
- 2 A form of proxy accompanies this Notice. Completion and return of the form of proxy will not preclude a member from attending and voting at the Meeting if he so wishes. In the event that a member who has lodged a form of proxy attends the Meeting, his form of proxy will be deemed to have been revoked.
- 3 In order to be valid, the instrument appointing a proxy and the power of attorney or any authorisations of corporate representatives or other authority (if any) under which it is signed, or a copy, certified by a notary, of such power of attorney or authority, should be deposited at Galileo Fund Services Limited, Millennium House, 46 Athol Street, Douglas, Isle of Man, 1 1JB, British Isles (Attn: Ian Dungate, fax: +44 1624 692601), no later than 48 hours before the time appointed for holding the meeting.