

TERRA CAPITAL PLC

Consolidated Interim Report

30 June 2016

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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 |
| Nominated Adviser & Broker | Panmure Gordon & Co 1 New Change London EC4M 9AF |
| English Law Adviser | Lawrence Graham LLP 4 More London Riverside London SE1 2AU |
| Administrator and Registrar | Galileo Fund Services Limited Millennium House 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 |
| Investment Manager | Terra Partners Asset Management Limited Portomaso Tower Suite 8/5A Portomaso Avenue STJ4011 St Julians Malta |

Chairman's Statement

The Net Asset Value at 30 June 2016 stood at \$0.939 against \$0.925 at the end of 2015. When taking in to account the dividend of 3.24 cents per share paid in February, this NAV represents a total return for the six month period of 5.02%. This return of 5.02% compares favourably to the MSCI Frontier Markets Index which declined by 0.13% since 31 December 2015 and continues to demonstrate the benefits of the Investment Manager's value based approach.

The Company's portfolio holdings at June 30 comprised 65 positions with exposure to 27 currencies and is performing well on both an absolute basis and a relative basis as outlined in the Investment Manger's report below.

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 and equity exposure at 30 June 2016 stood at 85% spread across 65 positions in 42 different markets and 27 currencies. The portfolio is performing well on both an absolute basis and a relative basis as outlined in the Investment Manger's report below.

Further details can be found on the Company's website <http://terracapitalplc.com/>.

Sincerely yours,

Dirk Van den Broeck

Chairman

16 September 2016

Report of the Investment Manager

TCA's First Half Return & Portfolio

The Fund's NAV increased to \$0.939 at June 30th, 2016 from \$0.925 as of December 31, 2015, after taking account of the dividend of 3.24 cents per share paid on 29 February 2016, this represents a net total return of 5.02% for the six month period.

The Fund's investment level (equity, fixed income and hedging) increased from 85.23% at December 31 2015 (including commitment to Terra Argentine Fund) to 92.0% at June 30.

Specific Areas of Investment:

Asia

The Fund's exposure to Asia increased from 16.83% to 22.80%, and is now the fund's largest regional exposure. The fund increased its position in five holdings, which include Kcell (Kazakhstan), Century Pacific Foods (Philippines), Belle Corp (Philippines), Travelers Int'l Hotels (Philippines), and Emperador (Philippines). The fund liquidated its position in Hyundai (Korea).

Europe

The Fund's exposure to Europe decreased slightly from 24.67% to 22.09%, and is now the second largest regional allocation. The Fund liquidated three positions: JSC Acron (Russia), PKP Cargo (Poland), and VIB Vermoegen (Germany). There were no other changes during the period.

Americas

The allocation to this region increased from 16.93% to 20.13%. The fund contributed to the fourth capital call in the Terra Argentine Fund and initiated a new investment strategy in Brazil. In addition, it increased its position in Copa Holdings. The Fund decreased its holdings in Refineria La Pampilla (Peru) and Ferreycorp (Peru).

Middle East

Exposure to the Middle East decreased during the last quarter from 16.56% to 16.40%. The Fund increased its holdings in Blom Bank (Lebanon), Solidere (Lebanon), and Abu Dhabi Commercial Bank (UAE). The Fund decreased its holdings in Oman Cement (Oman) and Bank Sohar (Oman).

Africa

The Fund's allocation to Africa decreased slightly from 10.23% to 10.54%. The Fund increased its position in Holdsport (South Africa) and Umeme (Uganda) and initiated a new position in Nigerian Breweries (Nigeria). The fund decreased its position in Onatel (Burkina Faso) and UAC of Nigeria (Nigeria).

Fund Details

Details of the Company's holdings may be found in note 7 on pages 13 to 14

Respectfully Submitted by:

Terra Partners Asset Management Limited

Suite 8/5A, Portomaso Tower, Portomaso Avenue,
St. Julian's STJ 4011 Malta

Regulated by the Malta Financial Services Authority, Reg. No. C 56353

Unaudited consolidated income statement

| | Note | For the period from 1 January 2016 to 30 June 2016 US\$'000 | For the period from 1 January 2015 to 30 June 2015 US\$'000 |
|--|------|--|--|
| Income | | | |
| Net changes in fair value on financial assets at fair value through profit or loss | | 2,310 | (1,806) |
| Realised gain on sale of financial assets at fair value through profit or loss | | 174 | 2,433 |
| Interest income on cash balances | | 8 | 5 |
| Interest income on bonds | | - | 34 |
| Dividend income on quoted equity investments | | 1,884 | 2,036 |
| Total net income | | 4,376 | 2,702 |
| Manager's fees | 6 | (364) | (385) |
| Audit and professional fees | | (59) | (45) |
| Other expenses | | (538) | (367) |
| Administrative and other expenses | | (961) | (797) |
| Profit before tax | | 3,415 | 1,905 |
| Taxation | 12 | (229) | (155) |
| Profit for the period | | 3,186 | 1,750 |
| Basic and diluted earnings per share (cents per share) for the period | 10 | 4.66 | 2.56 |

The accompanying notes form an integral part of these interim consolidated financial statements

Unaudited consolidated statement of comprehensive income

| | For the period from 1 January 2016 to 30 June 2016 US\$'000 | For the period from 1 January 2015 to 30 June 2015 US\$'000 |
|--|--|--|
| Profit for the period | 3,186 | 1,750 |
| Other comprehensive income | | |
| Foreign exchange differences | (19) | (11) |
| Total comprehensive profit for the period | 3,167 | 1,739 |

The accompanying notes form an integral part of these interim consolidated financial statements

Unaudited consolidated balance sheet

| | Note | Unaudited At 30 June 2016 US\$'000 | Audited At 31 December 2015 US\$'000 |
|---|------|--|--|
| Financial assets at fair value through profit or loss | 8 | 57,161 | 51,835 |
| Funds held in escrow | | 2,254 | 2,256 |
| Trade and other receivables | 9 | 533 | 237 |
| Cash and cash equivalents | | 6,678 | 11,182 |
| Total current assets | | 66,626 | 65,510 |
| Total assets | | 66,626 | 65,510 |
| Issued share capital | 11 | 7,726 | 7,726 |
| Capital redemption reserve | | 5,274 | 5,274 |
| Retained earnings | | 50,300 | 49,326 |
| Foreign currency translation reserve | | 832 | 851 |
| Total equity | | 64,132 | 63,177 |
| Total current liabilities | | | |
| Taxation | 12 | 1,939 | 1,940 |
| Trade and other payables | 14 | 555 | 393 |
| Total current liabilities | | 2,494 | 2,333 |
| Total liabilities | | 2,494 | 2,333 |
| Total equity and liabilities | | 66,626 | 65,510 |
| Net Asset Value per share | 5 | 0.94 | 0.93 |

Approved by the Board of Directors on 16 September 2016

Ian Dungate

Director

Dirk van den Broeck

Director

The accompanying notes form an integral part of these interim consolidated financial statements

Unaudited consolidated statement of changes in equity

For the six months ended 30 June 2016

| | Share capital | Retained earnings | Capital redemption reserve | Foreign currency translation reserve | Total |
|--|------------------|----------------------|----------------------------------|---|----------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance at 1 January 2016 | 7,726 | 49,326 | 5,274 | 851 | 63,177 |
| Profit for the period | - | 3,186 | - | - | 3,186 |
| Other comprehensive income | | | | | |
| Foreign exchange translation differences | - | - | - | (19) | (19) |
| Total comprehensive profit | - | 3,186 | - | (19) | 3,167 |
| Dividends paid | - | (2,212) | - | - | (2,212) |
| Shares repurchased to be held in treasury | - | - | - | - | - |
| Total contributions by and distributions to owners | - | (2,212) | - | - | (2,212) |
| Balance at 30 June 2016 | 7,726 | 50,300 | 5,274 | 832 | 64,132 |

For the six months ended 30 June 2015

| | Share capital | Retained earnings | Capital redemption reserve | Foreign currency translation reserve | 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 |
| Profit for the period | - | 1,750 | - | - | 1,750 |
| Other comprehensive income | | | | | |
| Foreign exchange translation differences | - | - | - | (11) | (11) |
| Total comprehensive profit | - | 1,750 | - | (11) | 1,739 |
| 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 30 June 2015 | 7,726 | 52,216 | 5,274 | 840 | 66,056 |

The accompanying notes form an integral part of these consolidated financial statements

Unaudited consolidated statement of cash flows

| | For the period from 1 January 2016 to 30 June 2016 US\$'000 | For the period from 1 January 2015 to 30 June 2015 US\$'000 |
|--|--|--|
| Operating activities | | |
| Profit before tax | 3,415 | 1,905 |
| Adjustments for: | | |
| Net changes in fair value on financial assets at fair value through profit or loss | (2,310) | 1,806 |
| Finance income | (8) | (39) |
| Finance costs | - | - |
| Operating gain before changes in working capital | 1,097 | 3,672 |
| (Increase)/decrease in trade and other receivables | (294) | 9 |
| Increase/(decrease) in trade and other payables | 161 | (74) |
| | (133) | (65) |
| Taxation paid | (230) | (155) |
| Net finance costs paid | - | - |
| Interest received | 8 | 39 |
| Cash flows generated from operating activities | 742 | 3,491 |
| Investing activities | | |
| Purchase of financial assets | (7,709) | (9,049) |
| Proceeds from sale of financial assets | 4,693 | 4,057 |
| Funds held at Brokers | - | - |
| Cash flows used in investing activities | (3,016) | (4,992) |
| Financing activities | | |
| Purchase of shares | - | - |
| Dividends paid | (2,212) | (2,541) |
| Cash flows used in financing activities | (2,212) | (2,541) |
| Net decrease in cash and cash equivalents | (4,486) | (4,042) |
| Adjustment for foreign exchange | (18) | (11) |
| Cash and cash equivalents at beginning of period | 11,182 | 14,057 |
| Cash and cash equivalents at end of period | 6,678 | 10,004 |

The accompanying notes form an integral part of these consolidated interim financial statements

Notes to the consolidated financial statements

1. The Company

Terra Capital plc (formerly named *Speymill Macau Property Company plc*) 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.

Pursuant to the Extraordinary General Meeting held on 24 May 2012 a tender offer was made for ordinary shares of US\$0.10 each in the issued ordinary share capital of the Company at a price of US\$0.835 per ordinary share. As a result of the tender 36,896,674 shares were tendered and were purchased by the Company. At that same meeting the shareholders approved a plan to sell off the Company's real estate portfolio and change its investment mandate to investing in equities primarily in the Frontier and Emerging markets. This investment mandate was subsequently refined in an EGM held on the 26th January 2015 when the fees paid to the investment manager were also reduced and a potential wind up date for the fund in 2018. To obtain full details, all of the documentation may be found on the Company's website <http://www.terracapitalplc.com/regulatory-news>.

The interim consolidated financial statements of Terra Capital plc as at, and for, the six months ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements of the Group as at, and for, the year ended 31 December 2015 are available upon request from the Company's registered office at Millennium House, 46 Athol Street, Douglas, Isle of Man, IM1 1JB or at www.terracapitalplc.com.

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 in purchasing securities in Frontier markets for its portfolio.

2 Statement of compliance and significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at, and for, the year ended 31 December 2015.

These condensed consolidated interim financial statements were approved by the Board of Directors on 16 September 2016.

The Group has one segment focusing on achieving capital appreciation while attempting reduce risk primarily by applying a disciplined and diversified value investing philosophy. No additional disclosure is included in relation to segment reporting as the Group's activities are limited to one business segment.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at, and for, the year ended 31 December 2015.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015.

3 Use of estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

4 Finance income and costs

| | Period ended 30 June 2016 US\$'000 | Period ended 30 June 2015 US\$'000 |
|---------------------------|--|--|
| Bank interest income | 8 | 5 |
| Finance income | 8 | 5 |
| Bank charges | (5) | (2) |
| Finance costs | (5) | (2) |
| Net finance income | 3 | 3 |

5 Net asset value per share

The net asset value per share as at 30 June 2016 is US\$0.94 based on 68,299,236 ordinary shares in issue as at that date (excluding 8,956,423 shares held in treasury) (31 December 2015: US\$0.93 based on 68,299,236 ordinary shares).

6 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.

A total of \$3.4 million has been committed to be invested in the Terra Argentine Fund ("TAF") a fund managed by the Manager. It was determined by the Board that this was the most efficient method of obtaining a diversified investment in this market and the Manager has waived all duplicate fees on this investment pursuant to an agreement

Directors of the Company

Howard Golden and Filip Montfort are directors of the Manager. The Manager was appointed at the EGM held on 24 May 2012. Following the EGM, Mr Golden and Mr Yarden Mariuma resigned as directors of the Company and Mr Dirk van den Broeck was elected Chairman of the Board of Directors as an independent non-executive director and Mr Ian Dungate was elected as an independent director.

Filip Montfort is a director of the Investment Manager and remained as a Director of the Company following the above noted EGM until his resignation on 16 December 2015.

Mr 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 Directors remuneration throughout the period of his appointment.

Directors remuneration is disclosed in note 13

Notes to the consolidated financial statements continued

6 Related party transactions continued

The Investment Manager

Following the EGM held on 24 May 2012, the Company appointed the immediate predecessor to the current investment manager until the current investment manager, Terra Partners Asset Management, Limited ("TPAM") received its license in Malta and then the Investment Management Contract was assigned to TPAM to be the Group's investment manager (the "Manager").

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 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).

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. The performance fee for the period ending 30 June 2016 was US\$ Nil (30 June 2015: US\$ Nil).

Expenses

In addition, the Company shall be responsible for the payment of certain 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 and any other out-of-pocket expenses in excess of this maximum shall be borne by the Investment Manager.

The Administrator

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.

Notes to the consolidated financial statements continued

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\$46,440,000 (31 December 2015: US\$41,016,000) of the Company's investments are classed as level 1 investments and US\$10,721,000 (31 December 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

30 June 2016: Financial assets at fair value through profit or loss (all quoted equity securities, except Terra Argentina Fund LP):

| Security name | Number | US\$'000 |
|--|------------|----------|
| AIR ARABIA B23DL40 | 2,947,000 | 1,051 |
| ABU DHABI Commercial Bank (ADCB UH) | 248,000 | 408 |
| Ardent Leisure Group NPV | 372,606 | 522 |
| Square Pharma | 629,734 | 2,119 |
| Brac Bank Ltd | 2,710,489 | 1,819 |
| Speedy EAD-Sofia | 16,818 | 342 |
| Monbat AD-Sofia | 115,000 | 479 |
| Gulf Hotel Group | 444,273 | 752 |
| Bahrain Commercial Faciilti | 200,000 | 357 |
| SEEF Properties b.s.c | 1,414,577 | 715 |
| BB Votorantim (B65JNX7) | 20,599 | 325 |
| FDO S F Lima 2188023 | 129,135 | 84 |
| Fii BM Edificio Galeria B8C2Zb5 | 9,800 | 169 |
| Fii Torre Almirante B0B23L6 | 587 | 329 |
| QF BNL Portfolio IMM | 845 | 500 |
| Gorenje Velenje | 175,399 | 1,216 |
| Polis Banc QF | 1,789 | 2,160 |
| Silvano Fashion Group | 267,000 | 592 |
| Crnogorski Telekom AD Podgoric | 222,624 | 692 |
| Bank of Georgia Holdings PLC | 31,280 | 1,091 |
| Qingling Motors Co Ltd | 3,042,615 | 941 |
| Hrvatski Telekom DD | 36,228 | 755 |
| Allami Nyomda (Hungarian Printing Co) | 553,679 | 1,967 |
| JMMB Group Limited | 8,500,000 | 652 |
| National Commercial Bank Jamaica Ltd | 5,431,719 | 1,842 |
| Scotia Group Jamaica | 5,429,031 | 1,318 |
| Lotte Chilsung Beverage Co-Preference Shares | 749 | 552 |
| Shinyoung Securities Co Ltd | 8,370 | 363 |
| Kumho Petro Chem | 17,850 | 436 |
| Residences Dar Saada | 69,843 | 1,249 |
| Komercijalna Banka AD | 28,845 | 1,114 |
| Nigerian Breweries (6637286) | 70,000 | 34 |
| UAC of Nigeria | 1,541,658 | 109 |
| Bank Sohar SAOG | 1,116,811 | 499 |
| Oman Cement Company | 464,950 | 570 |
| Oman Refreshment Company | 175,000 | 1,000 |
| Refineria La Pampilla SA | 13,300,102 | 953 |
| Ferreycorp SAA | 1,827,387 | 866 |
| Century Pacific Food Inc BLRL853 | 2,102,999 | 975 |
| Emperador Inc BFGOSH1 | 4,279,000 | 658 |
| Travellers International Hot BFG0SX7 | 9,300,000 | 669 |
| Belle Corp 6090180 | 12,000,000 | 860 |

Notes to the consolidated financial statements continued

8 Financial assets at fair value through profit or loss continued

| Security name | Number | US\$'000 |
|---|------------|----------|
| RFM Corporation 6736213 | 11,003,750 | 976 |
| Kernel Holdings SA | 86,323 | 1,159 |
| Gulf Warehousing | 40,750 | 645 |
| Al Meera Consumer Goods Co | 21,218 | 1,230 |
| Doha Bank (DHBK QD) | 83,692 | 812 |
| Komercijalna Banka AD BE RSD | 7,231 | 93 |
| Galenika Fitofarmacija | 82,744 | 1,953 |
| Tunisie Leasing Rights | 3,296 | 28 |
| One Tech Holding | 248,305 | 816 |
| Tunisie Leasing | 84,522 | 732 |
| Artes SA (Automobile Reseau Tunisien) | 246,934 | 901 |
| UMEME Liimited | 5,870,000 | 861 |
| KCELL JT | 296,000 | 1,006 |
| X5 Retail Group NV | 57,416 | 1,140 |
| Copi Holdi NPV Class A | 15,265 | 798 |
| Terra Argentina Fund L.P. | 1,700,000 | 2,386 |
| BLOM Bank GDS GDS REPR 1 Ord B shs LBP10000 REG S | 156,272 | 1,570 |
| Lebanese GDS GDS (REPR Class A shs \$10) (REG S) | 95,308 | 905 |
| IRSA-SP ADR | 81,433 | 1,369 |
| Imexpharm Pharmaceutica | 802,158 | 1,609 |
| Onatel BF | 30,477 | 696 |
| Onelogix Group Limited | 2,281,292 | 449 |
| Holdsport Limited | 230,501 | 923 |
| Total | | 57,161 |

Notes to the consolidated financial statements continued

9 Trade and other receivables

| | 30 June 2016 US\$'000 | 31 December 2015 US\$'000 |
|-----------------------------------|--------------------------|------------------------------|
| Prepayments and other receivables | 533 | 237 |
| | 533 | 237 |

10 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted-average number of ordinary shares in issue during the period.

| | Period ended 30 June 2016 | Period ended 30 June 2015 |
|---|------------------------------|------------------------------|
| Profit attributable to equity holders of the Company (US\$'000) | 3,186 | 1,750 |
| Weighted average number of ordinary shares in issue (thousands) (excluding 8,956,423 held in treasury (2015: excluding 8,956,423 held in treasury)) | 68,299 | 68,299 |
| Earnings per share (cent per share) | 4.66 | 2.56 |

11 Share capital

| | 30 June 2015 US\$'000 | 31 December 2015 US\$'000 |
|--|--------------------------|------------------------------|
| Authorised: | | |
| 400,000,000 Ordinary shares of US\$0.10 each | 40,000 | 40,000 |
| 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 in issue, held in treasury | 896 | 896 |
| | 7,726 | 7,726 |

As at 30 June 2016, 8,956,423 Ordinary shares are 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

12 Taxation

| | 30 June 2016 US\$'000 | 31 December 2015 US\$'000 |
|---|--------------------------|------------------------------|
| Balance at 1 January | 1,940 | 1,939 |
| Withholding taxes on dividends received | 229 | 276 |
| Tax paid | (230) | (275) |
| Balance at 31 December | 1,939 | 1,940 |

Notes to the consolidated financial statements continued

12 Taxation continued

Following disposal of the AIA Tower in Macau in 2011 the local authorities imposed a tax liability which the Directors and Investment Manager felt was wrongly calculated. On 29 July 2016 the Company received notice that its appeal to the administrative court in Macau had been ruled in the Company's favour. This ruling was subsequently appealed by the authorities on 15 September 2016 and a final decision will take a further 6-9 months from this date. As explained in note 15, Post balance sheet events, this liability remains outstanding until such time as a ruling has been issued by the courts that cannot be appealed.

Isle of Man taxation

The Company is resident in the Isle of Man which means that it pays income tax at 0%. The Company pays a corporate charge of £390 to the Isle of Man Government for each tax year.

13 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 from the respective dates of their appointments. Mr Montfort who was entitled to remuneration of US\$30,000 per annum up until 16 December 2015 (the date of his resignation) had agreed to waive his Directors' fee for so long as he was associated with the Investment Manager.

14 Trade and other payables

| | 30 June 2016 US\$'000 | 31 December 2015 US\$'000 |
|-------------------------------|--------------------------|------------------------------|
| Sundry creditors and accruals | 555 | 393 |
| Total | 555 | 393 |

15 Contingent liabilities and capital commitments

The Company has committed to invest a total \$3,400,000 in Terra Argentine Fund L.P. A total of \$1,700,000 has been called and paid as at 30 June 2016 leaving a total commitment outstanding of \$1,700,000. It is not known whether this amount will be called up during the limited life of this investment.

16 Post balance sheet events

On 29 July 2016 the Company was advised by its counsel in Macau that the Administrative Court had decided the pending appeal regarding the total amount of tax demanded by the local authorities in connection with the sale of the AIA tower, in favour of the Company. This would mean that the Company is allowed to deduct the accumulated, but not applied, depreciation from the selling price of the AIA Tower, thereby reducing the taxes due by about \$1.9 million USD, which would result in the NAV of the Company increasing by approximately 2.8 cents per share.

The tax for the sale of the AIA Tower (sold as of Jan.1, 2012) was fully provisioned for when the Shareholders voted on April 30, 2012 for the conversion of the Company from being a property company to an investment company investing primarily in frontier markets.

The counterparty has on 15 September 2016 filed an appeal against this decision and a further decision is expected to take 6-9 months from the date of the appeal. An adverse decision by a higher court would not negatively affect the company's NAV since the amount has already been provisioned for. Any addition to the company's published NAV will be booked once there is a final, un-appealable decision.

Other than this, there have been no material events since the balance sheet date that require disclosure in the interim financial statements.