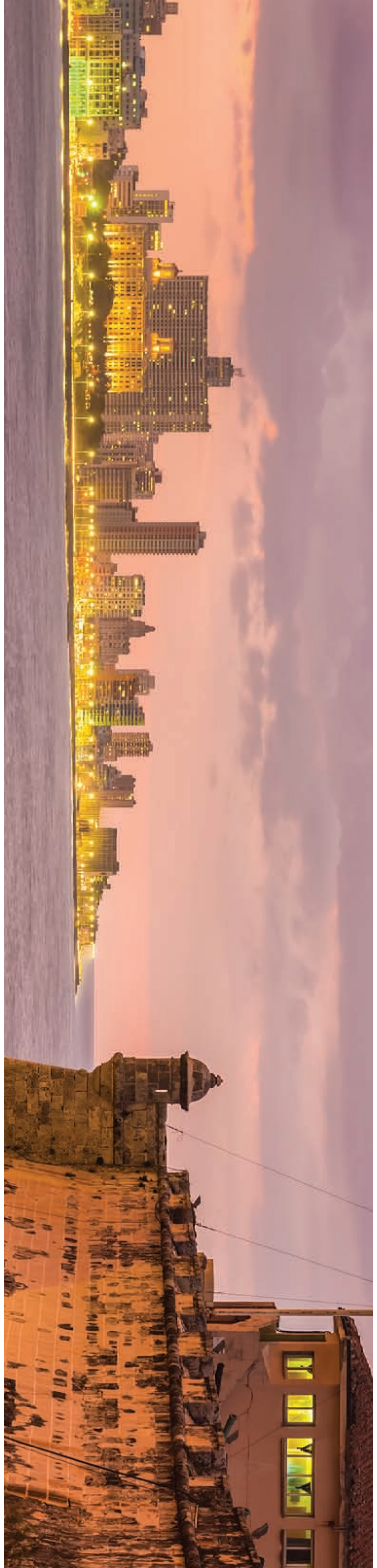
CEIBA INVESTMENTS Ltd

Consolidated Financial Statements
31 December 2017



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DIRECTORS AND MANAGEMENT

DIRECTORS
John Anthony Herring (Chairman)
Colin Kingsnorth
Sebastiaan A.C. Berger
Enrique Rottenberg

REGISTERED OFFICE
CEIBA Investments Limited
Dorey Court, Admiral Park
St. Peter Port, Guernsey
Channel Islands GY1 2HT

EXECUTIVES
Sebastiaan A.C. Berger (Chief Executive Officer)
Cameron Young (Chief Operating Officer)
Paul S. Austin (Chief Financial Officer)

ISIN CODE (ORDINARY SHARES)
GG00B5491D76

REGISTRATION NUMBER
30083

ADMINISTRATION AND KEY ADVISERS

ADMINISTRATOR, CUSTODIAN AND SECRETARY
JTC (Guernsey) Limited
Dorey Court, Admiral Park
St. Peter Port, Guernsey
Channel Islands GY1 2HT

REGISTRAR
Ansons Registrars Limited
Anson Place, Mill Court, La Charrotterie
St. Peter Port, Guernsey
Channel Islands GY1 1EJ

INDEPENDENT AUDITORS
Ernst & Young, Caribbean Professional Services Limited
Ground Floor, One Welches
Welches, St Tomas BB22025
Barbados

LEGAL ADVISERS
Carey Olsen
PO Box 98, Carey House, Les Banques
St. Peter Port, Guernsey
Channel Islands GY1 4BZ

On behalf of the Board of Directors, I am pleased to present the consolidated financial statements of CEIBA Investments Limited ("CEIBA" or "the Company") for the nine month period ended 31 December 2017. Since the Company recently changed its financial year-end to 31 December, these financial statements present the shortened transitional period and therefore show the performance of the Company over a nine-month period rather than a full year.

During the nine months ended 31 December 2017, the Company earned dividend income from its investments in Cuban joint venture companies totalling US$8,432,257. No dividend was paid in this period but the Company subsequently distributed a dividend of US$7 million in April 2018.

Occupancy of the Miramar Trade Center remains stable and strong at 100%, with a solid waiting list of potential new tenants wishing to lease space.

The performance of the Melia Habana Hotel was strong throughout most of 2017, boosted by growing tourist numbers generally and strong US travel to Havana during the first half of the year. However, occupancy and performance were negatively affected by the passage of Hurricane Irma in September 2017 as well as by more restrictive U.S. travel measures adopted by the Trump administration in November 2017. The recovery from these impacts in 2018 has been slow as a result of continued weakness in U.S. travel to Cuba.

Similarly, the performance of the three Varadero Hotels was strong through the first eight months of the year but was adversely affected by the passage of Hurricane Irma in September. Since the Varadero Hotels are much less impacted by U.S. travel, the recovery has been quicker and all three hotels are on track to recover lost ground by the end of the year.

The recent period has proven once again to be one of significant change and further positive progress towards the goals that the Company has set for itself, in a very exciting, but sometimes challenging environment.

Over the last year or so Cuba has faced some significant challenges. In September 2017, Hurricane Irma swept across the northern coast of the country leaving serious destruction in its wake. As always, the country was well prepared and there was little loss of life, but significant damage was caused to the agriculture sector, to the electrical grid and to a large number of tourism assets and infrastructure. Much of the city of Havana was flooded. The country has largely recovered but the hurricane has left some negative effects in the tourism sector.

On a financial front, the Cuban liquidity position remains challenging in the face of further decline in the level of Venezuelan support for the island following that country's continued political and economic difficulties.

The relationship between the United States and Cuba remains somewhat cautious and we have seen more restrictive rules regarding US travel towards the island, which have taken their toll on US arrival numbers, at least in the short term.

Cuba has reacted resiliently to these issues. As announced some time ago, Raul Castro stepped down from the presidency of the country in April 2018 and was replaced by Miguel Diaz-Canel, thus completing a smooth generational change in leadership. Although it is still early days for the new administration, public statements so far have stressed continuity with the policies of previous government, including, in particular adherence to the modernisation program undertaken in 2011 and the consistent call for a greater role for foreign investment in the Cuban economy, which is repeatedly emphasised as a key lever that may lead to strong economic development for the country.

The Board maintains its long-held view that direct foreign investment will play an important role in the coming years, and that the Company is well positioned to play a leading role in this process. The Board's strategy remains centered upon taking advantage of the coming period to continue consolidating and growing its investment portfolio and further developing its operating assets to the greatest extent possible.

During the month of November 2017, the Company purchased a significant additional interest in the joint venture company (Corporacion Interinsular Hispana S.A. ("CHISA")) that owns the three Varadero Hotels. As a result of this transaction, the Company gained a controlling majority interest in CIHSA, which was subsequently merged into HOMASI S.A. (the company in which the Company holds its interest in the Melia Habana Hotel). In turn, HOMASI S.A. has, together with its Cuban partner Cubanacan S.A., agreed to merge the two joint venture companies that own the Melia Habana and Varadero Hotels, and to renew the land rights for all four hotels for a further term of 25 years. The formalization of the merger of the two Cuban joint venture companies is presently in the process of final approval by the Cuban government, which is expected imminently. As part of this transaction, Melia Hotels International S.A., the operator of the hotels, acquired from the Company a significant additional equity interest in these properties, solidifying the long-standing alliance between the Company and the leading international hotel operator in the Cuban market. This is a very important transaction for the Company, since in addition to providing further interests in existing, well known hotel assets, this deal has also provided a final resolution of the land rights issue and will allow for the upgrade and expansion of the Melia Habana Hotel (adding 168 new rooms and a conference center) as well as the upgrade and future expansion of the Varadero Hotels.

In April 2018, CEIBA made a significant step forward in the construction of a hotel in Trinidad, on the south coast of Cuba. TosCuba S.A., the company in which the Company holds its interest in this hotel development, executed a turn-key construction contract with AEI Construcciones Trinidad, an international economic association between a Cuban and a foreign construction company for the purpose of constructing the 400 room Melia Trinidad Hotel on an undeveloped beach property on the Ancon Peninsula. Construction is planned to commence in November 2018.

Recently the Company entered into a management agreement with Aberdeen Fund Managers Limited ("AFML"), a subsidiary of Aberdeen Standard Investments plc. With over £500 billion in assets under management, Aberdeen Standard Investments is one of the leading asset management groups in the UK, with significant experience in managing listed real estate and emerging market investment vehicles. Under the terms of the management agreement, the management of the assets of the Company will be undertaken by AFML for a management fee of 1.5% of net assets with no additional perfomance fees. The management team of the Company that is resident in Cuba will continue to be employed by the Company and Sebastiaan Berger will relocate to London and become an employee of Aberdeen Asset Management PLC, although spending much of his time in Cuba. In return for being granted the mandate to manage the assets of the Company, AFML will pay to the Company US$5 million when the management agreement comes into effect upon the successful conclusion of the IPO (as further detailed below).

During the last year, the Company has been carrying out a restructuring aimed at simplifying its corporate structure and preparing itself to be a public company. As part of this process, shareholders will soon be receiving further information and will be asked to vote on certain corporate matters that are believed by the Board to be fundamental, including a share split and the adoption of new Articles of Incorporation. As previously advised, the Company is seeking a listing for its ordinary shares on the Specialist Fund Segment of the London Stock Exchange (the "IPO"). This will provide shareholders with liquidity while also providing the Company with funds for its investment and development opportunities. Subject to market conditions, it is anticipated that the IPO will occur by the end of September 2018.

As part of the preparatory steps to IPO, the Board of the Company appointed three new independent non-executive members as of 18 June 2018: Peter Cornell, Keith Corbin and Trevor Bowen. In addition, Sebastiaan Berger and Enrique Rottenberg resigned from the Board. As mentioned above, Sebastiaan will be joining the Aberdeen Asset Management PLC team as lead portfolio manager responsible for the Company, and Enrique will continue to act as the General Manager of the Miramar Trade Center in Havana, the Company's largest asset. I take advantage of this opportunity to welcome the new Board members, who I am sure will contribute greatly to the success of the Company going forward.

Finally, I would like to acknowledge the executive management team for their contribution in managing the assets of the Company portfolio and in developing the exciting new opportunities. I would also extend my thanks to our shareholders for their continued support.

John A. Herring
Chairman

The Directors present their consolidated financial statements for the nine months ended 31 December 2017.

Activities

The principal investment objective of CEIBA Investments Limited ("CEIBA" or the "Company") is to achieve capital growth and dividend income from direct and indirect investment in or with Cuban businesses, primarily in the tourism and commercial real estate sectors, and other financial transactions and revenue-generating investments primarily related to Cuba.

The Company is represented in Cuba by CEIBA Property Corporation Limited ("CPC"), a wholly-owned subsidiary of the Company. CPC's Havana office has a team of Cuban and foreign professionals with a proven track record of successful negotiation, acquisition, development and implementation of projects in Cuba. In particular, the following activities are carried out from the Havana office:

(i) The monitoring and supervision of the activities of the operating assets that the Company has invested in;
(ii) The sourcing, analysis and negotiation of potential acquisitions and new development projects; and
(iii) The structuring and coordination of treasury and finance operations.

Performance and Results

The income of the Company consists primarily of changes in the fair value of equity investments and dividend income. Changes in the fair value of equity investments resulted in an increase in value of US$4,575 (31 March 2017: US$17,338,571). Dividend income earned by the Company from its commercial and tourism real estate investments was US$8,431,257 (31 March 2017: US$13,139,634) (see note 8).

The net income attributable to the shareholders for the nine months ended 31 December 2017 amounted to US$5,458,602 (twelve months ended 31 March 2017: US$26,595,328). There was no charge for taxation.

Dividends

There were no dividends declared during the nine months ended 31 December 2017. Dividends declared of the year ended 31 March 2017 were US$7,000,000 or US$0.5201 per share.

Directors and their interests

Except as stated in note 14 to the consolidated financial statements, no Director has had an interest in any transaction which, during the reporting period, was carried out by the Company, or any interest, direct or indirect, in the promotion of the Company or in any assets which have been acquired or disposed of or leased to the Company or are proposed to be acquired, disposed of by or leased to the Company. The names of the Directors and their interests in the share capital of the Company as at 31 December 2017 are shown in note 14.

Auditors

The appointment of EY Caribbean Professional Services Limited as the Company's auditors was approved at the Annual General Meeting of the Company held on 27 December 2017.

The consolidated financial statements were approved by the Board of Directors on 15 June 2018 and signed on its behalf:

Sebastiaan A.C. Berger
Director

John A. Herring
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors have elected to prepare consolidated financial statements of the Company for the nine months ended on 31 December 2017, which presents a true and fair view of the state of affairs of the Company and of the income or loss for the period then ended. In preparing these consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have assumed responsibility for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and for ensuring that the consolidated financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls and engaging the independent auditors. The Directors carry out this responsibility through the Audit Committee, which meets regularly with management and the independent auditors. The Audit Committee is composed of two members who are independent of management. The consolidated financial statements have been reviewed and approved by the Directors and the Audit Committee. The independent auditors have direct and full access to the Audit Committee and Directors. In so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Caribbean Professional Services Limited
Ground Floor, One Welches
Welches, St Tomas BB22025
Barbados

INDEPENDENT AUDITORS' REPORT

**To the Shareholders of
CEIBA Investments Limited:**

Opinion

We have audited the consolidated financial statements of CEIBA Investments Limited (the Company), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present a true and fair view, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the Companies (Guernsey) Law, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (ESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the ESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the Companies (Guernsey) Law, 2008, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Responsibilities for the Audit of the Financial Statements (continued)
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements
We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

– The Company has not kept proper accounting records; or
– The consolidated financial statements are not in agreement with the accounting records; or
– We have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

19 June 2018

Caribbean Professional Services Limited

Caribbean Professional Services Limited
An affiliate firm of Ernst & Young Global

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	31 Dec 2017 US$	31 Mar 2017 US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	11,630,102	2,154,710
Accounts receivable and accrued income	5	34,587,361	2,437,758
Loans and lending facilities	6	1,890,547	979,631
Total current assets		**48,108,010**	**5,572,099**
NON-CURRENT ASSETS			
Accounts receivable and accrued income	5	98,850	31,890
Loans and lending facilities	6	2,587,065	3,295,121
Equity investments	8	217,086,037	163,773,953
Property, plant and equipment	9	495,670	519,056
Total non-current assets		**220,267,622**	**167,620,020**
TOTAL ASSETS		**268,375,632**	**173,192,119**
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	10	3,443,064	2,899,732
Short-term borrowings	11	35,820,895	-
Total current liabilities		**39,263,959**	**2,899,732**
TOTAL LIABILITIES		**39,263,959**	**2,899,732**
EQUITY			
Share capital	12	19,014,379	19,014,379
Share premium	12	49,657,630	49,657,630
Special reserve held for distribution		22,620,289	22,620,289
Revaluation surplus		248,199	248,199
Retained earnings		83,575,787	78,117,185
Accumulated other comprehensive income (loss)		103,867	(24,878)
Equity attributable to the shareholders of the parent		**175,220,151**	**169,632,804**
Non–controlling interest	12	53,891,522	659,583
TOTAL EQUITY		**229,111,673**	**170,292,387**
TOTAL LIABILITIES AND EQUITY		**268,375,632**	**173,192,119**

See accompanying notes 1 to 20, which are an integral part of these consolidated financial statements.

Sebastiaan A.C. Berger
Director

J. A. Herring

John A. Herring
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine months ended 31 December 2017

	Note	9 months 31 Dec 2017 US$	12 months 31 Mar 2017 US$
INCOME			
Change in fair value of equity investments	8	4,575	17,338,571
Dividend income	8	8,431,257	13,139,634
Interest income		279,080	255,316
Gain on sale of investments	7	218,300	-
Travel agency commissions		132,742	205,845
		9,065,954	**30,939,366**
EXPENSES			
Change in fair value of financial liabilities	11	(446,276)	-
Management costs	14	(1,027,290)	(1,527,795)
Other staff costs		(237,867)	(301,458)
Travel		(235,114)	(265,879)
Participation agreement payments to third parties	8	(369,575)	(694,590)
Operational costs		(158,333)	(234,580)
Legal expenses		(391,244)	(213,479)
Administration fees and expenses		(297,743)	(254,662)
Interest expense		(877,789)	-
Audit fees		(258,525)	(304,948)
Miscellaneous expenses		(81,088)	(62,766)
Director fees and expenses	14	(56,031)	(71,607)
Depreciation	9	(33,917)	(46,728)
		(4,470,792)	**(3,978,492)**
Foreign exchange gain (loss)		823,384	(380,109)
NET INCOME BEFORE TAXATION		**5,418,546**	**26,580,765**
Income taxes	3.8	-	-
NET INCOME FOR THE PERIOD		**5,418,546**	**26,580,765**
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Exchange differences of translation of foreign operations		198,069	57,510
TOTAL COMPREHENSIVE INCOME		**5,616,615**	**26,638,275**
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the parent		5,458,602	26,595,328
Non-controlling interest		(40,056)	(14,563)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Shareholders of the parent		5,587,347	26,652,838
Non–controlling interest		29,268	(14,563)
Basic and diluted earnings per share	15	0.41	1.98

See accompanying notes 1 to 20, which are an integral part of these consolidated financial statements.

Sebastiaan A.C. Berger
Director

John A. Herring
Director

CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine months ended 31 December 2017

	Note	9 months 31 Dec 2017 US$	12 months 31 Mar 2017 US$
OPERATING ACTIVITIES			
Net income for the period		5,418,546	26,580,765
Items not effecting cash:			
Depreciation	9	33,917	46,728
Change in fair value of equity investments	8	(4,575)	(17,338,571)
Change in fair value of financial liabilities	11	446,276	-
Gain on sale of investment	7	(218,300)	-
Foreign exchange gain		(823,384)	-
		4,852,480	9,288,922
Decrease (increase) in accounts receivable and accrued income		2,007,320	(2,019,626)
(Decrease) increase in accounts payable and accrued expenses		(1,684,355)	937,116
NET CASH FLOWS FROM OPERATING ACTIVITIES		**5,175,445**	**8,206,412**
INVESTING ACTIVITIES			
Acquisition of subsidiary (net of cash)		(32,887,180)	-
Purchase of equity investments	8	(406,724)	(881,324)
Disposal of equity investments	7, 8	1,189,993	-
Purchase of property, plant & equipment	9	(10,531)	(49,968)
Loans and lending facilities disbursed		-	(4,274,752)
Loans and lending facilities recovered		298,500	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(31,815,942)**	**(5,206,044)**
FINANCING ACTIVITIES			
Short-term borrowings	11	35,374,619	-
Payment of cash dividends		-	(11,000,000)
Contribution received from non-controlling interest		221,177	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**35,595,796**	**(11,000,000)**
CHANGE IN CASH AND CASH EQUIVALENTS		**8,955,299**	**(7,999,632)**
Cash and cash equivalents at beginning of the period		2,154,710	10,154,342
Foreign exchange on cash		520,093	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**11,630,102**	**2,154,710**
Dividends received		10,584,761	10,986,130
Interest received		187,538	255,316
Interest paid		(877,789)	-

See accompanying notes 1 to 20, which are an integral part of these consolidated financial statements.

Sebastiaan A.C. Berger
Director

J. A. Herring

John A. Herring
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine months ended 31 December 2017

	9 months 31 Dec 2017 US$	12 months 31 Mar 2017 US$
SHARE CAPITAL		
Initial balance	19,014,379	19,014,379
Final balance	**19,014,379**	**19,014,379**
SHARE PREMIUM		
Initial balance	49,657,630	49,657,630
Final balance	**49,657,630**	**49,657,630**
SPECIAL RESERVE HELD FOR DISTRIBUTION		
Initial balance	22,620,289	29,620,289
Dividends	-	(7,000,000)
Final balance	**22,620,289**	**22,620,289**
REVALUATION SURPLUS		
Initial balance	248,199	248,199
Final balance	**248,199**	**248,199**
RETAINED EARNINGS		
Initial balance	78,117,185	51,521,857
Net income for the period attributable to shareholders of the parent	5,458,602	26,595,328
Final balance	**83,575,787**	**78,117,185**
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		
Initial balance	(24,878)	(82,388)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	128,745	57,510
Final balance	**103,867**	**(24,878)**
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	**175,220,151**	**169,632,804**
NON–CONTROLLING INTEREST		
Initial balance	659,583	674,146
Non-controlling interest generated during period	53,202,671	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	69,324	-
Net loss for the period attributable to non-controlling interest	(40,056)	(14,563)
Final balance	**53,891,522**	**659,583**
TOTAL EQUITY	**229,111,673**	**170,292,387**

See accompanying notes 1 to 20, which are an integral part of these consolidated financial statements.

Sebastiaan A.C. Berger
Director

John A. Herring
Director

1. CORPORATE INFORMATION

These consolidated financial statements for the nine months ended 31 December 2017 include the accounts of CEIBA Investments Limited and its subsidiaries, which are collectively referred to as the "Company" or "CEIBA". These consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 15 June 2018.

CEIBA, through its subsidiaries, is an international venture investment company that was incorporated in 1995 in Guernsey, Channel Islands as a Registered Closed Ended Collective Investment Scheme for the purpose of investing in Cuba. On 1 May 2013, the status of the Company changed to an unregulated investment company rather than a regulated investment fund. The registered office of the Company is located at Dorey Court, Admiral Park, St. Peter Port, Guernsey, Channel Islands GY1 2HT.

The principal holding and operating subsidiary of the Company is CEIBA Property Corporation Limited ("CPC") which holds a license issued by the Cuban Chamber of Commerce and has offices in Cuba located at the Miramar Trade Center, Edificio Barcelona, Suite 401, 5ta Avenida, esq. a 76, Miramar, Playa, La Habana, Cuba.

The principal investment objective of CEIBA is to achieve capital growth and dividend income from direct and indirect investment in or with Cuban businesses, primarily in the tourism and commercial real estate sectors, and other revenue-generating investments primarily related to Cuba.

The Company currently invests in Cuban joint venture companies that are active in two major segments of Cuba's real estate industry: (i) the development, ownership and management of revenue-producing commercial properties, and (ii) the development, ownership and management of hotel properties. In addition, the Company occasionally arranges and participates in secured finance facilities and other interest-bearing financial instruments granted in favour of Cuban borrowers, primarily in the tourism sector. The Company's asset base is primarily made up of equity investments in Cuban joint venture companies that operate in the real estate segments mentioned above.

The majority of employees are contracted through third party entities or receive a fixed monthly salary. The Company and its subsidiaries do not have any obligations in relation to other future employee benefits.

2. BASIS OF PREPARATION

2.1 Statement of compliance and basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments and certain property, plant and equipment as disclosed in note 3.12 which are measured at fair value through the statement of comprehensive income, in accordance with International Financial Reporting Standards ("IFRS") as prescribed by the International Accounting Standards Board ("IASB").

2.2 Functional and presentation currency

These consolidated financial statements are presented in United States Dollars ("US$"), which is the Company's functional currency. The majority of the Company's income, equity investments and transactions are denominated in US$, with the exception of HOMASI, whose functional currency is the Euro; and Mosaico Hoteles, whose functional currency is the Swiss Franc.

Items included in the consolidated financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates.

2.3 Use of estimates and judgments

The preparation of the Company's consolidated financial statements, in conformity with IFRS, requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Management judgements

The key management judgements made by Management in relation to the financial statements are:

a) That the Company is not an Investment Entity (refer note 3.16);

b) That the Company is a Venture Capital Organisation (refer note 3.17).

Management estimates – valuation of equity investments

Significant areas requiring the use of estimates include the valuation of equity investments. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

In determining estimates of recoverable amounts and fair values for its equity investments, the Company relies on independent valuations, historical experience, assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. Assumptions underlying asset valuations are limited by the availability of reliable comparable data and the uncertainty of predictions concerning future events (see note 8).

By their nature, asset valuations are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the carrying amounts could change and, potentially, by a material amount.

2.4 Reportable operating segments

An operating segment is a distinguishable component of the Company that is engaged in the provision of products or services (business segment), which is subject to risks and rewards that are different from those of other segments. The primary segment reporting format of the Company is determined to be business segments as the Company's risks and returns are affected by the differences in investment activities.

2.5 Equity investments

Equity investments include the direct and indirect interests of the Company in Cuban joint venture companies, which in turn hold commercial properties, hotel properties and hotel properties under development. Cuban joint venture companies are incorporated under Cuban law and have both Cuban and foreign shareholders.

Equity investments of the Company are recorded at fair value in accordance with IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"), on the basis of the exception provided for per IAS 28. Changes in fair value are recognised in the statement of comprehensive income in the period of the change. Dividends from equity investments are recognised when the Company's right to receive payment of the dividend is established.

2.6 Change in accounting period

On 11 December 2017, the Board of Directors resolved to change the financial year end of the Company to 31 December from 31 March; in order to harmonize the Company's accounting period with the joint venture companies of its equity investments. As a consequence, the current financial year end as at 31 December 2017 is a special nine month period with comparative figures of the twelve month period ended 31 March 2017.

2.7 Changes in accounting policies

Standards and interpretations applicable this period

The accounting policies applied during this year are fully consistent with those applied in the previous year.

During the fiscal year beginning on April 1, 2017 the Company applied the following standard applicable for reporting periods beginning on or after 1 January 2017:

Amendment to IAS 7: These amendments require entities to provide disclosures about changes in liabilities arising from financing activities.

The remaining new standards or changes to pre-existing standards, compulsorily applicable to fiscal years beginning on April 1, 2017, have no impact on the Company's financial statements given that they involve equity components, types of transactions, special situations, activity sectors, or information elements foreign to the nature, characteristics and operations of the Company. In addition, the Company has refrained from applying in advance any standard, interpretation or amendment, which, having already been issued, is not yet mandatory.

Standards and interpretations issued by the IASB, but not compulsorily applicable this period:

At the date of issuance of these financial statements, the following three standards with potential impact on the Company had been published by the IASB:

IFRS 9 Financial Instruments: IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" (and all previous versions of IFRS 9), collecting all three phases of the financial instruments project: Classification and measurement, Impairment and Hedge accounting. IFRS 9 is mandatory for annual reporting periods beginning on or after 1 January 2018. Except for hedge accounting, application with retrospective effect is required, but no change to comparative information is needed.

IFRS 15 Revenue from Contracts with Customers: IFRS 15 establishes a new accounting base according to a five-step model framework by which revenue is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. This new standard will repeal all other standards existing at present concerning the revenue recognition, and will be effective as of January 1, 2018. The standard will be implemented retrospectively (fully or partially) in its first year.

IFRS 16 Leases: IFRS 16 involves significant changes for lessees, who in most cases will have to recognize an asset for the right to use and a liability for the present value of future leases in their statement of financial position. There are few changes for lessors compared to the current IAS 17, which is replaced by IFRS 16. (Full or partial) application with retrospective effect for reporting periods beginning on or after January 1, 2019 is required.

As mentioned above, earlier application of IFRS 9, 15 and 16 is permitted; however the Company has not chosen to implement them now and will apply them at the indicated mandatory dates. In any case, these standards have a considerable degree of complexity and the Company has not completed studying them. Therefore, it is not possible to determine at this time their impact, if any, on the Company's financial statements.

The Company intends to adopt these standards, amendments and interpretation, if they apply, when they become effective. The Company is currently assessing the impact of them.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2017. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Company has control. The Company has direct and indirect interests in Cuban joint venture companies that are not consolidated in the consolidated financial statements, but are accounted for in accordance with IAS 28. As a result of applying the fair value exception to equity accounting, the investments in these entities are recorded at fair value, with changes in fair value recognised in the statement of comprehensive income in the period of the change (see note 3.16). The Company had direct and indirect equity interests in the following entities as at 31 December 2017 and 31 March 2017:

Entity Name	Country of Incorporation	Equity interest held by the Company or holding entity	
		31 Dec 2017	31 Mar 2017
1. CEIBA Property Corporation Limited (a) (i)	Guernsey	100%	100%
1.1. GrandSlam Limited (a) (ii)	Guernsey	100%	100%
1.2. Antilles Property Limited (a) (iv)	Guernsey	100%	100%
1.3. CEIBA MTC Properties Inc. (a) (iii)	Panama	100%	100%
1.3.1. Inmobiliaria Monte Barreto S.A. (b) (v)	Cuba	49%	49%
1.4. CEIBA Tourism B.V. (a) (vi)	Netherlands	100%	100%
1.4.1. Corporación Interinsular Hispana S.A. (c) (iii)	Spain	-	15%
1.4.1.1. Cuba Canarias S.A. (e) (vii)	Cuba	-	50%
1.4.2. HOMASI S.A. (a) (iii)	Spain	65%	100%
1.4.2.1. Miramar S.A. (b) (viii)	Cuba	50%	50%
1.4.2.2. Cuba Canarias S.A. (e) (vii)	Cuba	50%	-
1.4.3. Mosaico B.V. (a) (iii)	Netherlands	80%	80%
1.4.3.1. Mosaico Hoteles S.A. (a) (iii)	Switzerland	100%	100%
1.4.3.1.1. TosCuba S.A. (b) (ix)	Cuba	50%	50%
2. Industrias Antillanas Limited (a) (iii)	Guernsey	-	100%
2.1. Caricel Inc. (c) (iii)	Barbados	-	10%
2.1.1. Intercan Inc. (e) (iii)	Barbados	-	100%
2.1.1.1. Productos Sanitarios S.A. (e) (x)	Cuba	-	50%
2.2. WOMY Equipment Rental B.V. (c) (xi)	Netherlands	-	25%

(a) Company consolidated at 31 December 2017 and 31 March 2017.
(b) Company accounted at fair value at 31 December 2017 and 31 March 2017.
(c) Company accounted at fair value at 31 March 2017.
(d) Company accounted at fair value at 31 December 2017.
(e) Underlying operating company.

(i) Holding company for the Company's interests in real estate investments in Cuba that are facilitated by a representative office in Havana.
(ii) Operates a travel agency that provides services to international clients for travel to Cuba.
(iii) Holding company for underlying investments, conducting no operating activity and with no other significant assets.
(iv) Company which is currently inactive and in the process of being liquidated.
(v) Joint venture company that holds the Miramar Trade Center as its principal asset.
(vi) Dutch company responsible for the holding and management of the Company's investments in tourism. In December 2017 it was converted from a cooperative to a limited liability company (B.V.).
(vii) Joint venture company that holds as its principal assets the Meliá Las Americas Hotel, Meliá Varadero Hotel and Sol Palmeras Hotel.
(viii) Joint venture company that holds the Meliá Habana Hotel as its principal asset.
(ix) Joint venture company incorporated to build a beach hotel in Trinidad, Cuba.
(x) Joint venture company that operates a paper mill in Cuba producing tissue paper products.
(xi) Company that offers rental services of cranes, earthmovers, forklifts and other equipment to the Cuban construction and mining industry. See note 7.

All inter-company transactions, balances, income, expenses and unrealised surpluses and deficits on transactions between CEIBA Investments Limited and its subsidiaries have been eliminated on consolidation. Non-controlling interest represent the interests in the operating results and net assets of subsidiaries attributable to minority shareholders.

3.2 Foreign currency translation

Transactions denominated in foreign currencies during the period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the reporting date into functional currency at the exchange rate at that date. Foreign currency differences arising on translation are recognised in the consolidated statement of comprehensive income as foreign exchange income (loss).

The financial statements of foreign subsidiaries included in the consolidation are translated into the reporting currency in accordance with the method established by IAS 21, *The Effects of Changes in Foreign Exchange Rates*. Assets and liabilities are translated at the closing rates at the statement of financial position date, and income and expense items at the average rates for the period. Translation differences are taken to other comprehensive income and shown separately as foreign exchange reserves on consolidation without affecting income. Translation differences during the period ended 31 December 2017 were income of US$198,069 (31 March 2017: income of US$57,510).

The exchange rate used in these consolidated financial statements at 31 December 2017 is 1 Euro = 1.1940 US$ (31 March 2017: 1 Euro = 1.0687 US$).

3.3 Change in fair value from equity investments and short term borrowings at fair value through profit or loss

Changes in fair value from equity investments and short term borrowings at fair value through profit or loss includes all realised and unrealised fair value changes, but excludes interest and dividend income.

3.4 Dividend income

Dividend income arising from the Company's equity investments designated at fair value through profit or loss is recognised in the consolidated statement of comprehensive income when the Company's right to receive payment is established.

3.5 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is recognised in the consolidated statement of comprehensive income.

3.6 Travel agency commissions

GrandSlam, a wholly-owned subsidiary of the Company, is a travel agency that acts as an intermediary between the customer and airlines, tour operators and hotels. GrandSlam facilitates transactions and earns a commission in return for its service. This commission may take the form of a fixed fee per transaction or a stated percentage of the customer billing, depending on the transaction and the related vendor. Consequently, in accordance with IAS 18 *Revenue recognition*: "The amounts collected on behalf of the principal are not revenue; instead, revenue is the amount of commission."

3.7 Fees and expenses

All fees and expenses are recognised in the statement of comprehensive income on the accrual basis as the related services are performed. Transaction costs incurred during the acquisition of an investment are recognised within the expenses in the consolidated statement of comprehensive income. Transaction costs incurred on the disposal of investments are deducted from the proceeds of sale.

3.8 Taxation

Deferred taxes are provided for the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities using current corporation tax rate.

Deferred tax liabilities are recognized for temporary differences that will result in taxable amounts in future years. Deferred tax assets are recognized for temporary differences that will result in deductible amounts in future years. Where it is not certain that the temporary difference will be reversed no deferred taxation asset is established. At 31 December 2017 and 31 March 2017 the Company has not established a deferred tax assets or liabilities.

The average tax rates applicable to the income of Company and its subsidiaries in their respective jurisdictions are as follows:

Guernsey	0%
Barbados	2.5%
The Netherlands	0%
Panama	0%
Spain	0%
Cuba	15%

3.9 Financial assets and financial liabilities

(a) Recognition and initial measurement

Financial assets and financial liabilities at fair value through profit or loss are measured initially at fair value.

(b) Classification

The Company has classified financial assets and financial liabilities into the following categories:

Financial assets and financial liabilities designated at fair value through profit or loss:

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when one of the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis or,

- The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy or,
- The financial instrument contains one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities designated at fair value through profit or loss are carried in the consolidated statement of financial position at fair value. Changes in fair value are recognized in the statement of comprehensive income.

Financial assets and financial liabilities designated at fair value through profit or loss are the following:

- Equity Investments (using the exemption of IAS 28 for investments in joint ventures held by venture capital organizations or similar entities that allows fair value accounting instead of equity accounting, see notes 2.3 and 3.1).
- Short-term Borrowings (due to the existence of an equity conversion feature, see note 11).

Financial assets and financial liabilities measured at amortised cost:

Financial assets and financial liabilities measured at amortised cost are initially recognized at fair value and are subsequently measured at amortised cost using the effective interest rate methodology, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. Therefore, the Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of the loan, hence, recognising the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (prepayments, penalty interest and charges). If expectations are revised the adjustment is booked a positive or negative adjustment to the carrying amount in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the income statement.

Financial assets and financial liabilities measured at amortised cost are the following:

- Cash and cash equivalents,
- Accounts receivable and accrued income,
- Loan and advances,
- Accounts payable and accrued expenses

(c) Fair value measurement

Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction on the measurement date.

The Company does not have any instruments quoted in an active market. 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.

As the financial instruments of the Company are not quoted in an active market, the Company establishes their fair values using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, estimated replacement costs and discounted cash flow analyses. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions of similar instruments or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the other instruments that are substantially the same or based on a valuation technique whose variables include only data from observable markets.

All changes in fair value of financial assets, other than interest and dividend income, are recognised in the consolidated statement of comprehensive income as change in fair value of financial instruments at fair value through profit or loss.

(d) Identification and measurement of impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets measured at amortised cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower, default or delinquency by a borrower, restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers in the group, or economic conditions that correlate with defaults in the group. When a subsequent event causes the amount of loss to decrease, the decrease in impairment is reversed through the statement of comprehensive income.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows. Impairment losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognised in the statement of comprehensive income.

The Company writes off financial assets carried at amortised cost when they are determined to be uncollectible.

(e) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability in the consolidated statement of financial position.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the consolidated statement of comprehensive income.

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

3.10 Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and short-term deposits and other short-term highly liquid investments with remaining maturities at the time of acquisition of three months or less.

3.11 Loans and lending facilities

Loans and lending facilities comprise investments in unquoted interest-bearing financial instruments. They are carried at amortised cost. Interest receivable is included in accrued income.

3.12 Property, plant and equipment

Property, plant and equipment, with the exception of works of art, held by the Company and its subsidiaries are stated at cost less accumulated depreciation and impairment. Depreciation is calculated at rates to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Office furniture and equipment	4 to 7 years
Motor vehicles	5 years

The carrying amounts are reviewed at each statement of financial position date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

Works of art are carried at their revalued amount, which is the fair value at the date of revaluation. Increases in the net carrying amount are recognised in the related revaluation surplus in shareholders' equity. Valuations of works of art are conducted with sufficient regularity to ensure the value correctly reflects the fair value at the statement of financial position date. Valuations are mostly based on active market prices, adjusted for any difference in the nature or condition of the specific asset.

3.13 Share capital

Ordinary shares are classified as equity if they are non-redeemable, or redeemable only at the Company's option. Up until 30 March 2011, the issued shares of the Company were ordinary shares having a nominal par value of €0.10 each. Issuances of ordinary shares until this date have been translated into US$ using the exchange rates prevailing at the dates of the transactions. The equivalent of €0.10 of each ordinary share issued has been allocated to the share capital account and the remaining balance of the proceeds received to the share premium account.

3.14 Special reserve held for distribution

The special reserve was created by the conversion of the share premium account to allow for the distribution of dividends. Dividends paid by the Company may be accounted for as a reduction in the special reserve.

3.15 Acquisitions of subsidiary that is not a business

Where a subsidiary is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity or assets and liabilities is allocated between the identifiable assets and liabilities (of the entity) based on their relative values at the acquisition date.

Accordingly, no goodwill or deferred taxation arises.

3.16 Assessment of investment entity status

Entities that meet the definition of an investment entity within IFRS 10 "Consolidated Financial Statements" are required to measure their subsidiaries at fair value through profit and loss rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company's objective includes providing investment management services to investors to achieve capital growth and dividend income from direct and indirect investment in or with Cuban businesses, primarily in the tourism and commercial real estate sectors, and other revenue-generating investments primarily related to Cuba.

However in addition to reviewing fair values, the Company also reports to its Directors, via internal management reports, various other performance indicators in relation to the operating performance of the investments. Therefore Management is not measuring and evaluating the performance of the investments solely on a fair value basis.

Accordingly Management has concluded that the Company does not meet the definition of an investment entity. These conclusions will be reassessed on a continuous basis, if any of these criteria or characteristics change.

3.17 Assessment of venture capital organisation

There is no specific definition of a "venture capital organisation". However, venture capital organisations will commonly invest in start-up ventures or investments with long term growth potential.

Venture capital organisations will also frequently obtain board representation for the investments that it has acquired an equity interest. The Company has representation on all of the Board of Directors of the Joint Ventures in which it has an interest and participates in strategic policy decisions of its investments, but does not exercise management control.

Accordingly Management has concluded that the Company is a venture capital organisation and has applied the exemption in IAS 28 "Investments in Associates and Joint Ventures" to measures it investments in joint ventures at fair value through profit or loss.

4. CASH AND CASH EQUIVALENTS

	31 Dec 2017 US$	31 Mar 2017 US$
Cash on hand	11,929	15,797
Bank current accounts (i)	11,618,173	2,138,913
	11,630,102	**2,154,710**

(i) Balance without restriction.

5. ACCOUNTS RECEIVABLE AND ACCRUED INCOME

	31 Dec 2017 US$	31 Mar 2017 US$
Receivable from Inmobiliaria Monte Barreto S.A.	-	2,153,504
Capital contributions due from non-controlling interest (note 8)	-	151,177
Receivable from Cubacan S.A. (i)	13,875,060	-
Receivable from Melia Hotels International S.A. (ii)	20,500,000	-
Other accounts receivable and deposits	311,151	164,967
	34,686,211	**2,469,648**
Current portion	**(34,587,361)**	**(2,437,758)**
Non–current portion	**98,850**	**31,890**

(i) This amount relates to dividends receivable acquired as part of the acquisition of a subsidiary (see note 8). It is currently anticipated this amount will be settled against future capital contributions to Miramar (see note 20).

(ii) This amount relates to the sale of a non-controlling interest to Melia Hotels International S.A. (see note 7), which was received in cash in January 2018.

Accounts receivable and accrued income have the following future maturities:

	31 Dec 2017 US$	31 Mar 2017 US$
Up to 30 days	20,667,190	78,260
Between 31 and 90 days	33,419	2,351,647
Between 91 and 180 days	13,881,989	3,818
Between 181 and 365 days	4,763	4,033
Over 365 days	98,850	31,890
	34,686,211	**2,469,648**

6. LOANS AND LENDING FACILITIES

	31 Dec 2017 US$	31 Mar 2017 US$
Casa Financiera FINTUR S.A. (i)	4,477,612	4,274,752
	4,477,612	**4,274,752**
CURRENT PORTION	**(1,890,547)**	**(979,631)**
NON–CURRENT PORTION	**2,587,065**	**3,295,121**

(i) In July 2016, the Company participated in a €24,000,000 syndicated facility provided to Casa Financiera FINTUR S.A. ("FINTUR"). The facility has a term of 48 months, a fixed interest rate of 8%, quarterly payments of interest only for the first 12 months, and twelve quarterly principal and interest payments beginning 30 September 2017. This facility was secured by Euro-denominated off-shore tourism proceeds payable to FINTUR by certain international hotel operators managing hotels in Cuba.

The loans and lending facilities portfolio has the following maturities:

	31 Dec 2017 US$	31 Mar 2017 US$
Up to 30 days	298,508	-
Between 31 and 90 days	497,512	-
Between 91 and 180 days	497,512	-
Between 181 and 365 days	597,015	979,631
Over 365 days	2,587,065	3,295,121
	4,477,612	**4,274,752**

7. CHANGES IN EQUITY INVESTMENTS DURING THE PERIOD

HOMASI S.A. and Corporación Interinsular Hispana S.A.

HOMASI S.A. ("HOMASI") is a Spanish company that owns a 50% equity interest in the Cuban joint venture company Miramar S.A. ("Miramar"), which has constructed and owns a 397-room hotel in Havana, Cuba known as the Meliá Habana Hotel. At 31 March 2017, the Company held a 100% equity interest in HOMASI, representing a total economic interest of 86% taking into account non-equity participation agreements held by third parties of 14% (in turn representing a 43% total economic interest in Miramar).

Corporación Interinsular Hispana S.A. ("CIHSA") is a Spanish company that owns a 50% equity interest in the Cuban joint venture company Cuba-Canarias S.A. ("Cubacan"), which has constructed and owns three hotels located in Varadero, Cuba having a total of 1,437 rooms known as the Meliá las Americas, Meliá Varadero and Sol Palmeras Hotels (the "Varadero Hotels"). At 31 March 2017, the Company held a 15% equity interest in CIHSA (representing an economic interest of 12.75%) and a 15% non-equity participation agreement (the "CIHSA Participation Agreement"), together representing a 27.75% total economic interest in CIHSA (in turn representing a 13.875% interest in Cubacan).

In November and December 2017, the Company and its strategic partner, Melia Hotels International S.A. ("MHI"), carried out a series of transactions involving HOMASI and CIHSA, which involved the following steps:

- In November 2017, the Company through its subsidiary CEIBA Tourism B.V. ("CEIBA Tourism") acquired an additional 51.5% equity interest in CIHSA (representing an economic interest of 43.775%) for a purchase price of US$35,000,000, bringing its total equity interest in CIHSA to 66.5% (representing a total economic interest in CIHSA of 71.525% taking into account the 15% CIHSA Participation Agreement held by the Company). As part of the acquisition of the majority interest in CIHSA, the company acquired cash in bank accounts totalling US$2,112,820 and other net current assets (excluding cash) of US$13,087,257.

- In December 2017, MHI acquired the 14% participation agreements in HOMASI from companies related to MHI. The participation agreements were subsequently converted into shares equal to a 14% equity interest of HOMASI.

- In December 2017, HOMASI and CIHSA were merged whereby HOMASI absorbed the assets and liabilities of CIHSA. Upon the merger, the participation agreement in CIHSA held by the Company was terminated resulting in the Company holding a 78.4% equity interest in HOMASI with the remaining 21.6% equity interest held by MHI.

- In December 2017, the Company sold a 13.4% equity interest in HOMASI to MHI for a purchase price of US$20,500,000, which increased the equity interest of MHI in HOMASI to 35%. The Company recorded a gain on sale on this transaction of US$33,650.

The result of the above transactions is that the Company at 31 December 2017 held a 65% equity interest in HOMASI with MHI holding a 35% non-controlling interest. As well, subsequent to the transactions HOMASI held the full 50% foreign equity interest in both Cuban joint venture companies, Miramar and Cubacan.

Womy Equipment Rental B.V.

Womy Equipment Rental B.V. ("Womy") has received a license as a (100% foreign-owned) operator within the Zona Especial de Desarrollo Mariel ("ZED Mariel") to offer rental services of cranes, earthmovers, forklifts and other equipment to the Cuban construction and mining industry. In September 2016, the Company agreed to subscribe for a 25% interest in the share capital of Womy for a total purchase price of €750,000 (US$895,500) of which the Company had contributed €732,000 (US$780,343) as of 31 March 2017. On 31 May 2017, the majority shareholder of Womy exercised its option, as per the Shareholder Agreement, to purchase the shares held by the Company for a purchase price equal to the capital contributions made to date of €732,000 (US$780,343) plus an 18% premium. As a result, the Company received total proceeds of €863,760 (US$964,993) and recorded a gain on sale of US$184,650.

Caricel Inc.

The Company, through it's wholly owned subsidiary Industrias Antillanas Ltd. Held a 10% equity interest in Caricel Inc. Caricel Inc. holds an indirect 50% interest in the Cuban joint venture company, Productos Sanitarios S.A., that operates a paper mill in Cuba producing tissue paper products. In December 2017, the Company sold its 100% interest in Industrias Antillanas Ltd. for a purchase price of $225,000 to BY Capital Ltd., a company held by related parties. See note 14.

8. EQUITY INVESTMENTS

	31 Dec 2017 US$	31 Mar 2017 US$
Inmobiliaria Monte Barreto S.A.	77,708,907	80,961,787
Miramar S.A.	57,014,708	59,131,372
CIHSA	-	19,469,763
Cubacan S.A.	78,750,010	-
TosCuba S.A.	3,612,412	3,205,688
Womy Equipment Rental B.V.	-	780,343
Caricel Inc.	-	225,000
	217,086,037	**163,773,953**

	Monte Barreto US$	Miramar (i) US$	CIHSA (ii) US$	Cubacan (iii) US$	TosCuba (iv) US$	Womy US$	Caricel US$	Total US$
BALANCE AT 1 APRIL 2016	**76,917,742**	**45,888,232**	**19,418,377**	**-**	**3,104,707**	**-**	**225,000**	**145,554,058**
Acquisitions and capital contributions	-	-	-	-	100,981	780,343	-	881,324
Change in fair value of equity investments	4,044,045	13,243,140	51,386	-	-	-	-	17,338,571
BALANCE AT 31 MARCH 2017	**80,961,787**	**59,131,372**	**19,469,763**	**-**	**3,205,688**	**780,343**	**225,000**	**163,773,953**
Acquisition of subsidiary	-	1,533,106	(22,187,322)	65,928,294	-	-	-	43,740,972
Acquisitions and capital contributions	-	-	-	-	406,724	-	-	406,724
Proceeds from sale of investments	-	-	-	-	-	(964,993)	(225,000)	(1,189,993)
Realised gains	-	-	-	-	-	184,650	-	184,650
Shares issued to non-controlling interest for cancellation of participation agreement	-	10,165,156	-	-	-	-	-	10,165,156
Change in fair value of equity investments	(3,252,880)	(12,281,820)	2,717,559	12,821,716	-	-	-	4,575
BALANCE AT 31 DECEMBER 2017	**77,708,907**	**57,014,708**	**-**	**78,750,010**	**3,612,412**	**-**	**-**	**217,086,037**

(i) The value of Miramar at 31 December 2017 represents the 50% foreign equity interest in Miramar including non-controlling interests. The value at 31 March 2017 represents the Company's 43% interest in Miramar comprised of: (a) share equity interests, and (b) contractual interests in its net earnings arising under Participation Agreements (further discussed below).

(ii) At 31 March 2017, the equity investments in CIHSA are comprised of: (a) share equity interests, and (b) contractual interests in its net earnings arising under Participation Agreements (further discussed below). The total net economic interest of the Company in CIHSA at 31 March 2017 was 27.75%.

(iii) The value of Cubacan at 31 December 2017 represents the 50% foreign equity interest in Cubacan including non-controlling interests.

(iv) The Company owns an 80% interest in Mosaico B.V., which in turn has an indirect 50% share equity interest in TosCuba S.A., a Cuban joint venture company that is developing a 400 room 4-star hotel at Playa Maria Aguilar near the city of Trinidad, Cuba. To date, TosCuba S.A. has invested approximately US$6.7 million in the acquisition of surface rights, the development of architectural works and technical drawings, ground preparation and other capitalized costs. The Company has made capital contributions of US$3,612,412 (31 March 2017: US$3,205,688 which is the estimated fair value of the investment. The 20% interest in Mosaico B.V. held by a third party has been accounted for as a non-controlling interest in these financial statements. Total capital contributions made by the non-controlling interest to Mosaico B.V. as of 31 December 2017 were US$701,177 (31 March 2017: US$550,000 with additional capital contributions pending to be made of US$151,177).

Below is a description of the principal equity investments of the Company and the key assumptions used to estimate their fair values.

Monte Barreto

The Company holds the full foreign equity interest of 49% in the Cuban joint venture company Monte Barreto, incorporated in 1996 for the construction and subsequent operation of the Miramar Trade Center. The Miramar Trade Center is a six-building complex comprising approximately 80,000 square meters of constructed area of which approximately 56,000 square meters is net rentable area.

The Company is the sole foreign investor in Monte Barreto and holds its 49% interest in the joint venture company through its wholly-owned subsidiary CEIBA MTC Properties Inc. ("CEIBA MTC"), incorporated in Panama. The remaining 51% interest in Monte Barreto is held by the Cuban company Inmobiliaria LARES S.A. ("LARES"), a wholly-owned subsidiary of Corporación CIMEX S.A., a diversified commercial corporation owned by the Cuban government.

The incorporation and operations of Monte Barreto are governed by a deed of incorporation (including an association agreement and corporate by-laws) dated 7 March 1996 between LARES and CEIBA MTC. Under the Monte Barreto Deed of Incorporation, Monte Barreto was incorporated for an initial term of 50 years expiring in 2046. All decisions at shareholder meetings require the unanimous agreement of the Cuban and foreign shareholders.

Key assumptions used in the estimated fair value of Monte Barreto:

The fair value of the equity investment in Monte Barreto is determined by the Directors of the Company taking into consideration various factors, including estimated future cash flows from the investment, estimated replacement costs, transactions in the private market and other available market evidence to arrive at an appropriate value. The Company may also engage an independent valuation firm to perform an independent valuation in situations where it requires additional expertise. The Directors also take into account available information relating to the underlying properties, including current working capital.

Cash flows have been estimated until 2046 when the joint venture expires. The key assumptions used in the discounted cash flow model are the following:

	31 Dec 2017	31 Mar 2017
Discount rate (after tax)	9.9%	9.9%
Occupancy year 1	99%	99%
Average occupancy year 2 to 7	97%	97%
Occupancy year 8 and subsequent periods	95%	95%
Average rental rates per square meter per month–year 1 to 4	US$25.97	US$26.43
Annual increase in rental rates subsequent to year 4 (i)	2%	2%
Capital investments as percentage of rental revenue	2%	2%

(i) The increase in subsequent periods is in-line with the rate of long-term inflation.

Miramar

At 31 December 2017 the Company holds 65% of the share equity of HOMASI, representing a 32.5% interest in Miramar. The 35% interest in HOMASI held by MHI, representing a 17.5% interest in Miramar, has been accounted for as a non-controlling interest in these financial statements.

At 31 March 2017, the Company held 100% of the share equity of HOMASI and an economic interest, considering third party participation agreements, of 86%, representing a 43% interest in Miramar. HOMASI had previously entered into participation agreements sold in a prior period to third parties, which represent a total of 14% of the economic interest of its net income. The participation agreements effectively split the economic interest of HOMASI's net income between the holders of the participation agreements and the holders of the share equity. For the nine months ended 31 December 2018 amounts earned under these agreements totalled US$369,575 and are recorded as an expense of the Company (year ended 31 March 2017: US$694,590). The participation agreements were converted to share equity of HOMASI in November 2017 (see note 7).

HOMASI is the foreign shareholder (incorporated in Spain) that owns a 50% share equity interest in the Cuban joint venture company Miramar, which has constructed and owns the Meliá Habana Hotel, a 5-star hotel that has 397 rooms, including 16 suites. The remaining economic interests in Miramar not held by the Company are held by other foreign investors (as to 7%) and by the Cuban company, Corporación de Turismo y Comercio Internacional, Cubanacán S.A. ("CUBANACAN") (as to 50%).

The incorporation and operations of Miramar are governed by a deed of incorporation (including an association agreement and corporate by-laws) dated 22 October 1993 between CUBANACAN and HOMASI. Under the Miramar Deed of Incorporation, Miramar was incorporated for an initial term of 25 years from the start-up of operations of the Meliá Habana Hotel (which began operations in September 1998), thus expiring in September 2023. All decisions at shareholder meetings require the unanimous agreement of the Cuban and foreign shareholders.

Key assumptions used in the estimated fair value of Miramar:

The fair value of the equity investment in Miramar is determined by the Directors of the Company taking into consideration various factors including estimated future cash flows of the investment, estimated replacement costs, transactions in the private market and other available market evidence to arrive at an appropriate value. The Company may also engage an independent valuation firm to perform an independent valuation in situations where it requires additional expertise. The Directors also take into account available information relating to the underlying hotel property, including historical cash flows generated by the underlying hotel properties and current working capital.

Cash flows have been estimated for a ten year period. Cash flows from year 11 onward are equal to the capitalised amount of the cash flows at year 10. The key assumptions used in the discounted cash flow model are the following:

	31 Dec 2017	**31 Mar 2017**
Discount rate (after tax)	12.6%	12.4%
Average occupancy years 1 to 10	78%	80%
Average daily rate per room–year 1	US$216.00	US$246.33
Average increase in average daily rate per room–year 2 to 6	6%	3%
Increase in average daily rate per room subsequent to year 6 (i)	3%	2%
Capital investments as percentage of total revenue	7%	7%

(i) The increase in subsequent periods is in-line with the estimated rate of long-term inflation.

Surface rights: For the purpose of the ten-year cash flow period assumptions, it has been assumed that the surface rights will be renewed in 2018 (see note 20). The estimated cost of this renewal is based on a value that has been agreed to with the Cuban partner of Miramar as part of a plan to merge Cubacan and Miramar that is currently awaiting final governmental approval.

Cubacan/CIHSA

At 31 December 2017 the Company holds 65% of the share equity of HOMASI, representing a 32.5% interest in Cubacan. The 35% interest in HOMASI held by MHI, representing a 17.5% interest in Cubacan, has been accounted for as a non-controlling interest in these financial statements.

At 31 March 2017, the combined economic interest of the Company in CIHSA by way of its share equity interest and a participation agreement was 27.75% (representing a 13.875% interest in Cubacan). The Company's previous interest in CIHSA was comprised of an equity interest, equal to 15% of the share equity if CIHSA (representing an economic interest of 12.75%), as well as a contractual interest in 15% of the net income of CIHSA in the form of a participation agreement. In a prior period, CIHSA entered into a participation agreement with the Company which effectively split the economic interest of its net income between the Company's participation agreement and the holders of the share equity. Under the participation agreement the Company was entitled to receive distributions equivalent to 15% of the net income of CIHSA. There were no other participation agreements with third parties. This participation agreement was terminated upon the merger of CIHSA and HOMASI (see note 7).

HOMASI is the foreign shareholder (incorporated in Spain) that owns a 50% share equity interest in the Cuban joint venture company Cubacan. At 31 March 2017 this interest was held by CIHSA (See note7). Cubacan has constructed and owns three beach resort hotels in Varadero known as the Meliá Las Americas, Meliá Varadero and Sol Palmeras Hotels (the "Varadero Hotels"), having an aggregate total of 1,437 rooms. The hotels are adjacent to the Varadero Golf Course and are operated by Meliá Hotels International. The remaining economic interests in Cubacan not held by the Company are held by other foreign investors (as to 36.125%) and by CUBANACAN (as to 50%). The Meliá Las Americas Hotel and Bungalows is a 5-star luxury beach resort hotel with 340 rooms, including 90 bungalows and 14 suites and began operations in 1994. The 5-star Meliá Varadero Hotel is located next to the Meliá Las Americas Hotel and has 490 rooms, including 7 suites and began operations in 1992. The Sol Palmeras Hotel is located next to the Meliá Varadero Hotel and has 607 rooms, including 200 bungalows, of which 90 are of suite or deluxe standard and began operations 1990.

The incorporation and operations of Cubacan are governed by a Deed of Incorporation (including an association agreement and corporate by-laws) dated 28 November 1987 between CUBANACAN and CIHSA.

Under the Cubacan Deed of Incorporation and its authorising resolution, the term of incorporation of Cubacan corresponds to the term of the land rights granted. Consequently, Cubacan was incorporated for an initial term of 25 years from the start-up of operations of each hotel. All decisions at shareholder meetings require the unanimous agreement of the Cuban and foreign shareholders.

Usufruct rights and joint venture term

The usufruct rights relating to the three Varadero Hotels will expire on staggered dates corresponding in each case to the date that falls 25 years following the start-up of operations of each hotel.

In May 2015, the initial term of the usufruct rights of the Sol Palmeras Hotel expired. The usufruct rights of the Meliá Varadero Hotel expired in December 2016 and those of the Meliá Las Americas Hotel will expire in 2019. The expiry of the term of incorporation of the joint venture company is linked to the expiry of the usufruct right of the Meliá Las Americas Hotel (the last of the Varadero Hotels to start up operations and consequently the last to expire). Negotiations have resulted in an agreement to merge the joint venture company Cubacan into Miramar with a 25 year extension to the surface rights and joint venture term. This agreement between the shareholders of Cubacan and Miramar is awaiting final government approval (see note 20).

Key assumptions used in the estimated fair value of Cubacan/CIHSA:

The fair value of the equity investment in Cubacan (CIHSA at 31 March 2017) is determined by the Directors of the Company taking into consideration various factors including estimated future cash flows from the underlying investment in the Cuban joint venture company (Cubacan), estimated replacement costs, transactions in the private market and other available market evidence to arrive at an appropriate value. The Company may also engage an independent valuation firm to perform an independent valuation in situations where it requires additional expertise. The Directors also take into account available information relating to the underlying hotel properties, including historical cash flows generated by the underlying hotel properties, and current working capital.

Cash flows have been estimated for a ten year period. Cash flows from year 11 onward are equal to the capitalised amount of the cash flows at year 10.

The key assumptions used in the discounted cash flow model are the following:

	31 Dec 2017	31 Mar 2017
Meliá Las Américas		
Discount rate (after tax)	12.1%	13.5%
Average occupancy year 1 to 3	83%	82%
Occupancy year 4 and subsequent periods	84%	80%
Average daily rate per room–year 1	US$167.75	US$153.96
Average increase in average daily rate per room–year 2 to 6	3%	2%
Increase in average daily rate per room subsequent to year 6 (i)	2%	2%
Capital investments as percentage of total revenue–year 1 to 5	7%	8%
Capital investments as percentage of total revenue–year 6 to 10	7%	6%

	31 Dec 2017	31 Mar 2017
Meliá Varadero		
Discount rate (after tax)	12.1%	13.5%
Average occupancy year 1 to 5	80%	76%
Occupancy year 6 and subsequent periods	81%	75%
Average daily rate per room–year 1	$124.81	US$120.07
Average increase in average daily rate per room–year 2 to 6	3%	2%
Increase in average daily rate per room subsequent to year 6 (i)	2%	2%
Capital investments as percentage of total revenue–year 1 to 5	7%	9%
Capital investments as percentage of total revenue–year 6 to 10	7%	6%
Sol Palmeras		
Discount rate (after tax)	12.1%	13.5%
Average occupancy year 1 to 5	84%	81%
Occupancy year 6 and subsequent periods	85%	80%
Average daily rate per room–year 1	US$104.49	US$100.81
Increase in average daily rate per room–year 2	3%	3%
Average increase in average daily rate per room–year 3 to 6	3%	2%
Increase in average daily rate per room subsequent to year 6 (i)	2%	2%
Capital investments as percentage of total revenue–year 1 to 5	7%	9%
Capital investments as percentage of total revenue–year 6 to 10	7%	6%

(i) The increase in subsequent periods is in-line with the estimated rate of long-term inflation.

Usufruct rights/surface rights: For the purpose of the ten-year cash flow period assumptions, it has been assumed that the usufruct rights will be renewed as surface rights in 2018. The estimated cost of this renewal is based on a value that has been agreed to with the Cuban partner of Cubacan as part of a plan to merge Cubacan and Miramar that is currently awaiting final governmental approval (See note 20).

Sensitivity to changes in the estimated rental rates / average daily rates

The following tables detail the change in fair values of the equity investments, which have been estimated under the discounted cash flow method, when applying rental rates / average daily rates between 15% lower and 15% higher than the rates used in these consolidated financial statements. The following table details the fair values of the equity investments when applying lower rental rates / average daily rates:

	Financial statements US$	-5% US$	-10% US$	-15% US$
Monte Barreto	77,708,907	74,081,168	70,453,429	66,825,690
Miramar	57,014,708	54,295,459	51,576,211	48,856,964
Cubacan	78,750,010	74,818,587	70,887,165	66,955,744

The following table details the fair values of the equity investments when applying higher rental rates / average daily rates:

	Financial statements US$	+5% US$	+10% US$	+15% US$
Monte Barreto	77,708,907	81,336,647	84,964,386	88,592,125
Miramar	57,014,708	59,692,125	62,348,347	64,998,478
Cubacan	78,750,010	82,681,432	86,612,855	90,544,279

Sensitivity to changes in the occupancy rates

The following tables detail the change in fair values of the equity investments, which have been estimated under the discounted cash flow method, when applying occupancy rates between 15% lower and 15% higher than the rates used in these consolidated financial statements. The following table details the fair values of the equity investments when applying lower occupancy rates:

	Financial statements US$	-5% US$	-10% US$	-15% US$
Monte Barreto	77,708,907	73,922,313	70,130,357	66,332,083
Miramar	57,014,708	53,552,446	50,090,186	46,620,660
Cubacan	78,750,010	74,018,212	69,286,415	64,554,619

The following table details the fair values of the equity investments when applying higher occupancy rates:

	Financial statements US$	+5% US$	+10% US$	+15% US$
Monte Barreto	77,708,907	81,490,913	-	-
Miramar	57,014,708	60,410,407	63,783,611	67,065,994
Cubacan	78,750,010	83,481,808	88,213,607	92,945,406

(i) In the case of Monte Barreto, only a constant occupancy rate of 100% is shown under the increase of 5% as projected occupancy is already above or equal to 95%.

Sensitivity to changes in the discount and capitalisation rates

The following tables detail the change in fair values of the equity investments, which have been estimated under the discounted cash flow method, when applying both discount and capitalisation rates between 3% lower and 3% higher than the rates used in these consolidated financial statements. The following table details the fair values of the equity investments when applying lower discount and capitalization rates:

	Financial statements US$	-1% US$	-2% US$	-3% US$
Monte Barreto	77,708,907	84,943,551	93,389,812	103,309,937
Miramar	57,014,708	63,400,510	71,302,115	81,320,665
Cubacan	78,750,010	88,238,473	100,084,625	115,284,461

The following table details the fair values of the equity investments when applying higher discount and capitalization rates:

	Financial statements US$	+1% US$	+2% US$	+3% US$
Monte Barreto	77,708,907	71,475,593	66,074,183	61,367,533
Miramar	57,014,708	51,751,107	47,341,229	43,595,686
Cubacan	78,750,010	70,981,953	64,507,593	59,030,462

Dividend income from equity investments

Dividend income (including participation payments) from the equity investments above during the period is as follows:

	31 Dec 2017 US$	31 Mar 2017 US$
Monte Barreto	5,003,341	7,676,948
Miramar	2,799,066	4,950,000
CIHSA	628,850	490,686
Caricel Inc.	-	22,000
	8,431,257	**13,139,634**

Financial information of joint venture companies

The principal financial information of the joint venture companies for the year ended 31 December 2017 is as follows:

	Monte Barreto US$	Miramar (i) US$	Cubacan (i) US$	TosCuba (i) US$
Cash and equivalents	5,789,569	15,723,114	37,974,141	446,444
Other current assets	5,411,192	4,154,562	15,838,091	48,971
Non-current assets	51,257,095	33,250,039	76,827,826	6,712,835
Current financial liabilities	(3,325,678)	(5,870,631)	(35,173,139)	(191,131)
Other current liabilities	-	-	-	-
Non-current financial liabilities	(3,438,305)	-	-	-
Other non-current liabilities	-	-	-	-
Revenue	23,072,420	27,453,004	75,906,456	-
Interest income	26,336	-	-	-
Interest expense	-	-	-	-
Depreciation and amortisation	(1,527,500)	(1,438,440)	(5,187,765)	-
Taxation	(3,884,413)	(1,768,868)	(1,988,701)	-
Profit from continuing operations	11,508,795	9,694,814	16,150,708	-
Other comprehensive income	-	-	-	-
Total comprehensive income	11,508,795	9,694,814	16,150,708	-

(i) Figures obtained from financial statements prepared under Cuban GAAP.

9. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles US$	Office furniture and equipment US$	Works of art US$	Total US$
Cost:				
At 1 April 2016	335,672	98,137	384,800	**818,609**
Additions	-	49,968	-	**49,968**
At 31 March 2017	335,672	148,105	384,800	**868,577**
Additions	-	10,531	-	**10,531**
At 31 December 2017	335,672	158,636	384,800	**879,108**
Accumulated Depreciation:				
At 1 April 2016	221,568	81,225	-	**302,793**
Additions	36,981	9,747	-	**46,728**
At 31 March 2017	258,549	90,972	-	**349,521**
Additions	23,419	10,498	-	**33,917**
At 31 December 2017	281,968	101,470	-	**383,438**
Net book value:				
At 31 March 2017	77,123	57,133	384,800	**519,056**
At 31 December 2017	53,704	57,166	384,800	**495,670**

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	31 Dec 2017 US$	31 Mar 2017 US$
Due to Miramar S.A. (i)	1,350,177	1,350,288
Participation payments payable (ii)	313,373	658,315
Accrued professional fees	285,500	174,125
Accrued Directors fees	28,353	19,056
Other accrued expenses	124,995	47,300
Due to Intercan Inc. (iii)	213,845	468,333
Due to Enrique Rottenberg	179,735	-
Due to Joss Ebbers	672,683	-
Other accounts payable	274,403	182,315
	3,443,064	**2,899,732**

(i) Due to Miramar S.A. relates to advances received by HOMASI. It is anticipated that the amount will be settled against future declared dividends of Miramar S.A. during 2018.
(ii) Participation payments payable relate to amounts earned by third parties under participation agreements with HOMASI, a subsidiary of the Company, and were pending distribution at the end of the period. These amounts were paid in January 2018.
(iii) This balance relates primarily to payments received from Productos Sanitarios S.A. on behalf of Intercan Inc., a related company.

The future maturity profile of accounts payable and accrued expenses based on contractual undiscounted payments:

	31 Dec 2017 US$	31 Mar 2017 US$
Up to 30 days	1,448,760	144,324
Between 31 and 90 days	464,127	1,405,120
Between 91 and 180 days	1,530,177	-
Between 181 and 365 days	-	1,350,288
	3,443,064	**2,899,732**

11. SHORT-TERM BORROWINGS

	31 Dec 2017 US$	31 Mar 2017 US$
Northview Investment Fund Ltd. (i)	35,820,895	-
	35,820,895	**-**

(i) On 8 November 2017, the Company entered into a short-term Bridge Facility Agreement with Northview Investment Fund Ltd., a shareholder of the Company, to borrow €30,000,000 (US$35,374,619) with an annual interest rate of 12.0%. The principal is due in full on 15 August 2018 with accrued interest payments made quarterly until the final principal payment date. Short-term borrowings are secured by a conversion right which allows the lender to convert outstanding amounts to shares of the Company and a security interest in the shares of CEIBA Property Corporation Ltd.

In the event that the Company fails to repay the facility in full by 15 August 2018, the lender will have a conversion right to convert, in whole or in part, the remaining outstanding amount under the facility to new shares in the Company. The conversion will be carried out by way of option to subscribe for converted shares representing the capitalisation of all amounts outstanding under the conversion right and will be made on the basis of the last available net asset value of the Company on the date of exercise of the conversion right by the lender, less 25%. The conversion right will be exercisable by the lender at any time during the period of 3 months following 15 August 2018. In the event of partial exercise of the conversion right, any remaining outstanding amounts will continue to accrue interest.

The movement of the short-term borrowings is as follows:

	31 Dec 2017 US$	31 Mar 2017 US$
Initial balance	-	-
Cash received	35,374,619	-
Change in fair value of financial liabilities	446,276	-
Final balance	**35,820,895**	**-**

The future maturity profile of the principal payments of short-term borrowings based on contractual undiscounted payments is as follows:

	31 Dec 2017 US$	31 Mar 2017 US$
Between 181 and 365 days	35,820,895	-
	35,820,895	**-**

The future maturity profile of the interest payments related to short-term borrowings based on contractual undiscounted payments is as follows:

	31 Dec 2017 US$	31 Mar 2017 US$
Between 31 and 90 days	1,074,600	-
Between 91 and 180 days	1,098,480	-
Between 181 and 365 days	561,180	-
	2,734,260	**-**

12. SHARE CAPITAL AND SHARE PREMIUM

Authorised

The Company has the power to issue an unlimited number of shares. The issued shares of the Company are ordinary shares of no par value.

Issued

The following table shows the movement of the issued shares during the period:

	Number of ordinary shares	Share capital US$	Share premium US$
SHARE CAPITAL AND SHARE PREMIUM			
Share capital and share premium at 1 April 2016	13,458,947	19,014,379	49,657,630
Share capital and share premium at 31 March 2017	**13,458,947**	**19,014,379**	**49,657,630**
Share capital and share premium at 31 December 2017	**13,458,947**	**19,014,379**	**49,657,630**

Rights, preferences and restrictions attaching to shares

The holder of each share is entitled to one vote at any Shareholders' meeting, receive a share of any dividends declared by the Directors and a share of the residual net assets upon winding up of the Company.

Non-controlling interest

At 31 December 2017, the non-controlling interest corresponds to the 35% participation of Melia Hotels International S.A. ("Melia"), in the equity of HOMASI S.A. and the 20% participation of Hoteles Internacionales de MCA, S.A. ("HIMCA"), in the equity of Mosaico B.V. At 31 March 2017 the non-controlling interest only corresponds to the 20% participation of HIMCA, in equity of Mosaico B.V.

The principal financial information of HOMASI and Mosaico B.V. for the nine months ended 31 December 2017 is as follows:

	HOMASI US$	Mosaico B.V. US$
Current assets	18,718,825	339,725
Non-current assets	135,764,718	3,612,412
Current liabilities	(2,675,910)	(504,504)
Equity	(151,807,633)	(3,447,633)
Income	358,274	-
Expenses	(1,132,759)	(200,280)
Depreciation	-	-
Taxation	-	-
Net loss for the year	(774,485)	(200,280)
Other comprehensive income	-	-
Total comprehensive loss	(774,485)	(200,280)

The non-controlling interests in the above companies are as follows:

	31 Dec 2017 US$	31 Mar 2017 US$
Non-controlling interest of HOMASI	53,201,995	-
Non-controlling interest of Mosaico B.V.	689,527	659,583
Total non-controlling interests	**53,891,522**	**659,583**

The movement of the non-controlling interests of Mosaico B.V. is as follows:

	31 Dec 2017 US$	31 Mar 2017 US$
Initial balance	659,583	674,146
Interest of non-controlling interest in net loss	(40,056)	(14,563)
Capital contributions from non-controlling interest	70,000	-
Final balance	**689,527**	**659,583**

13. REPORTABLE OPERATING SEGMENTS

The primary segment reporting format is determined to be business segments as the Company's risks and returns are affected by the differences in investment activities. No geographical information is reported since all investment activities are located in Cuba. The operating businesses are organised and managed separately through different companies. For management purposes, the Company is currently organised into three business segments:

- Commercial property: Activities concerning the Company's interests in commercial real estate investments in Cuba that are facilitated by a representative office in Havana.
- Tourism / Leisure: Activities concerning the Company's interests in hotel investments in Cuba and operations of a travel agency that provides services to international clients for travel to Cuba.
- Other: Includes interest from loans and lending facilities and the Company's interest in a Cuban joint venture company that operates a paper mill in Cuba producing tissue paper products and amounts not allocated to a specific business segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating income or loss and is measured consistently with operating income or loss in the consolidated financial statements. The Company has applied judgment by aggregating its operating segments according to the nature of the underlying investments. Such judgment considers the nature of operations, types of customers and an expectation that operating segments within a reportable segment have similar long-term economic characteristics.

	31 December 2017 US$			
	Commercial property	Tourism / Leisure	Other	Total
Total assets	83,350,106	180,456,372	4,569,154	**268,375,632**
Total liabilities	(757,238)	(38,506,721)	-	**(39,263,959)**
Total net assets	**82,592,868**	**141,949,651**	**4,569,154**	**229,111,673**
Change in fair value of equity investments	(3,252,880)	3,257,455	-	**4,575**
Dividend income	5,003,341	3,427,916	-	**8,431,257**
Other income	-	132,127	497,995	**630,122**
Allocated expenses	(1,430,465)	(2,547,218)	(46,833)	**(4,024,516)**
Foreign exchange gain	-	-	377,108	**377,108**
Net income	**319,996**	**4,270,280**	**828,270**	**5,418,546**
Other comprehensive income	-	**-**	**198,069**	**198,069**
Total comprehensive income	**319,996**	**4,270,280**	**1,026,339**	**5,616,615**
Other segment information:				
Property, plant and equipment additions	10,531	-	-	**10,531**
Depreciation	31,468	2,449	-	**33,917**

	31 March 2017 US$			
	Commercial property	Tourism / Leisure	Other	Total
Total assets	84,158,290	83,753,735	5,280,094	**173,192,119**
Total liabilities	(616,051)	(2,283,681)	-	**(2,899,732)**
Total net assets	**83,542,239**	**81,470,054**	**5,280,094**	**170,292,387**
Change in fair value of equity investments	4,044,045	13,294,526	-	**17,338,571**
Dividend income	7,676,948	5,440,686	22,000	**13,139,634**
Other income	-	205,845	255,316	**461,161**
Allocated expenses	(1,712,143)	(2,251,405)	(14,944)	**(3,978,492)**
Foreign exchange loss	-	-	(380,109)	**(380,109)**
Net income	**10,008,850**	**16,689,652**	**(117,737)**	**26,580,765**
Other comprehensive income	-	**-**	**57,510**	**57,510**
Total comprehensive income	**10,008,850**	**16,689,652**	**(60,227)**	**26,638,275**
Other segment information:				
Property, plant and equipment additions	48,817	1,151	-	**49,968**
Depreciation	43,620	3,108	-	**46,728**

14. RELATED PARTIES DISCLOSURES

Compensation of Directors

Each Director receives a fee of €9,000 (US$10,746) per annum with the Chairman receiving €25,000 (US$29,850). The Chairman and Directors also receive €1,700 (US$2,030) in attendance fees per quarterly meeting and are reimbursed other expenses properly incurred by them in attending meetings and other business of the Company. No other compensation or post-employment benefits are provided to Directors. Total Director fees, including the fees of the Chairman, for the nine months ended 31 December 2017 were US$56,031 (year ended 31 March 2017: US$71,607).

Transactions with Directors and shareholders

Enrique Rottenberg and Sebastiaan A.C. Berger are Directors of the Company and also directors of various subsidiaries of the Company.

In December 2017, the Company sold its 100% interest in Industrias Antillanas Ltd. for a purchase price of $225,000 to BY Capital Ltd. (See note 7). Sebastiaan A.C. Berger and Cameron Young, the COO of the Company, together have a controlling interest in BY Capital Ltd.

Included within management costs for the nine months ended 31 December 2017 of US$1,027,290 (year ended 31 March 2017: US$1,527,795) are costs related to payments regarding Sebastiaan A.C. Berger for his services as country representative of CPC, and fees payable by CEIBA Tourism and CEIBA Investments Limited to companies in which he has a non-controlling interests totalling US$309,633 (year ended 31 March 2017: US$577,195). Also included within management costs for the nine months ended 31 December 2017 are costs related to payments regarding Enrique Rottenberg for his services as General Manager of Monte Barreto and director of CEIBA MTC totalling US$357,700 (year ended 31 March 2017: US$330,100). The Company also has a payable of US$179,735 to Enrique Rottenberg for a bonus in relation to his services as General Manager of Monte Barreto (see note 10).

On 8 November 2017, the Company entered into a short-term Bridge Facility Agreement with Northview Investment Fund Ltd., a shareholder of the Company, to borrow €30,000,000 (US$35,820,895) with an annual interest rate of 12.0%. The principal is due in full on 15 August 2018 (see note 11).

Transactions with other related parties

Certain subsidiaries of the Company lease office space totalling 319 square meters from Monte Barreto, a commercial property investment in which the Company holds a 49% interest. The rental charges paid under these leases are accounted for in operational costs and for the nine months ended 31 December 2017 amounted to US$106,835 (year ended 31 March 2017: US$139,113) with an average rental charge per square meter at 31 December 2017 of US$25.74 (31 March 2017: US$25.74) plus an administration fee of US$9.75per square meter.

Interests of Directors and Executives in the share capital

Colin Kingsnorth, a Director of the Company, is a director and shareholder of Laxey Partners Limited ("Laxey"). Laxey holds 1,633,841 shares. Funds managed by Laxey hold 1,709,508 shares.

Sebastiaan A.C. Berger, a Director and Chief Executive Officer of the Company, owns 174,683 shares and has an indirect interest in a further 113,125 shares.

Enrique Rottenberg, a Director of the Company, has an interest in 475,155 shares.

John Herring, a Director of the Company, is the principal of an investment advisory firm that provides advice to a private investment company that holds 4,018,818 shares.

Cameron Young, Chief Operating Officer of the Company, has an interest in 497,459 shares.

Paul S. Austin, Chief Financial Officer of the Company, has an interest in 18,000 shares.

15. BASIC AND DILUTED EARNINGS PER SHARE

The earnings per share has been calculated on a weighted-average basis and is arrived at by dividing the net income for the period attributable to shareholders by the weighted-average number of shares in issue.

	31 Dec 2017 US$	31 Mar 2017 US$
Weighted average of ordinary shares in issue	13,458,947	13,458,947
Net income for the period attributable to the shareholders	5,458,602	26,595,328
Basic and diluted earnings per share	0.41	1.98

The conversion right related to short-term borrowings as detailed in note 11 are antidilutive in accordance with IAS 33. As a consequence the basic and dilutive earning per share are equal.

16. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Company has operating leases for office building space. These have a contractual life of one year with automatic renewal of one year after each maturity. There are no restrictions placed upon the lessee by entering into these leases. The annual lease payments in place at 31 December 2017 was US$142,447 (31 March 2017: US$142,447).

The rental charges paid under operating leases accounted for in operational costs of the statement of comprehensive income for the nine months ended 31 December 2017 amounted to US$106,835 (year ended 31 March 2017: US$139,113).

17. FINANCIAL RISK MANAGEMENT

Introduction

The Company is exposed to financial risks that are managed through a process of identification, measurement and monitoring and subject to risk limits and other controls. The objective of the Company is, consequently, to achieve an appropriate balance between risk and benefits, and to minimize potential adverse effects arising from its financial activity.

The main risks arising from the Company's financial instruments are market price risk, credit risk and liquidity risks. Management reviews policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the period to which these consolidated financial statements relate.

Market price risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables. Market price risk comprises two types of risks: foreign currency risk and interest rate risk.

(i) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The statement of comprehensive income and the net value of assets can be affected by currency translation movements as certain assets and income are denominated in currencies other than US$. Management has identified the following three main areas of foreign currency risk:

- Movements in rates affecting the value of loans and advances denominated in Euros;
- Movements in rates affecting the value of cash and cash equivalents denominated in Euros; and
- Movements in rates affecting any interest income received from loans and advances denominated in Euros.

The sensitivity of the income (loss) to a variation of the exchange rate (EUR/US$) in relation to Euro denominated assets as at 31 December 2017 is the following:

Effect of the variation in the foreign exchange rate	Income (loss) US$
+15%	4,129,187
+20%	5,505,582
-15%	(4,129,187)
-20%	(5,505,582)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows may fluctuate due to changes in market interest rates.

At any time that it is not fully invested in equities, surplus funds may be invested in fixed-rate and floating-rate securities both in Euro and in currencies other than Euro. Although these are generally short-term in nature, any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or management being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of securities held. In general, if interest rates rise, income potential also rises but the value of fixed rate securities may decline. A decline in interest rates will in general have the opposite effect.

The interest rate risk profile of the Company's consolidated financial assets was as follows:

	Total US$	Fixed rate US$	Floating rate US$	Non–interest bearing US$
31 DECEMBER 2017				
Equity investments (US$)	217,086,037	-	-	217,086,037
Loans and lending facilities (€)	4,477,612	4,477,612	-	-
Accounts receivable and accrued income (US$)	34,558,689	-	-	34,558,689
Accounts receivable and accrued income (€)	127,522	-	-	127,522
Cash at bank (€)	9,448,097	5,615,880	-	3,832,217
Cash at bank (US$)	216,868	-	-	216,868
Cash at bank (GBP)	73	-	-	73
Cash at bank (AED)	1,953,135	-	-	1,953,135
Cash on hand (€)	1,604	-	-	1,604
Cash on hand (US$)	7,079	-	-	7,079
Cash on hand (CUC)	3,246	-	-	3,246
31 MARCH 2017				
Equity investments (US$)	163,773,953	-	-	163,773,953
Loans and lending facilities (€)	4,274,752	4,274,752	-	-
Accounts receivable and accrued income (US$)	2,453,379	-	-	2,453,379
Accounts receivable and accrued income (€)	16,269	-	-	16,269
Cash at bank (€)	1,972,436	1,533,106	-	439,330
Cash at bank (US$)	166,410	-	-	166,410
Cash at bank (GBP)	67	-	-	67
Cash on hand (€)	246	-	-	246
Cash on hand (US$)	10,740	-	-	10,740
Cash on hand (CUC)	4,811	-	-	4,811

Credit risk

Credit risk is the risk that the borrower (or counterparty) is unable to meet its financial obligations. In the event of a default, the Company generally incurs a loss equal to the amount owed by the debtor. The Company does not have a significant amount of exposure to credit risk.

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for each component of the consolidated statement of financial position, irrespective of guarantees received:

	31 Dec 2017 US$	31 Mar 2017 US$
Loans and lending facilities	4,477,612	4,274,752
Accounts receivable and accrued income	34,686,211	2,469,648
Cash and cash equivalents	11,630,102	2,154,710
Total maximum exposure to credit risk	**50,793,925**	**8,899,110**

Although there was a significant increase in the accounts receivable and accrued income, Management does not believe there is any significant exposure to credit risk as the balance receivable from Melia Hotels International S.A. was received in January 2018 and the amount receivable from Cubacan will form a portion of the agreed capital contribution to Miramar (see note 5).

The Company holds its cash and cash equivalents at financial institutions located in the countries listed below. Also included in the following table are the credit ratings of the corresponding financial institutions, as determined by Moody's:

	Credit Rating	31 Dec 2017 US$	31 Mar 2017 US$
Cash at bank			
Cuba	Caa2	212,199	115,303
Guernsey	A2	2,722,601	292,498
The Netherlands	A2	375,531	97,784
Spain	A3	2,077,184	-
Spain	Ba3	604,596	100,222
Spain	Baa2	5,626,062	1,533,106
		11,618,173	**2,138,913**
Cash on hand			
Cuba		10,325	15,551
The Netherlands		1,604	246
		11,929	**15,797**
Total cash and cash equivalents		**11,630,102**	**2,154,710**

Guarantees received

The amount and type of guarantees required depends on an assessment of the credit risk of the counterparty. The Company has neither financial nor non-financial assets obtained as property on executed guarantees. See note 6 regarding guarantees obtained for loans and lending facilities.

Liquidity risk

Liquidity risk is the risk that the Company will encounter in realising its non-cash assets or otherwise raising funds to meet financial commitments. Assets principally consist of unlisted securities and loans, which are not readily realisable. If the Company, for whatever reason, wished to dispose of these assets quickly, the realisation values may be lower than those at which the relevant assets are held in the consolidated statement of financial position.

Although there is a high amount of liabilities (see note 11. Short-term borrowings), Management assesses the liquidity risk of the Company to be low because of the high liquidity in cash and cash equivalents.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When established internal controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risk, but through a control framework and monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access, authorization, and reconciliation procedures, staff education and assessment.

Capital management

The Company maintains an actively managed capital base to cover risks inherent in the business. The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders or the issuance of capital. No changes were made in the objectives, policies, and processes from the previous period.

The capital base managed by the Company is composed of share capital, share premium, reserves and retained profits that amount at 31 December 2017 and 31 March 2017 to a total of US$229,111,673 and US$170,292,387, respectively. The Company is not subject to external capital requirements.

18. FAIR VALUE DISCLOSURES

Key sources of estimation uncertainty

Determining fair values

The determination of fair values for investment and financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 3.9 (c). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical accounting judgements in applying the Company's accounting estimates

Valuation of financial instruments

The Company's accounting policy on fair value measurements is discussed in note 3.9 (c).

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations. The Company does not currently have any financial assets or financial liabilities trading in active markets.

For all other financial instruments, the Company determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates and foreign currency exchange rates. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

For certain instruments, the Company uses proprietary valuation models, which usually are developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include the equity investments of the Company in Cuban joint venture companies. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	31 December 2017 US$			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Equity investments	-	-	217,086,037	217,086,037
	-	**-**	**217,086,037**	**217,086,037**
Financial liabilities at fair value through profit or loss				
Short-term borrowings	-	35,820,895	-	35,820,895
	-	**35,820,895**	**-**	**35,820,895**

	31 March 2017 US$			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Equity investments	-	-	163,773,953	163,773,953
	-	**-**	**163,773,953**	**163,773,953**

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

	31 Dec 2017 US$	**31 Mar 2017 US$**
Unlisted private equity investments		
Initial balance	163,773,953	145,554,058
Total gains recognised in income or loss	4,575	17,338,571
Acquisitions and capital contributions	43,740,972	881,324
Acquisition of subsidiary	406,724	-
Shares issued to non-controlling interest for cancellation of participation agreement	10,165,156	-
Realised gains	184,650	-
Disposals	(1,189,993)	-
Final balance	**217,086,037**	**163,773,953**
Total gains for the period included in income or loss relating to assets and liabilities held at the end of the reporting period	4,575	17,338,571
	4,575	**17,338,571**

The fair value of short-term borrowing (see note 11) are measured using valuation techniques based on observable inputs such as interest rates, foreign exchange rates as well as the estimated probability of conversion. There were no significant changes in these inputs between the date in which the loan was entered into and the closing date of these financial statements.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 2 of the fair value hierarchy:

	31 Dec 2017 US$	31 Mar 2017 US$
Short-term borrowings		
Initial balance	-	-
Cash received	35,374,619	-
Change in fair value of financial liabilities	446,276	-
Final balance	**35,820,895**	**-**
Total losses for the period included in income or loss relating to assets and liabilities held at the end of the reporting period	446,276	-
	446,276	**-**

Losses related to unlisted private equity investments are recognised as change in fair value of equity investments in the consolidated statement of comprehensive income. The accounting value of the remaining financial assets and liabilities (cash and cash equivalents, accounts receivable/payable, loans receivable/payable) approximate their fair values due to their short-term maturities.

19. CLASSIFICATIONS OF FINANCIAL ASSETS AND LIABILITIES

The table below provides a reconciliation of the line items in the Company's consolidated statement of financial position to the categories of financial instruments.

		31 December 2017 US$			
	Note	Designated at fair value through profit or loss	Loans and receivables	Other liabilities	Total carrying amount
Cash and cash equivalents	4	-	11,630,102	-	11,630,102
Accounts receivable and accrued income	5	-	34,686,211	-	34,686,211
Loans and lending facilities	6	-	4,477,612	-	4,477,612
Equity investments	8	217,086,037	-	-	217,086,037
		217,086,037	**50,793,925**	**-**	**267,879,962**
Accounts payable and accrued expenses	10	-	-	3,443,064	3,443,064
Short-term borrowings	11	35,820,895	-	-	35,820,895
		35,820,895	**-**	**3,443,064**	**39,263,959**

		31 March 2017 US$			
	Note	Designated at fair value through profit or loss	Loans and receivables	Other liabilities	Total carrying amount
Cash and cash equivalents	4	-	2,154,710	-	2,154,710
Accounts receivable and accrued income	5	-	2,469,648	-	2,469,648
Loans and lending facilities	6	-	4,274,752	-	4,274,752
Equity investments	8	163,773,953	-	-	163,773,953
		163,773,953	**8,899,110**	**-**	**172,673,063**
Accounts payable and accrued expenses	10	-	-	2,899,732	2,899,732
		-	**-**	**2,899,732**	**2,899,732**

There were no reclassifications of financial assets during the period ended 31 December 2017 (31 March 2017: nil).

20. EVENTS AFTER THE REPORTING PERIOD

Current consolidated financial statement issuance

These consolidated financial statements have been authorized for issue by the Board of Directors on 15 June 2018. The Company's Shareholders have the power to amend the consolidated financial statements after issuance.

Merger and extension of Miramar and Cubacan

On 22 December 2017, the Company entered an agreement with Cubanacan S.A., the Cuban shareholder of Miramar and Cubacan, to merge the two joint venture companies with Miramar being the surviving company. As part of the agreement, surface rights of the four hotels with a period of 25 years will be contributed to the newly merged joint venture company by Cubanacan S.A. with a total deemed value of US$28,381,550. The Company has agreed to make a capital contribution in cash for a similar amount. It is anticipated that a portion of the Company's contribution will be offset by dividends owing to the Company from Cubacan and Miramar at the time of the contribution (see a portion of these dividends owing by Cubacan as at 31 December 2017 in note 5). As well, it is intended that there will be a 168 room extension made to the Melia Habana Hotel and a refurbishment of the Varadero Hotels. The above is currently awaiting final government approval prior to execution which is expected to be received in July 2018. In the event the transaction does not receive approval, the Company has the right to be compensated for the fair value of its investment in Cubacan as at the expiration of current usufruct rights.

Dividend distribution

The Board of Directors of the Company approved the distribution of an interim dividend from the Special Reserve in the amount of US$7,000,000, or US$0.5201 per Share, paid in cash on 10 April 2018 to Shareholders of record on 29 March 2018.

TosCuba construction finance agreement

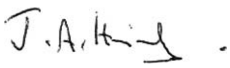
On 30 April 2018, the Company and Mosaico Hoteles S.A. (a subsidiary company in which the Company has an 80% interest) entered into a construction finance agreement (the "Construction Facility") with TosCuba S.A. for the purpose of extending to TosCuba S.A. part of the funding necessary for the construction of the Meliá Trinidad Hotel. The Construction Facility is in the maximum principal amount of US$45,000,000, divided into two separate tranches of US$22,500,000 each. Tranche A will be extended by Mosaico Hoteles S.A. and Tranche B will be extended by the Company. The Company has the right to syndicate Tranche B of the Construction Facility to other lenders. The Company will act as the agent for the lenders under both tranches of the Construction Facility.

The principal terms of the Construction Facility include (i) a grace period for principal and interest during the construction period of the hotel (expected to be completed by 31 December 2020), (ii) upon expiry of the grace period, accumulated interest will be repaid, followed by a repayment period of eight years during which blended payments of principal and interest will be made, (iii) interest will accrue on amounts outstanding under the Construction Facility at the rate of 8% (with a default interest rate of 9% in the case of default). The first disbursement under the Construction Facility is expected to be made in November 2018. Repayment of the Construction Facility is secured by an assignment in favour of the lenders of all of the future income of the Meliá Trinidad Hotel following start-up of operations. In addition, Tranche B of the Construction Facility is also secured by a guarantee provided by Cubanacán S.A., Corporaciön de Turismo y Comercio Internacional (the Cuban shareholder of TosCuba S.A.) as well as by an assignment in favour of the Company (in its capacity as Tranche B lender) of all international tourism proceeds generated by the Meliá Santiago de Cuba Hotel.

Change in Directors and interests of Directors in the share capital

As at 15 June 2018, Sebastiaan A. C. Berger held 376,558 shares and Enrique Rottenberg no longer had an interest in shares of the Company. Subsequent to the approval of these consolidated financial statements at the meeting of the Board of Directors held on 15 June 2018, Sebastiaan A.C. Berger and Enrique Rottenberg resigned as Directors and Peter Cornell, Trevor Bowen and Keith Corbin were appointed as new Directors of the Company.

Sebastiaan A.C. Berger
Director



John A. Herring
Director

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