CEIBA INVESTMENTS Ltd

Annual Report and Consolidated Financial Statements
31 March 2014

Cover: The Meliá Las Américas Hotel

TABLE OF CONTENTS

DIRECTORS AND MANAGEMENT

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

REGISTERED OFFICE
CEIBA Investments Limited
Frances House, Sir William Place
St. Peter Port, Guernsey
Channel Islands GY1 4HQ

MANAGEMENT
Sebastiaan A.C. Berger
Cameron Young
Paul S. Austin
Enrique Rottenberg

ISIN CODE (ORDINARY SHARES)
GG00B5491D76

REGISTRATION NUMBER
30083

ADMINISTRATION AND KEY ADVISERS

ADMINISTRATOR, CUSTODIAN AND SECRETARY
JTC (Guernsey) Limited
Frances House, Sir William Place
St. Peter Port, Guernsey
Channel Islands GY1 4HQ

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, Ltd.
Worthing Corporate Center
Christ Church, Bridgetown
Barbados, W.I.

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

CEIBA Investments Limited (the "Company" or "CEIBA") is an international investment and development company that was incorporated in 1995 in Guernsey, Channel Islands, under registration number 30083, for the purpose of investing in Cuba. The Company is organized under The Companies (Guernsey) Law 2008. The registered office of the Company is located at Frances House, Sir William Place, St. Peter Port, Guernsey, Channel Islands GY1 4HQ.

CEIBA is exclusively dedicated to investment in Cuba. It may invest in any Cuba–related project but its primary focus is on the development and acquisition of commercial real estate and hotel properties and other prioritized sectors of the Cuban economy. The activities of CEIBA are presently comprised of two principal operating segments: (1) commercial real estate investments, and (2) tourism real estate investments. The real estate investments of the Company are primarily made up of participations in Cuban joint venture companies that own the underlying real estate assets.

The following is a summary of the Company's financial information:

	31 March 2014 US$	31 March 2013 US$
Results of operations		
Total income	7,428,126	7,053,431
Change in fair value of equity investments	5,772,036	(3,322,702)
Total comprehensive income (loss) attributable to the shareholders of the parent	9,886,387	(3,209,838)
Basic and diluted earnings (loss) per share	0.73	(0.24)
Balance Sheet		
Total assets	108,014,152	100,818,888
Total liabilities	(1,696,719)	(1,811,957)
Equity attributable to the shareholders of the parent	104,893,318	99,006,931
Dividends paid	4,000,000	9,999,998
Dividends per share	0.297	0.743
Total shares in issue	13,458,947	13,458,947
Net asset value per share	7.7936	7.3562

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the annual report and consolidated financial statements of CEIBA Investments Limited ("CEIBA" or "the Company") for the year ended 31 March 2014.

During the year, the Company received dividend income from its investments totalling US$6,423,689 – a small increase of approximately $300,000 over the prior year.

On the cost side, the year to 31 March 2014 represents the first financial period during which CEIBA has largely operated as a company outside of a fund structure. As such, the Company now employs its management team on an individual basis rather than through a single management contract. As a result of this and other operational cost reductions, I am pleased to report that the operating costs of the Company, excluding selling costs, have been reduced by approximately US$3 million.

As at 31 March 2014, the net assets of the Company attributable to shareholders were valued at approximately US$105 million (not including non-controlling interests), which compares with approximately US$99 million at 31 March 2013. This increase is primarily driven by modest uplifts in the fair values of the investments in Monte Barreto and the operating hotels, as well as by operating cash flows that include dividend income received. The increases in the fair values of the investments reflect an enhancement in their performance and future outlook. Overall, the Directors remain optimistic about the outlook for CEIBA's investments, especially against the backdrop of the ongoing efforts of the Cuban government to modernize and improve the local economy, which should benefit from the continued reforms being implemented as outlined in the Management Discussion and Analysis.

Among the more significant of the recent changes adopted is Cuba's new foreign investment law that came into effect at the end of June 2014. The new law is designed to increase the competitiveness of Cuba as a destination for foreign investment through the introduction of lower tax rates and more flexible labour policies. The government has stated that it hopes to attract up to $2.5 billion in new foreign investment per year. The measures set out in the new investment law should prove of significant benefit to the future results of CEIBA's investments.

On the topic of Cuba's relationship with the United States, it continues to appear as bipolar as ever. On the one hand, one may discern a certain momentum towards the lifting, or at least a material further easing, of the embargo. Among various initiatives that point towards this, we can point to public statements by President Obama and Secretary of State John Kerry in November 2013 confirming the need for steps forward in US policy towards Cuba, as well as the May 2014 visit to Havana of the US Chamber of Commerce, one of the most powerful groups of political influence in the nation. There have also been a number of high level representations made to US President Barack Obama, including the most recent by former Secretary of State Hilary Clinton who in her new book Hard Choices confirms her view that the US embargo should be reconsidered.

On the other hand, the last financial year has also revealed renewed enforcement efforts by the US administration, particularly in the field of banking. BNP Paribas recently received another record-breaking fine for illegal pre-2009 US dollar transactions involving Cuba, amongst other deemed illegal actions, and other European banks are rumoured to be under continued investigation and scrutiny. In this environment, the compliance efforts of the Company to ensure that its legitimate business transactions are carried out in full compliance with all applicable laws have been redoubled.

One may hope that US policy towards Cuba ultimately finds a more positive footing, since it remains clear that improved relations between the United States and Cuba will be beneficial to the investments and operations of the Company. CEIBA has some excellent operational assets in Cuba's commercial and tourism real estate sectors, and remains well-positioned to participate in Cuba's future. This year has seen an element of consolidation as the management has become "internalized". The board's policy will continue to be centered upon properly managing the Company's current portfolio while being ready to pursue new investment opportunities that may arise.

I would like to thank the executive management team for their contribution in managing the assets of the Company portfolio and, in particular, helping to transition the Company from its previous fund structure. I would also extend my thanks to our shareholders for their continued support.

J.A.H.

John Herring
Chairman

INTRODUCTION

This Management Discussion and Analysis on the results of operations and financial position ("MD&A") of CEIBA Investments Limited ("CEIBA" or the "Company") contains Management's analysis of the businesses, assets, activities and financial results of the Company and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 March 2014 that have been prepared in accordance with International Financial Reporting Standards (IFRS) as prescribed by the International Accounting Standards Board (IASB).

The information contained in this MD&A relates to CEIBA, its subsidiaries and interests in Cuban joint venture companies for the year ended 31 March 2014, unless otherwise indicated. The information in this MD&A is based on information available to Management as 4 July 2014.

The financial year of the Company ends on 31 March each year. In this MD&A, references to the "Company" or to "CEIBA" are to CEIBA Investments Limited, together with its consolidated subsidiaries and its proportionate interests in joint venture companies. References to "Management", unless otherwise indicated, are to the management of the Company.

For information purposes, this MD&A contains certain figures representing the operations and performance measures of the Cuban joint venture companies that are included within the equity investments of the Company. These equity investments are accounted for at fair value and as such they have not been consolidated in the audited financial statements of the Company nor have the underlying Cuban joint venture companies been audited by the Company's Independent Auditors. These Cuban joint venture companies are subject to Cuban accounting standards, which may differ from IFRS.

Except as otherwise indicated, all dollar amounts contained in this MD&A are expressed in United States Dollars and references to "US$" or "$" are to US Dollars. References to "€" are to Euros.

FORWARD–LOOKING STATEMENTS

This MD&A contains certain forward–looking information. Statements other than statements of historical fact may constitute forward–looking information. Forward–looking information generally can be identified by the use of forward–looking terms such as the words "anticipate", "attempt", "believe", "continue", "estimate", "expect", "intend", "may", "objective", "outlook", "plan", "project", "seek", "should" or "will", or similar words or expressions suggesting future outcomes or events. Forward–looking information includes, but is not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and the Company's objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to the Company's or Management's plans, objectives, expectations and estimates or predictions of actions of tenants, tourists, suppliers, competitors or governmental authorities, as well as statements regarding the Company's future financial performance. The Company has based this forward–looking information on Management's current expectations about future events.

Forward–looking information does not take into account the effect of transactions or other items announced or occurring after the particular statements constituting forward–looking information are made. For example, they do not include the effect of dispositions, acquisitions, other business transactions, asset write–downs or other charges announced or occurring after such statements are made.

Although the Company believes it has a reasonable basis for the forward–looking information in this MD&A, the Company can give no assurance that the forward–looking information will prove to be correct. Forward–looking information inherently involves risks and uncertainties, and therefore undue reliance should not be placed on such information. The material factors or assumptions used to develop forward–looking information, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth in this MD&A, as well as the following: (1) economic circumstances in Cuba will remain consistent with current economic trends for the near future; (2) the U.S. embargo with respect to Cuba and U.S. legal restrictions with respect to Cuba will continue to be in effect; (3) no significant discovery of oil and gas resources will occur in or in the vicinity of Cuba; (4) no significant increase in Cuban gross domestic product will occur; (5) occupancy of the Miramar Trade Center will continue to be between 85%–100%; (6) there will be no material change affecting general economic conditions in North America or Europe or general conditions in the Caribbean tourism industry; and (7) the availability of cost–effective medium to long–term debt financing for real estate assets or projects in Cuba will continue to be extremely limited.

Actual results and events may vary and differ materially from those expressed or implied in any forward–looking information. The material factors that could cause actual results to differ materially from forward–looking information include: (1) political and economic factors in Cuba; (2) the Cuban legal system and the fact that existing laws and regulations in Cuba may be applied inconsistently or in a discretionary manner and, in some circumstances, it may not be possible to obtain the legal remedies provided for under those laws and regulations; (3) the Company may not be successful in achieving any or all of its business strategies; (4) there is a lack of geographical diversity in the Company's asset base because the Company is focused on investment in Cuba; (5) risks related to real estate activities and tourism activities generally; (6) risks with respect to the Hotels maintaining their relationship with the current operator of the Hotels; and (7) the availability of equity and debt financing. These and other risk factors are described in more detail under the heading "Risk Factors".

The forward–looking information contained in this MD&A is expressly qualified in its entirety by these cautionary statements. All forward–looking information in this MD&A speaks as of the date of this MD&A. The Company does not undertake any obligation to update any such forward–looking information, whether as a result of new information, future events or otherwise, except as required by applicable law.

OVERVIEW OF THE BUSINESS

CEIBA Investments Limited is an international investment and development company that was incorporated in 1995 in Guernsey, Channel Islands, under registration number 30083, as a Closed Ended Registered Collective Investment Scheme for the purpose of investing in Cuba. The Company is organized under *The Companies (Guernsey) Law 2008*. 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 Frances House, Sir William Place, St. Peter Port, Guernsey, Channel Islands GY1 4HQ.

The securities of the Company were listed on the Channel Islands Stock Exchange from May 2004 to December 2010, at which time the listing was cancelled and trading on the SETSqx platform of the London Stock Exchange was ceased at the request of the Company. At that time, the Company undertook a process of corporate reorganization in order to convert its corporate form from a regulated closed–ended investment fund in Guernsey to an internally–managed investment company. The management of the Company was effectively internalized on 1 May 2013 and the core management team of Sebastiaan A.C. Berger, Cameron Young, Paul Austin and Enrique Rottenberg (General Manager of Miramar Trade Center), who have all had a long association with management of the Company, has been maintained.

The Company is represented in Cuba through its wholly–owned subsidiary CEIBA Property Corporation Limited ("CPC"). CPC is the principal holding vehicle through which the investments of the Company in Cuban real estate assets are held and has a licensed branch office in Havana, located at the Miramar Trade Center, Edificio Barcelona, Suite 401, 5ta Avenida, Miramar, Playa, Havana, Cuba. The principal activity of the Havana branch office of CPC is to supervise the activities of the Cuban joint venture companies in which the Company is invested, and to source, analyse and negotiate new acquisitions and other investments.

CEIBA is exclusively dedicated to investment in Cuba, with a focus on investment in Cuba's commercial real estate, tourism and other prioritized sectors of the Cuban economy. The Company may make any investment primarily related to Cuba, but its primary emphasis is on the development and acquisition of commercial and hotel properties, two major segments of Cuba's real estate sector. The Company was established in 1995 and is presently the largest foreign holder of tourism and commercial real estate assets in Cuba.

The activities of CEIBA are comprised of two principal operating segments: (1) commercial real estate investments; and (2) tourism real estate investments. The majority of the Company's asset base is made up of direct and indirect equity investments in Cuban joint venture companies incorporated under and governed by *Law 118 of 2014 on Foreign Investment* that operate in the real estate segments mentioned above. The Company also arranges and participates in secured finance facilities to Cuban borrowers.

Commercial Real Estate Segment

In the commercial real estate segment, CEIBA owns a 49% interest in Inmobiliaria Monte Barreto S.A. ("Monte Barreto"), the Cuban joint venture company that owns and operates the Miramar Trade Center, Cuba's leading mixed–use office and retail real estate complex. The Miramar Trade Center is a 6 building complex comprising 55,530 square metres (approximately 600,000 square feet) of net rentable area located in the heart of the new Havana business district. The Miramar Trade Center is unique in that it has virtually no competition in the international sub–segment of the Cuban commercial real estate market. It is currently one of only two modern commercial office complexes in Cuba, and is the largest by far in terms of net rentable area. In the estimation of Management, the complex represents approximately 70% of the total available modern office space in Havana.

Tourism Real Estate Segment

In the tourism real estate segment, CEIBA has indirect interests in Cuban joint venture companies that own four hotel properties: the Meliá Habana Hotel in Havana, and the Meliá Las Americas, the Meliá Varadero and the Sol Palmeras Hotels in Varadero.

The Meliá Habana Hotel is a 397 room 5–star business hotel located on prime ocean–front property in the Miramar business district of Havana, directly across the street from the Miramar Trade Center. The Meliá Las Americas, Meliá Varadero and Sol Palmeras Hotels (collectively, the "Varadero Hotels") have an aggregate of 1,437 hotel rooms (international 4 and 5 star category), located on a prime beach–front property of approximately 28 hectares in Varadero, immediately adjacent to Cuba's only 18 hole golf course, the Varadero Golf Club. The Meliá Habana Hotel and the Varadero Hotels are all managed and operated by the Spanish hotel group Meliá Hotels International, which is the largest international hotel operator in Cuba with 25 hotels presently under management.

In addition to the Meliá Habana Hotel and the Varadero Hotels, CEIBA owns a 40% interest in TosCuba S.A. ("TosCuba"), a Cuban joint venture company that is developing a 400 room 4–star hotel (the "TosCuba Project") on a 4.9 hectare plot at Playa Maria Aguilar near the City of Trinidad, a UNESCO World Heritage Site located in central Cuba in Sancti Spiritus Province. It is intended that, following its construction, Meliá Hotels International will also manage the Trinidad property.

BUSINESS STRATEGIES OF THE COMPANY

Exclusively Dedicated to Investment in Cuba

Since its incorporation in 1995, the Company has been exclusively dedicated to making investments in or with Cuban businesses. This strategy remains unchanged and Management believes that this strategy will result in long–term capital growth.

Balanced Focus on Established, Revenue–Producing Assets and New Development Projects

The Company's principal strategy is to balance its investment portfolio between established, revenue producing assets in the Company's main operating segments, as exemplified by the Company's indirect interests in the Miramar Trade Center and the Hotels, on the one hand, and new development projects, refurbishments and other capital investments that will contribute to long–term capital growth, on the other hand. Under this strategy, the Company has invested in existing Cuban joint venture companies that own mature assets, as well as in new development projects. CEIBA believes that this will provide stable and sustainable cash flows, with a strong potential for future growth.

Remain the Principal Foreign Investor in Cuba's Commercial Real Estate Sector

CEIBA's strategy regarding commercial properties is to remain the principal foreign investor in Cuba's commercial real estate sector through the addition of new properties within the Cuban joint ventures in which it already has an interest, whether by acquisition or new construction.

Remain a Leading Foreign Investor in Cuba's Tourism Real Estate Sector

CEIBA intends to continue to be one of the leading foreign investors in the tourism real estate sector by maintaining a portfolio of investments in high–end (4 and 5 star) hotels located in Cuba's main tourist and business destinations.

Investment in other Prioritized Sectors of the Cuban Economy

Given the present efforts of the Cuban government to modernize the Cuban economy, the Company will consider investment opportunities in new sectors of the Cuban economy prioritized by the Cuban government as such opportunities present themselves.

Be Flexible in the Deployment of Cash Flows

The Company's interests in commercial real estate and hotel properties provide revenue streams that may be utilized for new acquisitions, investments in the development of new properties, upgrading of existing properties or the payment of dividends to shareholders of the Company. Given the time necessary to obtain all government approvals and to construct new projects in Cuba, one of the Company's main focuses in the last five years has been to generate stable and sustainable cash flows. At the same time, the Company also intends to continue to invest in Cuban joint venture companies that are in the process of developing commercial real estate and hotel projects. The Company believes these development projects have the potential to create long–term capital growth for the Company's shareholders. At times, the Company invests surplus funds in interest–bearing structured finance transactions and other financial instruments and commercial paper relating to Cuba. The Company seeks to structure the repayment terms of such facilities to approximate the time when funds will be required for future investment requirements of new and current investments in Cuban joint venture companies.

Use Leverage Prudently and Optimize Capital Structure

The Company is debt–free, both at the holding company level and at the level of each underlying investment, including the Cuban joint venture companies in which the Company has an interest. The Company believes that the absence of debt provides the Company with the ability to leverage its assets in the future, should the cost and other conditions for debt financing for Cuban assets become more attractive, thereby allowing the Company to further optimize its capital structure and to make additional investments or to return capital to shareholders. The future capital structure of the Company will be dependent on the cost and availability of debt financing, the ability of the Company to develop or acquire new investment projects and the continued improvement in local market conditions.

Changes in Circumstances

The present business strategies of the Company have been developed in the context of the existing circumstances of the Cuban foreign investment market. The Company is presently managed with a view to maximizing profitability and cash flow in existing market conditions. The strategies of the Company are not dependent on any change in these market conditions.

However, the Company believes that the Cuban government has in recent years demonstrated a significant commitment to its modernization strategy regarding the Cuban economy, and any improvement in local market conditions, including new economic, social and political reforms, general economic growth in the Cuban market, the continued increase of tourism in Cuba, the possible discovery of significant new oil reserves in Cuban waters, and the potential improvement of relations between the United States and Cuba and/or the relaxation or lifting of U.S. travel restrictions or the U.S. Cuban embargo, amongst others, would have a positive effect on the results and performance of the Company. Management follows developments affecting these local and international conditions closely and adapts the strategies of the Company to changing circumstances.

RECENT DEVELOPMENTS

In general, any event or development that has an impact on the Cuban economy generally, the number of tourists visiting the island, the US embargo against Cuba or the wider relationship between Cuba and the United States, Cuba's relationship with friendly nations such as Venezuela, China and Brazil, or its internal political stability, may have a direct or indirect impact on the assets and/or operations of the Company. Important recent developments affecting Cuba include the following:

Accelerating Modernization of the Cuban Economy and other Reforms

Since taking over the presidency in 2008, Raúl Castro has steadily moved the country towards political and economic reforms aimed at the modernization and strengthening of Cuban socialism. At the latest Congress of the Communist Party of Cuba held in April 2011, a number of new reforms and guidelines aimed at increasing local food production, reducing the weight of the state sector in the Cuban economy and encouraging private initiative in certain areas were announced, although the initial pace of implementation of the new measures was slow. In 2013 and 2014, however, the pace and depth of reform has been accelerated, culminating in the opening of the deep–water container terminal and Special Development Zone of Mariel in January 2014, the adoption of a new foreign investment act in March 2014 and recent announcements suggesting that the unification of Cuba's two currencies is finally approaching implementation. Taken together, these reforms demonstrate that the policy guidelines for reform resulting from the 2011 Communist Party Congress are indeed driving the reform agenda in a controlled and increasingly profound manner.

Under the 2011 guidelines, a thorough reorganization of government and modernization of the Cuban economy have been undertaken, including numerous key reforms to the state sector of the economy and government, the management of state–owned businesses, the rise of low–level private enterprise and a renewed recognition of the importance of foreign investment for Cuba's future. Highlights of these changes include:

- the reduction of state paternalism in the economy and the gradual removal or reduction of numerous universal social benefits, such as subsidized food *(la libreta)* and a variety of other public services;
- the dismissal of up to 1,000,000 workers (approximately 20% of the Cuban workforce) from the state sector of the economy in the coming years;
- the recognition of the importance of, and of the need to stimulate, a variety of different non–state actors in the Cuban economy, including foreign investors (including joint venture companies), cooperatives, small agricultural producers and the self–employed (small private businesses);
- the official recognition of numerous new categories of allowed self–employment activities and the issuance of hundreds of thousands of new licenses for the self–employed;
- the creation of wholesale markets for the acquisition of inputs necessary for the activities of small agricultural producers and the self–employed, the granting by Cuban state banks in favour of small agricultural producers and the self–employed of finance facilities for the purchase of inputs and equipment, and the lifting of restrictions against state entities contracting services from the self–employed;
- the adjustment of the role of the state in the economy towards a focus on the regulation and taxation of economic actors rather than on the direct operation of businesses, and the granting of full control over business decisions to the managers of state–owned enterprises;
- the cessation of subsidies to state enterprises and the liquidation of non–performing state enterprises;
- the adoption of changes to the Cuban Civil Code that would allow foreign persons to obtain 99 year surface rights over residential property developed for tourism purposes;
- the adoption of a new immigration law that allows for largely unrestricted international travel by Cuban persons;
- the adoption of a new tax law that includes new income tax provisions regarding the taxation of private sector income;

- the adoption of new legislation allowing for the purchase and sale between Cuban individuals of residential real estate;

- the opening of hundreds of public internet access points.

In concrete terms, the measures adopted in 2013 and the first half of 2014 represent a significant acceleration and deepening of the policies outlined above, particularly as regards to the treatment of foreign investment. Recent developments include:

- June 2014: Cuba opened on the Isle of Youth the first wholesale market where agricultural inputs and equipment may be freely purchased at unsubsidized prices. Like in the case of past experiments, it is expected that similar measures will be adopted on a wider scale after an initial testing period demonstrates success of the reform.

- April 2014: Decentralized management techniques are extended throughout the state sector of the economy under the "perfecionamiento empresarial" model. Corporate managers of state–owned companies will now have much greater control over the use of profits for corporate purposes and the creation of wage and other incentives for employees, and they will have greater flexibility in production and sale decisions and the ability to sell excess products in the open market. It is intended that under these new measures unprofitable businesses will be closed.

- March 2014: Adoption of new Foreign Investment Act that largely maintains the pre–existing framework for investment, while nevertheless resulting in (i) a significant reduction in the corporate tax rate applicable to the majority of foreign investment vehicles (from 30% to 15%), as well as the reduction or elimination of numerous other payroll, social security and other taxes and charges on foreign investors, and (ii) a new emphasis on 100% foreign capital companies (suggesting that it may now be possible that such companies will be approved in larger numbers). Numerous other possible benefits may be derived from a potentially more favourable application/interpretation of the pre–existing rules, although certain negative aspects are retained in the new law, such as the continued distortionary employment of local employees through government employment agencies. According to announcements made at the time of adoption of the new law, Cuba hopes to raise between US$2.0 to 2.5 billion per year in new foreign investment.

- March 2014: Legislation is adopted setting out the manner in which Cuba's two currencies will be gradually unified, although the timing and numerous other details remain unknown. Distortions in the local economy caused by the artificial exchange rates are profound and the unification process is expected to be painful.

- February 2014: Cuba announced that 600,000 public sector jobs have been eliminated since 2009, while more than 1,000,000 Cubans are now working in the non–state sector (up from 500,000 in 2009).

- January 2014: The deep–water container terminal and Special Development Zone of Mariel are officially opened by the presidents of Cuba and Brazil.

Works on infraestructure surrounding the deep–water container terminal at Special Development Zone of Mariel.

- November 2013: Cuba announced large–scale pilot projects in Havana aimed at the development of wholesale food markets and distribution systems, ending the state monopoly in these markets, seen as a crucial development in the agricultural and gastronomical sectors. As a result, it is expected that the majority of local food production will now flow through private hands.

- October 2013: Cuba announced plans to unify its dual currencies on a gradual basis, in an attempt to remove distortions caused by multiple parallel currencies and exchanges rates.

- October 2013: Cuba confirmed that state–run tourism entities may contract goods and services directly from private sector entrepreneurs, giving rise to the possibility that state–run travel agencies may send tourists to private houses and that hotels may buy local produce directly from producers.

- September 2013: Cuba adopts new legislation governing the creation and operation of Special Development Zones and announces the creation of the Special Development Zone of Mariel.

- August 2013: Cuba announced the launch of a pilot project involving the conversion of 20 state restaurants in Havana to cooperatives.

- July 2013: Cuba announced that 124 non–farm cooperatives were operating and that the deregulation of state–run companies would begin in 2014. The state will take on a regulatory, rather than administrative role in the economy, but there will be no shock therapy so steps forward are expected to be gradual, beginning with pilot projects used to test theories and experiment.

- February 2013: Raul Castro confirms that he will step down in 2018 and names 52 year old Miguel Diaz–Canel as first vice president and most likely successor.

- January 2013: Cuba began bringing into service the undersea cable linking Cuba with Venezuela, resulting in a significant increase in available bandwidth, although there is no indication that any home service is planned.

- January 2013: In a surprise move, Cuba greatly relaxes travel restrictions preventing Cuban citizens from travelling without government authorisation. Numerous dissidents begin world tours.

- January 2013: A new tax code came into effect.

Easing of U.S. Travel Restrictions and Relationship with the United States

No new Cuba measures have been implemented in the US since January 2011, when the Obama administration announced the easing of restrictions on the sending of remittances and licensed travel from the United States to Cuba. As a result of the relaxation of these rules, there has been a substantial increase in the number of US persons visiting Cuba on a licensed basis (although tourism travel remains prohibited) and in the flow of remittances from the US to Cuba, a large proportion of which is used as seed capital in small private businesses.


Beyoncé and Jay-Z in Havana, 2013. US Chamber of Commerce President and CEO Thomas Donohue (left), talks with Cuba's Foreign Minister Bruno Rodriguez (right) in Havana, 2014. Hillary Clinton Book Signing in Toronto, 2014.

Political relations between the United States and Cuba remain tense. The principal points of disagreement include the incarceration of Allan Gross, a U.S. development contractor arrested in December 2009 and sentenced to 15 years for distributing prohibited satellite and other telecommunications equipment under U.S. government financed programs, as well as the continued inclusion of Cuba on the US list of countries that sponsor terrorism. Further improvement in relations between the United States and Cuba will likely prove difficult until these matters are resolved.

However, there would appear to be increased pressure on, and indeed support within, the Obama administration to further relax or remove the US Embargo and travel restrictions:

- June 2014: Former Secretary of State Hilary Clinton published a book in which she confirms her view that the US Cuban Embargo has been a failed policy and is counter–productive. She advocates a normalization of relations which would likely lead to the elimination of the Embargo. Given her widely–assumed presidential ambitions for 2016, this is seen as a key new development in US–Cuba relations, since it is the first time that a candidate for one of the major parties has clear voiced opposition to the Embargo in an election cycle.

- May 2014: The US Chamber of Commerce organised an official visit to Havana to investigate the reforms being adopted by the Cuban government and explore the potential for future US business opportunities on the island.

- May 2014: An open letter is addressed to President Obama by over 45 former government and military officials, diplomats, academics and prominent Cuban Americans calling upon the President to make fuller use of his executive powers to take further unilateral steps to ease the US travel restrictions and other Embargo restrictions. The list of signatories to this open letter is remarkable for the wide range of institutional interests and political views represented, including two former heads of the US Interest Section in Cuba.

- November 2013: President Obama and Secretary of State John Kerry both make speeches recognizing the recent reforms carried out by the Cuban government and suggesting that a new approach to Cuba is called for, although no specific new policy initiatives were proposed.

Cuba–Venezuela Relations

Venezuela remains Cuba's leading trading and investment partner. Cuba presently imports over 80,000 barrels of oil per day from Venezuela on preferential terms, and is largely dependent on the continuation of socio–economic exchanges and investment programs between the two countries. Following the death of Venezuelan President Hugo Chávez in early 2013 and the subsequent election of Nicolás Maduro as his successor, it would appear that these exchanges and programs will remain in place for the coming period. However, with the recent rise of renewed political tensions within Venezuela and the continued decline in Venezuelan economic indicators, it remains uncertain whether such preferential terms may be sustained on a medium or long–term basis.

Cuban Economy

Cuba continues to gradually recover from the liquidity crisis suffered in 2009 and 2010 that led to the freezing of numerous foreign bank accounts at Cuban banks and foreign exchange controls remain in place in order to carefully monitor and control Cuban hard currency outlays. The government has announced that the Cuban economy grew by 2.7% in 2013, well below the originally projected 3.6%. Growth in 2012 was 3.1%. The principal hard currency sectors of medical services, tourism and nickel are performing well, although agricultural production continues to disappoint.

Oil Exploration

Cuba is presently highly dependent on the import of foreign oil from Venezuela. However, both Cuban and U.S. specialists agree that Cuba may have considerable oil and natural gas reserves in its territorial waters. A 2004 assessment by the U.S. Geological Study reported that approximately 5 billion barrels of oil and substantial deposits of natural gas may lie trapped in the sediment just north of Cuba, while Cuba's estimate of potential reserves is more than four times larger.

However, numerous exploratory wells were drilled by foreign investors in 2012 and the first months of 2013, both in shallow and deep waters, all with disappointing results. It is unclear whether Cuba will continue to explore for offshore reserves in the coming years. The discovery of significant exploitable oil reserves would represent a dramatic change to Cuba's economic future and could also have a significant impact on the relationship between the United States and Cuba.

Telecommunications

In June 2011 the island of Cuba was connected to Venezuela by undersea fibre–optic cable. A second connection with Jamaica from Cuba was also completed. Although few public statements have been made concerning the status of operations or the reasons for delay, it appears that the cable is at least partially functional. When these new systems become fully operational, Cuba's telecommunications capability and internet bandwidth is expected to grow dramatically. Previously, with no operational undersea connection, Cuba relied on satellite communications for all telecommunications services with the outside world. Cuba has recently increased public access to the internet through the establishment of hundreds of paid public access points, although no increase in home connections has been announced. The government has stated that international websites are accessible through these new portals, unlike previous connections that were primarily aimed at Cuban government sites. The high cost of public access has been widely criticized both in Cuba and abroad.

Outlook

Although the economic outlook for Cuba during the remainder of 2014 continues to be mixed, the Company believes that the government of Raúl Castro will continue to gradually broaden the scope and pick up the pace of changes undertaken since coming to power in 2008, and is highly optimistic that the present economic conditions will be conducive to further reform of the economy.

In particular, the Company believes that the timing is very good for further investment and consolidation of the Company's position in the Cuban tourism sector, which the Cuban government has confirmed is a preferred sector for further investment, both Cuban and foreign. Tourism arrivals are expected to surpass the 3,000,000 benchmark in 2014 and the government has announced plans to construct up to 20,000 new hotel rooms by 2020.

As Cuba strives to attract significant new levels of foreign investment, the Company also believes that opportunity for new investment will arise in the coming months and years, and Management is following new developments closely.

INVESTMENTS OF THE COMPANY

The investments of the Company are accounted for at fair value. Therefore, the financial statements of the underlying joint venture companies are not consolidated in the audited financial statements of the Company. The following table shows the investments of the Company:

	31 March 2014 US$	31 March 2013 US$
Commercial Property Investments		
Inmobiliaria Monte Barreto S.A.	59,590,508	57,122,539
Hotel Property Investments		
Miramar S.A.	19,874,018	18,905,544
Corporación Interinsular Hispana S.A.[1]	19,695,618	17,360,025
	39,569,636	36,265,569
Hotel Development Project Investments		
TosCuba S.A.	2,904,707	2,804,707
Other Investments		
Caricel Inc.	225,000	225,000
Total Investments	**102,289,851**	**96,417,815**

1 Corporación Interinsular Hispana S.A. is a Spanish holding company that holds a 50% interest in the Cuban joint venture company Cuba Canarias S.A. and is accounted for at fair value in the consolidated financial statements of the Company.

Performance Measurement

The key indicators by which the Company measures the performance of the commercial and hotel properties in which it is invested are:

- Total income
- Earnings before interest, taxes, depreciation and amortization ("EBITDA")
- Earnings before income taxes ("EBIT")
- Net income after tax
- Occupancy levels

Specifically for commercial properties, other key indicators include:

- Average monthly rate per square meter ("AMR")

Specifically for hotel properties, other key indicators include:

- Average Daily Rate per room ("ADR")
- Revenue per available room ("Rev PAR")

The Company monitors the financial performance of its interests in the commercial and hotel properties using these key indicators with the objective of generating reliable and growing cash flow for the Company. This information is produced by the management of the underlying Cuban joint venture companies and may not be calculated in accordance with IFRS or have any standardized meaning prescribed by IFRS. Consequently, comparisons to similar measures presented by other entities operating in other places should be undertaken with care.

Total income

Total income of the commercial properties is defined as all income earned by the Cuban joint venture company including rental income, administration fees, tenant improvements and parking income.

Total income of the hotel properties is defined as all income earned by the Cuban joint venture company including room fees and charges, additional food and beverage sales, activities fees, rental income from commercial retail space and other incidental fees.

AMR

Average monthly rate per square meter is calculated as total income for the period divided by the amount of square meters occupied on a monthly basis.

ADR

Average daily rate is calculated as total income over the number of rooms occupied during the period on a daily basis.

Rev PAR

Revenue per available room is calculated as total income over the total number of rooms available during the period on a daily basis.

Key Performance Drivers

In addition to monitoring and analysing the performance of the interests of the Company in the hotel and commercial properties in terms of the key indicators mentioned above, the following are considered to be important drivers of the current and anticipated financial performance:

- The ability to increase rental rates of the commercial properties and room rates of the hotel properties as market conditions permit;
- The level of occupancies;
- The reduction in operating costs by the upgrading of electrical and other equipment (air conditioning, etc.).

The following are considered to be key external performance drivers:

- The international price of oil and its relation to the price of electricity;
- The pricing and popularity of similar tourist destinations such as the Dominican Republic and Mexico;
- Foreign exchange rates which affect the level of hotel rates for Canadian and European tourists;
- The availability of debt at a cost and on terms conducive to the goals of the Company;
- The approval by the Cuban government of additional phases of commercial property construction and the renovation and upgrading of hotel properties;
- The general improvement of the Cuban economy, the attitude of the Cuban government towards foreign investment and preferred sectors for future development, and other changes in local market conditions;
- The state of relations between the United States and Cuba.

Commercial Properties

The strategy of the Company regarding commercial properties is to remain the dominant foreign investor in Cuba's commercial real estate sector through the addition of new properties within the Cuban joint ventures in which it already has an interest, whether by acquisition or new construction.

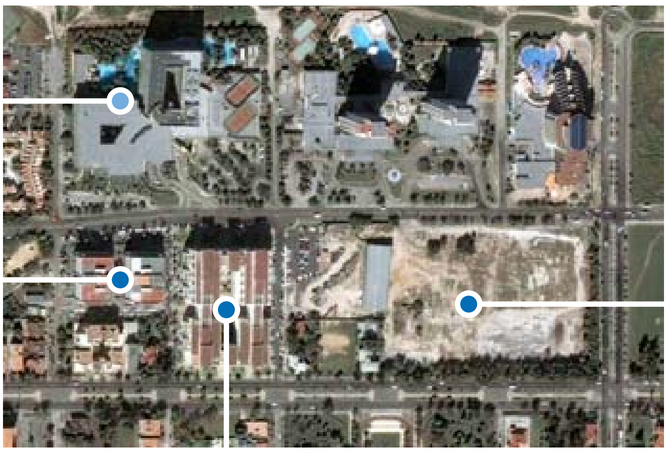
The current investment in commercial properties consists of the interest of the Company, held through its subsidiaries, in the Cuban joint venture company Inmobiliaria Monte Barreto S.A. ("Monte Barreto"), which owns and operates the Miramar Trade Center. In successive transactions carried out between March 2004 and March 2008, the Company acquired the full foreign equity interest of 49% in Monte Barreto. The Cuban partner that holds the other 51% interest is Inmobiliaria LARES S.A., a wholly–owned subsidiary of Corporación CIMEX S.A. The interest of the Company in Monte Barreto is accounted for at fair value and as such its individual financial statements are not consolidated within the audited consolidated financial statements of the Company.

The principal strategy of Monte Barreto is to maintain and possibly expand its position as the leading commercial real estate company in Cuba. During the past few years, Monte Barreto has developed and presented various new commercial property projects for approval to the Cuban authorities, including projects regarding the execution of further phases of the Miramar Trade Center, the construction of a new office complex in a new industrial park to be located in the outskirts of Havana, the construction of an office and apartment complex in Cienfuegos and the construction of an office and apartment complex in Varadero. Management does not expect that any of the presented projects will be approved during the current fiscal year.

The primary focus of Monte Barreto during the next few years is the substitution of Cuban tenants (i.e. state–owned companies) by foreign representative and branch offices, diplomatic missions and Cuban joint venture companies (having foreign interests). Primarily as a result of timing, this may result in a temporary decrease in occupancy and income levels. However, considering the medium to long term, it is considered important to have a tenant mix that is principally comprised of foreign representative and branch offices, diplomatic missions and Cuban joint venture companies (having foreign interests) as these types of tenant are more likely to accept higher rental rates and are more likely to be attractive to potential international lenders, which will increase the possibility of obtaining leverage in the future.

In addition, efforts are being made to increase the efficiency of operations and to reduce the operational costs of the buildings making up the Miramar Trade Center, with a focus on energy efficiency that could lead to lower energy costs, which presently represent approximately 60% of the total operating expense (excluding depreciation and amortization).

The Company's proportionate interest in Monte Barreto is equivalent to 27,244 square meters (approximately 293,000 square feet) of rentable office space in Havana, Cuba. At 31 March 2014, the fair value of the Company's interest in Monte Barreto was US$59,590,508, compared to US$57,122,539 as at 31 March 2013. See note 6 of the consolidated financial statements for more information. The principal asset of Monte Barreto is the Miramar Trade Center.



Miramar Trade Center

The Miramar Trade Center is Havana's leading mixed–use commercial and retail real estate complex and represents the heart of the new Havana business district. To date, six buildings have been completed, representing 55,530 square meters (approximately 600,000 square feet) of rentable area. Approximately 150,000 square meters (approximately 1.6 million square feet) of further rentable area were originally planned for future phases. The principal tenants of the Miramar Trade Center include Cuban companies, foreign diplomatic and trade missions, representative and branch offices of major foreign companies, foreign non–governmental organizations and Cuban joint venture companies having foreign shareholders.

The following table shows key metrics and financial data of Monte Barreto. Income amounts are not consolidated in the audited financial statements of the Company as the interest in Monte Barreto is accounted for at fair value:

	3 months ended 31 March US$		Year ended 31 December US$	
	2014	2013	2013	2012
Inmobiliaria Monte Barreto S.A.				
Total income	4,627,108	4,700,052	19,910,895	18,970,201
EBITDA	3,070,453	3,224,357	12,040,579	12,272,654
EBIT	2,727,937	2,627,352	10,648,210	9,876,434
Net income after tax	1,913,648	1,878,557	7,469,719	6,984,610
Occupancy	90.0%	87.8%	90.2%	88.4%
AMR	31.96	32.14	32.15	32.22

Discussion of Commercial Property Results and Outlook

The net income after tax of Monte Barreto for calendar year 2013 was approximately US$485,000 higher than previous year. However, the EBITDA for 2013 was approximately US$232,000 lower. This is the result of the implementation of lower fixed asset depreciation rates which were offset by an increase in other operational costs. During calendar 2013, operational costs (excluding depreciation) were higher by 5% primarily as a result of increased energy costs. Net income after tax for calendar year 2014 is anticipated to be similar to 2013 as income from higher occupancy levels will be offset by the increase in energy costs.

Occupancy levels continue to increase at a steady pace to fill the space that was vacated by certain Cuban (state–owned) tenants at the end of December 2011.

Hotel Properties

The strategy of the Company regarding hotel properties is to continue to be one of the leading foreign investors in the tourism real estate sector by maintaining a portfolio of investments in high end (4 and 5 star) hotels located in Cuba's main tourist and business destinations.

Hotel property investments consist of the interests of the Company, held through its subsidiaries, in Cuban joint venture companies that own and operate individual hotels. All of the operating hotels have been managed since start–up by the Spanish international hotel chain Meliá Hotels International, which operates 25 hotels in Cuba and is the dominant international hotel management company in the country. The Cuban partner that holds the other 50% equity interest in the two Cuban joint venture companies owning operating properties is Corporación de Turismo y Comercio Internacional, Cubanacán S.A. ("CUBANACÁN"), one of Cuba's principal tourism companies. The interests of the Company in the Cuban joint venture companies that own operating hotel properties are held by HOMASI S.A. ("HOMASI") and Corporación Interinsular Hispana S.A. ("CIHSA"). In February 2013, the Company acquired a majority interest in the share equity of HOMASI. Subsequently, HOMASI has been fully consolidated by the Company and the underlying Cuban joint venture company, Miramar S.A. ("Miramar"), is shown as an equity investment in the consolidated financial statements. Miramar is accounted for at fair value and as a result its individual financial statements are not consolidated within the audited consolidated financial statements of the Company. CIHSA is accounted for at fair value and as a result its individual financial statements and the financial statements of the underlying Cuban joint venture company, Cuba Canarias S.A. ("Cubacan") are not consolidated within the audited consolidated financial statements of the Company.

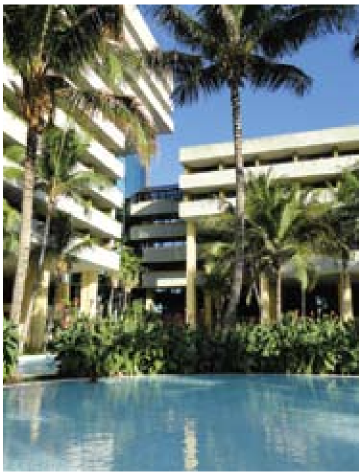
At 31 March 2014, the Company had an indirect interest equivalent to 164.9 hotel rooms in Havana and 199.4 hotel rooms in Varadero. At that date, the fair value of the Company's interest in Miramar and CIHSA was US$39,569,636 compared to a fair value of US$36,265,569 at 31 March 2013. The net increase in the fair value of Miramar and CIHSA is attributable to an increase in the fair value of Miramar by US$968,474 and an increase in the estimated fair value of CIHSA by US$2,335,593. See note 6 of the consolidated financial statements for more information.

The Company has indirect interests in the following two joint venture companies that own operating hotel properties:

Miramar S.A.

The Company holds an economic interest of 83.05% in HOMASI, the Spanish holding company which has a 50% equity interest in the Cuban joint venture company Miramar. Miramar has constructed and owns a 397 room hotel in Havana known as the Meliá Habana Hotel. At 31 March 2014 the fair value of the Company's interest in Miramar was US$19,874,018, compared to the fair value of HOMASI of US$18,905,544 at 31 March 2013. Details of the Meliá Habana Hotel are as follows:

Meliá Habana Hotel



The 5–star Meliá Habana Hotel has 397 rooms, including 16 suites, and is one of only five 5–star hotels presently operating in Havana. The Meliá Habana Hotel is internationally rated under the OHG International System as "Superior First Class". The hotel has been managed since start–up in September 1998 by the Spanish international hotel chain Meliá Hotels International, which operates 25 hotels in Cuba and is the dominant international hotel management company in the country. The Meliá Habana Hotel is one of the leading business hotels of Havana (given its prime ocean–front location directly across the street from the Miramar Trade Center) and its business attributes include conference facilities, numerous meeting rooms, a business centre and 3 executive floors. It has approximately 40,000 square metres (approximately 430,000 square feet) of constructed area on a prime oceanfront property. The vast majority of rooms have direct ocean views, and the site has extensive gardens and the largest swimming pool of all Cuban city hotels.

The economic interest of the Company in HOMASI consists of mixed equity and quasi–equity positions. The Company holds an equity interest of 95% of the share capital of HOMASI, as well as a quasi–equity participation in the form of a "participation agreement" pursuant to which HOMASI has transferred a portion of its economic interest in Miramar to the Company. Under this participation agreement the Company is entitled to receive distributions prior to other dividends equivalent to 27% of HOMASI's economic interest in Miramar. HOMASI has also sold participation agreements representing an additional 14% of its economic interest in Miramar to third parties. The net economic interest of the Company in HOMASI is 83.05% taking into account the participation agreements in favour of third parties, which represents a 41.525% economic interest in Miramar.

In May 2013, the Company, through its subsidiary CEIBA Tourism, sold 5% of its equity interest (equivalent to a 2.95% economic interest) in HOMASI for a total purchase price of US$630,156. This 5% equity interest (2.95% economic interest) has been accounted for as a minority interest in these financial statements.

As a result of this sale, the Company's interest in the share equity of HOMASI decreased to 95% (compared to the share equity interest at 31 March 2013 of 100%). The Company's interest regarding the quasi–equity participation in HOMASI in the form of a "Participation Agreement" remained at 27%.

The Company holds its interest in HOMASI through its wholly–owned Netherlands subsidiary CEIBA Tourism. The remaining economic interests in HOMASI are held by other foreign investors (as to 14%). Miramar is held 50% by HOMASI and 50% by the Cuban company, CUBANACÁN. Meliá Hotels International is responsible for the day–to–day management of the hotel. The directors of CEIBA Tourism are actively involved in the supervision of the management of the hotel assets and have representation on the board of directors of Miramar.

The following table shows key metrics and financial data of Miramar and the Meliá Habana Hotel. Income amounts are not consolidated in the audited financial statements of the Company as the interest in HOMASI, which holds the interest in Miramar, is accounted for at fair value:

	3 months ended 31 March US$		Year ended 31 December US$	
	2014	**2013**	**2013**	**2012**
Meliá Habana				
Total income	5,533,615	4,962,549	16,854,263	17,045,018
EBITDA	2,276,051	2,090,097	5,379,192	5,274,770
EBIT	1,890,310	1,822,105	3,750,442	4,166,671
Nº of guests	51,718	51,886	176,019	191,708
Room Occupancy	89.07%	88.52%	76.41%	82.69%
ADR	173.88	156.90	152.22	141.86
Rev PAR	154.87	138.89	116.31	117.31
Miramar S.A.				
Total income	5,533,615	4,962,549	16,854,263	17,045,018
EBITDA	2,265,531	2,077,508	5,118,165	5,210,378
EBIT	1,877,099	1,806,824	3,700,015	4,112,927
Net income after tax	1,596,942	1,537,156	3,112,146	3,477,552

Cuba Canarias S.A.

The Company holds an economic interest of 27.75% in CIHSA, the Spanish holding company which has a 50% equity interest in the Cuban joint venture company Cubacán. Cubacán has constructed and owns three hotels in Varadero known as the Meliá Las Americas, Meliá Varadero and Sol Palmeras Hotels, having an aggregate total of 1,437 rooms. The three hotels are all located on prime beachfront property adjacent to Cuba's only 18–hole golf course. At 31 March 2014 the fair value of the Company's interest in CIHSA was US$19,695,618 compared to US$17,360,025 at 31 March 2013.

Details of the Cubacán hotels are as follows:

Meliá Las Americas Hotel

The Meliá Las Americas Hotel is a 5–star luxury beach resort hotel located next to the famous Dupont House and the Varadero Golf Course. It has 340 rooms, including 90 bungalows and 14 suites, and is presently one of only four 5–star hotels in Varadero having a foreign ownership interest. It has 400 metres of prime beachfront and is internationally rated under the OHG International System as "Moderate Deluxe". The hotel is an all–inclusive luxury beach resort and has been operated by the Spanish international hotel chain Meliá Hotels International since the start–up of operations in 1994.

Meliá Varadero Hotel

The 5–star Meliá Varadero Hotel is located next to the Meliá Las Americas Hotel and is also adjacent to the Varadero Golf Course. It has 490 rooms, including 7 suites, and is another one of only four 5–star hotels in Varadero having a foreign ownership interest. It has 300 metres of prime beachfront and is internationally rated under the OHG International System as "Moderate First Class". The hotel has been operated by Meliá Hotels International as an all–inclusive luxury beach resort since the start–up of operations in 1992.

Sol Palmeras Hotel

The Sol Palmeras Hotel is located next to the Meliá Varadero Hotel and also borders on the Varadero Golf Course. It has 607 rooms, including 200 bungalows, of which 90 are of suite or deluxe standard and 500 metres of beachfront. The hotel has been operated by Meliá Hotels International as a 4–star all–inclusive beach resort hotel since it began operations in 1990.

The economic interest of the Company in CIHSA consists of mixed equity and quasi–equity positions. The Company holds an equity interest of 15% of the share capital of CIHSA, as well as an additional economic interest in the form of a "participation agreement" pursuant to which CIHSA has transferred a portion of its economic interest in Cubacan to the Company. Under this participation agreement, the Company is entitled to receive distributions prior to other dividends equivalent to 15% of CIHSA's economic interest in Cubacan. The net economic interest of the Company in CIHSA is 27.75% taking into account all third party interests, representing a 13.875% interest in Cubacan.

The Company holds its interests in CIHSA through its wholly–owned Netherlands subsidiary CEIBA Tourism Cooperatief U.A. ("CEIBA Tourism"). The remaining economic interests in CIHSA are held by other foreign investors (as to 72.25%). Cubacan is held 50% by CIHSA and 50% by Corporación de Turismo y Comercio Internacional, Cubanacán S.A. ("CUBANACAN"). CUBANACAN is a diversified tourism company owned by the Cuban government.

Meliá Hotels International is responsible for the day–to–day management of the hotels. The directors of CEIBA Tourism are actively involved in the supervision of the management of these hotel assets and have representation on the board of directors of Cubacan.

In 2014, the initial term of the joint venture company, CUBACAN, will expire. In 2015, the initial term of the usufruct rights of the Sol Palmeras Hotel will expire, the usufruct rights of the Meliá Varadero Hotel will expire in 2017 and those of the Meliá Las Americas Hotel will expire in 2019. Negotiations aimed at extending the initial terms of the above usufruct rights and the term of incorporation of the joint venture company are presently underway. In the event that these negotiations prove to be unsuccessful, Cubacan will be liquidated. In such circumstances, all of the assets of the joint venture company will be distributed to the Cuban shareholder, subject to the payment of compensation to the foreign shareholder for the value of its interest therein. If the parties are not able to reach agreement on the value of such compensation, then the amount of compensation will be fixed by an independent valuation entity chosen from a list of 3 such firms chosen by the Chamber of Commerce of Geneva. However, based on current discussions, the Directors are confident that the terms of the usufruct rights will be extended and that it is unlikely that Cubacan will be liquidated.

The following table shows key metrics and financial data of Cubacán and its hotel properties in Varadero. Income amounts are not consolidated in the audited financial statements of the Company as the interest in CIHSA, which holds the interest in Cubacán, is accounted for at fair value:

	3 months ended 31 March US$		Year ended 31 December US$	
	2014	2013	2013	2012
Sol Palmeras				
Total income	9,119,192	9,173,554	25,621,177	25,363,875
EBITDA	4,230,223	4,210,451	7,416,180	7,289,778
EBIT	3,803,664	3,792,401	5,769,202	5,668,397
Nº of guests	102,264	104,276	373,093	383,846
Room Occupancy	92.65%	91.96%	83.29%	85.08%
ADR	180.17	182.60	138.84	134.19
Rev PAR	166.93	167.92	115.64	114.17
Meliá Varadero				
Total income	7,420,033	7,495,242	19,500,976	19,420,015
EBITDA	3,375,939	3,376,319	5,249,818	5,306,396
EBIT	2,886,295	2,945,438	3,513,336	3,579,523
Nº of guests	75,529	76,215	245,887	244,861
Room Occupancy	90.23%	89.64%	71.11%	71.23%
ADR	186.47	189.60	153.33	152.02
Rev PAR	168.25	169.96	109.04	108.29
Meliá Las Américas				
Total income	6,915,538	6,580,787	18,184,901	17,807,416
EBITDA	3,013,846	2,806,772	5,242,746	4,960,198
EBIT	2,673,019	2,477,724	3,867,795	3,657,507
Nº of guests	53,512	51,934	179,820	178,901
Room Occupancy	94.73%	92.55%	81.05%	80.73%
ADR	238.57	232.37	180.79	177.26
Rev PAR	226.00	215.06	146.53	143.10
Cuba Canarias S.A.[1]				
Total income	24,263,212	24,073,109	66,466,520	63,659,054
EBITDA	10,626,133	10,395,512	17,774,658	17,540,764
EBIT	9,331,146	9,180,747	12,868,610	12,742,913
Net income after tax	8,402,697	8,267,263	11,138,486	11,455,431

[1] As well as the operations of the three individual hotels, the consolidated accounts of Cuba Canarias S.A. contain amounts from the common activities of the head office including a bakery, laundry services, warehousing and insurance. Head office also records rental income from retail space leased within the hotels.

Discussion of Hotel Property Results and Outlook

In aggregate, the net income after tax of the four operating hotel properties during calendar year 2013 was approximately US$680,000 lower in comparison to the previous calendar year. Although all four hotels obtain higher ADR figures, a decrease in occupancy levels resulted in a decrease in income levels.

For the current calendar year (2014), the first quarter has shown improved results and it is anticipated that total income of the hotel properties will rise due to a slight increase in occupancy levels as well as higher levels of ADR and RevPAR. As such, there is projected to be a modest increase in the EBITDA of the hotel properties with a corresponding increase in the level of dividends distributed by CIHSA and HOMASI.

For the remainder of 2014, the principal focus of management will be the negotiation of new agreements with CUBANACAN and the Cuban government to extend the terms of the Varadero usufruct rights and the term of incorporation of Cubacan.

In addition, the joint venture companies intend to continue to focus their attention on the reduction of operating expense, particularly energy costs, which account for approximately 20% of the total operating expense of the hotels. This will be accomplished by upgrading air conditioning equipment to more efficient systems where possible. As well, the Meliá Habana hotel will increase efforts to market the hotel to business visitors and the Varadero hotels will try to maximize marketing efforts emphasizing the fact that these properties are all immediately adjacent to what is presently Cuba's only 18–hole golf course.

Development Projects

The Company currently has an interest in one development project that consists of a 40% interest, held through its subsidiaries, in the joint venture company TosCuba S.A. ("TosCuba"). TosCuba was incorporated for the purpose of constructing a beach resort hotel at Playa Maria Aguilar, Trinidad, Province of Sancti

Clockwise from top left: Maria Aguilar beach; Gardens and pool ammenities of Meliá Trinidad Hotel project; Interiors views of rooms.

Spiritus, Cuba. The Cuban partner that holds a 50% equity interest is CUBANACÁN. The interest of the Company in TosCuba is accounted for at fair value and as such its individual financial statements are not consolidated within the audited consolidated financial statements of the Company.

In February 2013, the Company, through its subsidiary, CEIBA Tourism, incorporated Mosaico B.V., a Dutch limited liability company for the purpose of holding the interest of the Company in TosCuba. The Company has an 80% equity interest in Mosaico B.V. The remaining 20% equity of MOSAICO B.V. is held by Hoteles Internacionales MCA S.A. CEIBA Tourism and Hoteles Internacionales MCA S.A. have agreed to make up to US$30,000,000 of funding available to Mosaico B.V. As a first step, Hoteles Internacionales MCA S.A. will contribute $701,177 to Mosaico B.V. to reach par with CEIBA Tourism's contributions to date, of which US$601,177 remains outstanding at 31 March 2014. Thereafter both parties will make *pari pasu* payments.

To date, TosCuba S.A. has invested approximately US$5.3 million in the acquisition of surface rights over the 6 hectare property, the development of architectural works and drawings, and ground preparation, of which the Company has contributed US$2,904,707. Since the Company has been involved in this project, TosCuba has been able to extend the term of the surface rights from 25 to 50 years and has received permission to build a total of 400 rooms instead of the initially authorized number of 292 rooms. Construction is anticipated to begin within the year following the completion of technical drawings and receipt of all necessary permits and approvals. Following completion, it is intended that new hotel will also be managed by Meliá Hotels International. At 31 March 2014 the fair value of the Company's interest in TosCuba was US$2,904,707 compared to US$2,804,707 at 31 March 2013.

Other Investments

The Company has a 10% interest in Caricel Inc., which holds through its subsidiary a 50% interest in the Cuban joint venture company Productos Sanitarios S.A. ("PROSA"). PROSA operates a tissue paper mill that supplies the Cuban market. At 31 March 2014 and 2013, the fair value of the Company's interest in Caricel Inc. was US$225,000.

OTHER ASSETS AND ACTIVITIES

The Company has a number of other assets and activities, the aggregate of which represents less than 1% of the total assets of the Company.

CEIBA Publications Limited

CEIBA Publications Limited ("CEIBA Publications") is a wholly–owned subsidiary of the Company that is fully consolidated in the financial statements of the Company and is included within the "Other" business segment. For the year ended 31 March 2014 and 2013, the net assets and economic activity of CEIBA Publications were not significant.

GrandSlam Limited

GrandSlam Limited ("GrandSlam") is a wholly–owned subsidiary of the Company and is fully consolidated in the accounts of the Company and is included within the "Tourism / Leisure" business segment. GrandSlam operates a travel agency out of Havana specialising in ecotourism and sports fishing (including the joint products mentioned above). The consolidated net assets of GrandSlam at 31 March 2014 were US$81,043 (2013: US$226,895).

The results of GrandSlam for the year ended 31 March 2014 were approximately breakeven with total income of US$913,076 and a net loss of US$37,692, compared to total income of US$411,574 and a net income of US$1,156 for the year ended 31 March 2013.

Cuban Art

Over the years, the Company has accumulated a respectable collection of works of art of Cuban contemporary artists. These works of art are included within the property, plant and equipment of the Company and have a net value of US$309,800 (2013: US$311,800). The works of art are on display at the Havana branch office of CPC and the Havana office of the travel agency of GrandSlam.

COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

The Company has executed operating leases for office building space in the Miramar Trade Center. These have a contractual life of one year with automatic renewal of one year after each maturity. There are no restrictions placed upon the Company by entering into these leases. The total annual operating lease payments in effect at 31 March 2014 were US$133,491.

LIQUIDITY

As at 31 March 2014, cash and cash equivalents totalled US$3,864,143, compared to US$3,775,074 at 31 March 2013. Cash flows from operating activities totalled US$4,188,928 in fiscal 2014 compared to US$2,555,620 in fiscal 2013. The increase in cash flows from operating activities in fiscal 2014 can be attributed primarily to the internalization of the Investment Manager on 1 May 2014 and the corresponding savings in management fees. As the members on the Investment Manager became managers of the Company, there has been the introduction of management costs which have been offset in part by lower legal, travel and audit fees.

There were negative cash flows from investing activities totalling US$99,859 in fiscal 2014 compared to positive cash flows of US$3,264,978 in fiscal 2013. The positive cash flows of fiscal 2013 were a result of the proceeds received from the repayment of loans and advances totalling US$10,540,347. There were no loan repayments during fiscal 2014. The positive investing cash flows of 2013 were offset by the acquisition of an additional interest in HOMASI for US$7,200,000. There were no significant acquisitions made by the Company in fiscal 2014.

There were negative cash flows from financing activities totalling US$4,000,000 in fiscal 2014 compared to negative cash flows of US$9,999,998 in fiscal 2013. In fiscal 2014, there was a payment of cash dividends by the Company of US$4,000,000, compared to a payment of cash dividends of US$9,999,998 in fiscal 2013.

The principal liquidity needs of the Company for the next twelve months are to:

- fund recurring expenses;
- provide funding for capital expenditures of underlying investments which are deemed necessary; and
- fund investing activities, which could include:
  - the extension of the term of incorporation of Cubacan and the usufruct rights over its properties;
  - the funding of development costs of TosCuba, including architectural drawings, engineering studies and construction costs; and
  - the development or acquisition of new interests in existing or new Cuban investment projects.

The construction of the TosCuba hotel development project is anticipated to begin within a year following the completion of technical drawings and receipt of all necessary permits and approvals. Subsequently, TosCuba will require additional equity or debt financing in order to carry out the construction. It is expected that the Company will be called upon to play an important role in providing or securing such finance.

The Company believes that its current liquidity needs will be satisfied using its current cash at bank and cash flows generated from operations. Available cash balances and dividend income from interests in Cuban joint venture companies are the principal sources of liquidity used to pay operating expenses and fund capital expenditures of underlying investments and to make new investments.

The Company believes that its income will continue to provide the necessary funds for short–term liquidity needs. However, material changes may arise, such as new investment opportunities or a change in timing of the TosCuba hotel development, whereby the Company will be required to obtain additional sources of funding or capital.

In the absence of appropriate Cuban security mechanisms over real estate (i.e. mortgage or hypothec) and given the perceived high level of risk associated with lending to Cuban borrowers, there is a lack of cost–effective leverage in the Cuban market, and the Company consequently does not currently have any loan or other credit facility indebtedness, either at the holding company level or at the level of each underlying investment. As a result, the Company is highly dependent on cash flows from operations and access to international capital markets in order to fund its operations and investment program. It is for this reason that the Company is considering a listing on an international stock exchange. Depending on the timing of new investment projects, the Company may need to raise significant new capital in order to fund its development activities in future.

However, Management believes that this absence of debt will allow the Company to successfully leverage its assets in the future, when the cost and other conditions of debt for Cuban assets becomes more acceptable, thereby allowing the Company to optimize its capital structure and to make further investments or to return capital to Shareholders.

DISCLOSURE OF OUTSTANDING SHARE DATA

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

The total number of ordinary shares issued and fully paid as at 31 March 2014 and 2013 was 13,458,947.

DIVIDENDS

Dividends paid during the 12 months ended 31 March 2014 amounted to US$4,000,000 or US$0.297 per share, compared to US$9,999,998 or US$0.743 per share in fiscal 2013.

OPERATING RESULTS

Set out below is a summary of various components of the consolidated statement of comprehensive income of the Company. Discussion of these components is set out below.

	31 March 2014 US$	31 March 2013 US$
Income		
Dividend income	6,423,689	6,013,767
Interest income	83,824	351,800
Other income	920,613	687,864
	7,428,126	7,053,431
Expenses		
Investment Manager fees and warrants	(215,528)	(3,179,455)
Selling costs	(845,239)	(422,546)
Management costs	(690,706)	-
Other staff costs	(362,737)	(686,657)
Other operating expenses	(1,133,510)	(1,446,735)
	(3,247,720)	(5,735,393)
Change in fair value of equity investments	5,772,036	(3,322,702)
Participation agreement payments to 3rd parties	(227,132)	-
Costs from acquisition of equity investments	-	(931,669)
Foreign exchange gain (loss)	253,859	(273,505)
Net income for the year	9,979,169	(3,209,838)
Other comprehensive income	-	-
Total comprehensive income (loss)	9,979,169	(3,209,838)
Attributable to:		
Shareholders of the parent	9,886,387	(3,209,838)
Non–controlling interest	92,782	-

Income

The principal source of income of the Company is dividends received from the investments of the Company in Cuban joint venture companies that own commercial and hotel properties.

Dividend income

Dividend income earned by the Company from its investments in commercial and hotel properties is shown in the table below:

	31 March 2014 US$	31 March 2013 US$
Commercial property investments		
Inmobiliaria Monte Barreto S.A.	3,959,189	4,198,696
Hotel property investments		
Miramar S.A.	1,775,000	350,675
CIHSA	689,500	1,464,396
	2,464,500	1,815,071
	6,423,689	6,013,767

Dividend income of Monte Barreto was slightly lower in fiscal 2014 compared to fiscal 2013. As in the prior year, dividends from Monte Barreto are higher than the Company's share of net income as a result of additional dividends being distributed due to available cash flow.

The dividend income of the Company relating to CIHSA and Miramar include dividends from the Company's equity interests as well as payments received under participation agreements. The dividends distributed by CIHSA represent dividends received from Cubacán, net of operating expenses and payments made under participation agreements of CIHSA.

Interest Income

Interest income totalled US$83,824 for the twelve months ended 31 March 2014 compared to US$351,800 at 31 March 2013. Interest income was lower in fiscal 2014 due to the principal of the loans and advances made by the Company of approximately $10,540,000 being repaid during fiscal 2013 and only new loans of approximately $650,000 being issued during current the period.

Other Income

Other income totalled US$920,613 for the twelve months ended 31 March 2014 compared to US$687,864 at 31 March 2013. Other income was higher in fiscal 2014 primarily due to a higher sales income of GrandSlam. Included in other income is sales income of US$896,923 earned by GrandSlam (compared to US$411,233 in fiscal 2013). Also included in other income in fiscal 2013 was an amount of US$213,597 which represents the difference between the 2012 calendar year dividends of CIHSA and HOMASI guaranteed by the seller to the Company in agreements completed in March 2010 and the dividends actually earned by the Company.

Operating Expenses

Operating expenses may be separated between amounts representing Investment Manager fees and related warrants, and other operating expenses of the Company.

Operating Expenses–Investment Manager Fees and IM Warrants

Under the Investment Manager Agreement dated 1 January 2008 (the "IMA"), the Investment Manager was entitled to receive compensation in the form of base fees, performance fees and IM Warrants. The IMA was terminated with effect on 30 April 2013 and management has been internalized as from 1 May 2013. Going forward, the services of the principal managers of the Company will be contracted by the Company rather than through the Investment Manager.

Investment Manager Base Fees

Management base fees totalled US$215,528 during fiscal 2014, compared to US$ US$2,903,377 for fiscal 2013. The Investment Manager was entitled to receive annual base fees in the amount of 2.5% of the average quarterly total assets under management of the Company, calculated and payable at the beginning of each quarter. As the IMA was terminated with effect on 30 April 2013, there was only one month of management base fees incurred during fiscal 2014.

Selling Costs

Selling costs totalled US$845,239 for the twelve months ended 31 March 2014, compared to US$422,546 for the periods ended 31 March 2013. Selling costs are comprised of the costs of sales of GrandSlam totalling $842,094 (compared to US$343,123 in fiscal 2013) and cost of sales of CEIBA Publications of US$3,145 (compared to US$79,423 in fiscal 2013).

Management Costs

Management costs totalled US$690,706 for the twelve months ended 31 March 2014. Management costs are comprised of salaries and other employment costs of the Management of the Company. Management costs in fiscal 2014 are a direct result of the termination of the IMA and the services of the principal management team now being be contracted by the Company rather than through the Investment Manager.

Other Staff Costs

Other staff costs totalled US$362,737 for the twelve months ended 31 March 2014, compared to US$686,657 for the period ended 31 March 2013. Other staff costs are comprised of salaries and other employment costs of the employees of the Company's subsidiaries including the employees of the Havana offices of CPC responsible for the negotiation, acquisition, development and implementation of projects in Cuba.

Other Operating Expenses

Operating expenses, excluding Investment Manager fees and staff costs, totalled US$1,133,510 for the twelve months ended 31 March 2014, compared to US$1,446,735 for the period ended 31 March 2013. These operating expenses were lower in fiscal 2014 primarily due to lower legal expenses, travel costs and audit fees.

A discussion of selected operating expenses is provided below:

Legal Expenses

Legal expenses totalled US$184,007 for the twelve months ended 31 March 2014, compared to US$310,396 for the period ended 31 March 2013. Legal expenses were higher in fiscal 2013 primarily due to legal fees in relation to the proposed application for a listing of the securities of the Company on the Toronto Stock Exchange.

Administration Fees and Expenses

Administration fees and expenses totalled US$233,836 for the twelve months ended 31 March 2014, compared to US$261,288 for the period ended 31 March 2013. The administration fees and expenses is primarily comprised of the fees of the administrator of the Company, JTC (Guernsey) Limited ("JTC"). Included within the administration fees and expenses are administration fees earned by JTC of US$120,253 (2013: US$182,344). Under an administration and secretarial agreement that took effect 1 October 2013, JTC is entitled to receive an annual administration fee of £40,000 (US$66,660) from the Company. Prior to 1 October 2013, JTC was entitled to receive an administration fee from the Company based on a percentage of the net asset value. See note 14 of the financial statements for more information.

Travel Expenses

Travel expenses totalled US$115,695 for the twelve months ended 31 March 2014, compared to US$203,116 for the period ended 31 March 2013. Travel expenses were higher in fiscal 2013 primarily due to increased travel between Cuba and Europe for Board meetings and in connection with the acquisition of the addition interests in HOMASI.

Audit fees

Audit fees totalled US$73,411 for the twelve months ended 31 March 2014, compared to US$145,585 for the period ended 31 March 2013. Audit fees were lower in fiscal 2014 primarily due to a change in the Company's auditor to Ernst & Young and the fact that audit fees relating to fiscal 2012 were realized in fiscal 2013.

Change in Fair Value of Equity Investments

The investments of the Company in Cuban joint venture companies are recorded at fair value. Any changes in fair value are recognised in the consolidated statement of comprehensive income as change in fair value of equity investments in the period of the change. During the year ended 31 March 2014, the Company recognized an increase in the fair value of equity investments of US$5,772,036 compared to a decrease of US$3,322,702 at 31 March 2013. The Company reviews the fair value of the equity investments each period to determine if adjustments are required due to the movement of various parameters based on available information relating to the underlying properties, including independent third party valuations, current working capital and the present value of future operating costs of the foreign shareholder.

Changes in the fair values of the equity investments of the Company are shown in the table below:

	31 March 2014 US$	31 March 2013 US$
Commercial property investments		
Inmobiliaria Monte Barreto S.A.	2,467,969	(2,549,102)
Hotel property investments		
Miramar S.A.	968,474	2,629,378
CIHSA	2,335,593	(3,402,978)
	3,304,067	(773,600)
Total change in fair value of investments	5,772,036	(3,322,702)

2014 Foreign Investment Law

On 29 March 2014, the National Assembly of Cuba approved 2014 Law No. 118 on Foreign Investment. The law comes into force at the end of June 2014 and replaces the former 1995 Law No.77 on Foreign Investment. Changes in the 2014 law, compared to the 1995 law, include a reduction of the standard corporate tax rate applicable to Cuban joint venture companies from 30% to 15% and the removal of a tax on labour. The changes included in the 2014 Law on Foreign Investment have been taken into consideration for the determination of the fair values of the Company's investments (see note 6).

Fair Value of Monte Barreto

Each period the fair value of the Company's interest 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 Directors also take into account available information relating to the underlying properties, including current working capital.

At 31 March 2014, the Directors have determined that an appropriate fair value of the Company's 49% interest in Monte Barreto of US$59,590,508, after taking into consideration the current working capital of Monte Barreto. This resulted in a increase in the fair value by US$2,467,969, compared to a decrease of US$2,549,102 in the prior fiscal year. See note 6 of the consolidated financial statements for more information.

Fair Values of Miramar S.A. and CIHSA

Each period the fair value of the Company's interest 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 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.

At 31 March 2014, the Directors have determined that the appropriate fair value of the Company's 41.525% interest in Miramar is US$19,874,018, after taking into consideration the current working capital of Miramar. This resulted in an increase in the fair value by US$968,474, compared to an increase of US$2,629,378 in the prior fiscal year. See note 6 of the consolidated financial statements for more information.

Each period the fair value of the Company's interest in CIHSA 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 Directors also take into account available information relating to the underlying hotel properties, including historical cash flows generated by the underlying hotel properties, current working capital and the present value of future operating costs of CIHSA.

At 31 March 2014, the Directors have determined that the appropriate fair value of the Company's 27.75% interest in CIHSA (13.875% interest in Cubacan) is US$19,695,618, after taking into consideration the current working capital of Cubacan and the present value of future operating costs of CIHSA. This resulted in an increase in the fair value by US$2,335,593, compared to a decrease of US$3,402,978 in the prior fiscal year. See note 6 of the consolidated financial statements for more information.

Fair Value of TosCuba

As TosCuba currently has a hotel project under development, the Company has decided that an appropriate fair value of its interest in TosCuba is equal to the capital contributions that have been made by Mosaico to TosCuba to date. During fiscal 2014, capital contributions of US$100,000 were made to TosCuba.

Fair Value of Caricel

At 31 March 2014 and 2013, the Company had a 10% interest in Caricel Inc., which holds through its subsidiary a 50% interest in the Cuban joint venture company PROSA. PROSA operates a tissue paper mill that supplies the Cuban market. Each period the fair value of the Company's interest in Caricel Inc. is reviewed to determine if a fair value adjustment is required due to the movement of various parameters including changes in the projected cash flows of PROSA and other available market evidence. The current estimated fair value of the Company's interest in Caricel Inc. is US$225,000. There has not been a change in this fair value estimate from the prior fiscal year.

Taxation

The Company had no charge for taxation for the 12 months ended 31 March 2014 or 2013. However, the investments of the Company in Cuban joint venture companies, which are accounted for at fair value and are not consolidated in the audited financial statements of the Company, are liable for the payment of Cuban corporate tax applicable to each joint venture company. For more detailed information regarding the tax status of the Company, its subsidiaries and investments, see note 3.9 of the audited consolidated financial statements.

RISKS AND UNCERTAINTIES

In addition to the other information contained in this MD&A, the following factors should be carefully considered in evaluating the performance of or an investment in the Company. Investment in the securities of the Company, and in Cuban projects and businesses in general, involves certain inherent risks of a nature and degree not normally associated with an investment in companies holding similar assets in other locations.

The risks outlined below are additional to the normal risks inherent in any investment and are not exhaustive.

Cuba Risks

Political and Economic Factors

Cuba remains a socialist country where the Cuban government maintains a very high degree of control over economic matters. Cuban government policies may have a significant impact on business in general and the prospects of the Company in particular. In addition, social and political goals may profoundly affect the use of market mechanisms and modern management systems to economic ends. There remain a large number of restrictions on the operations of foreign companies and foreign investment vehicles in Cuba and future changes in government policy may adversely affect the Company or its investments in Cuba.

Although Cuba has adopted a legal and regulatory system that encourages and protects foreign investment, this legal system and the institutions that implement it are not characteristic of a parliamentary democracy or a market economy. In addition, they are not as firmly entrenched as in more developed countries and lack an independent institutional history and regularly observed procedural safeguards. Although the Cuban market has been liberalized to a certain extent in recent years as regards foreign investment, and present policy appears to be aimed at further reform, the local economy remains highly centralized and regulated and there can be no assurance that such liberalization will be extended, that previously relaxed controls or regulations will not be re–imposed or that new restrictions will not be imposed in the future.

Although the Cuban economy has shown growth in recent years, continued growth and development will depend, among other factors, upon the ability of the Cuban government and people to successfully adapt to new circumstances, upon continued government support of foreign investment and upon external factors such as world oil prices, the state of the world tourism market, and the development of Cuba's relationships and alliances with countries such as the United States, Venezuela, China, its Caribbean neighbours and the other nations of Latin America. The depth and rate of implementation of announced reforms may have an important impact on the Cuban economy.

The U.S. Cuban Embargo has had, and is expected to continue to have, a significant adverse effect on the Cuban economy and the value of the investments of the Company. The restrictions imposed by the U.S. Cuban embargo affects the Cuban economy by prohibiting the purchase of Cuban products in the U.S. market and depriving Cuba of U.S. sources of capital, investment, finance, services and supplies (with the exception of agricultural commodities and food related consumer goods for which Cuba has to pay the U.S. sellers on a cash basis prior to shipment). Moreover, the U.S. travel restrictions imposed on U.S. citizens deprives the Cuban tourism industry of its most important natural source of tourists located just 150 km to the north.

Cuban Legal System

The new Foreign Investment Act adopted in March 2014 provides basic protections for foreign investments in Cuba, but such protections lack a detailed, comprehensive regulatory regime to provide consistent support and predictability.

In general, Cuban law derives from a variety of revolutionary and pre–revolutionary legislative instruments, and Cuban foreign investment vehicles are subject to certain provisions of the Cuban Commercial Code, Civil Code and other general legislation, but the legal rights of foreign investors may not be enforceable in Cuba to the same extent as they would be in fully developed industrialized states.

As in many other emerging markets, Cuba's legal and regulatory system is in a formative stage and lacks an independent institutional history and regularly observed procedural safeguards. There can be no assurance that previously relaxed controls or regulations will not be re–imposed or that new restrictions will not be imposed in the future. Existing laws and regulations may be applied inconsistently or in a discretionary manner and, in some circumstances, it may not be possible to obtain the legal remedies provided for under those laws and regulations, or to do so in a reasonably timely manner, and this may negatively affect the operations of the companies in which the Company has invested.

Liquidity of Investments, Government Approval and Deadlock

All direct investments in Cuban joint venture companies and other foreign investment vehicles will generally be illiquid. Significant legislative changes will be required before direct interests in Cuban foreign investment vehicles can he held in a form that can be freely traded. In addition, although Cuba's Foreign Investment Act confirms that foreign investors have the right to transfer their interest in a Cuban foreign investment vehicle to the Cuban government or to a third party, all such transfers will be subject to the agreement of the Cuban partner in such vehicle and the prior approval of the Cuban government, and will be subject to the prevailing Cuban regulations and government policies at that time. In many cases, the Cuban partner or the Cuban government has a right of pre–emption in respect of direct and indirect transfers of interests in Cuban foreign investment vehicles.

Although the Company generally tries to structure its equity investments in Cuban foreign investment vehicles so as to include a viable exit strategy, these factors may limit the ability of the Company to formulate and execute appropriate realization strategies or to realize investments in the short or medium term and it is possible that no liquid market for the investments of the Company will develop. There can be no assurance that any required government approval will be granted when required by the Company.

The fact that many Cuban foreign investment vehicles in which the Company invests are structured as joint ventures where the Cuban and foreign parties have equal representation on management and other decision–making bodies may give rise to deadlock situations which may have an adverse effect on the ability of such partnerships to make key decisions affecting operations. Although generally no major decision affecting operations may be taken without the approval of the foreign party, the ongoing potential for deadlock may have a negative impact on the day–to–day management operations of one or more of the foreign investment vehicles in which the Company is invested.

Achievement of Business Strategy and Competition

It is the belief of Management that the Company will be able to achieve significant shareholder value through its business strategy of engaging in direct equity investments in Cuba and finance transactions with Cuban parties and that there are presently no significant competitors for this strategy in Cuba. However, the Company is operating in high risk activities in an emerging market. No assurance may be given that the Company will be successful in achieving its business strategy as set out herein. Adverse changes or developments in economic, political, competitive or regulatory conditions, in the financial condition of persons to whom the Company has issued finance and many other factors may negatively impact the Company's ability to achieve its objective.

Dependence on Key Officers

The Managers of the Company have significant experience in structuring, executing and implementing direct investment and finance transactions in Cuba, and in managing Cuban assets. The success of the investment strategy of the Company in Cuba will largely depend on the efforts and abilities of these Managers, and of the principal managers of the Subsidiaries of the Company, and their ability to perform their duties. There can be no assurance that these key managers will remain with the Company or that adequate replacement personnel with Cuba–relevant experience may be recruited in the event of departure. The key Managers include in particular Sebastiaan A.C. Berger, Cameron Young, Enrique Rottenberg and Paul Austin.

Lack of Geographical Diversity in Asset Base

All of the revenues of the Company are derived from assets located in or related to Cuba. A prolonged downturn or other deterioration of economic or other conditions in the primary local market segments in which the Company is invested (commercial real estate, tourism), or in the Cuban economy generally, may negatively impact the performance of the Company, which would not be compensated by better performing assets located in other places.

U.S. Issues

Helms–Burton Risk

The Helms–Burton Act provides under Title III that U.S. Nationals that own a claim to property in Cuba will have a cause of action in U.S. federal courts against persons who "traffic" in such property if it was confiscated by the Cuban government on or after 1 January 1959. The application of Title III of the Helms–Burton Act has been suspended by Presidents Clinton, Bush and Obama since its adoption in 1996 and so no such claims have ever been brought. The term "U.S. National" is defined very broadly to include any U.S. citizen or legal entity organized under the laws of the United States, including persons who were not U.S. citizens at the time of confiscation but later became U.S. citizens and all U.S. companies formed prior to 12 March 1996 (the date of entry into force of the Helms–Burton Act). The term "confiscated" refers to the nationalization, expropriation or other seizure by the Cuban government of ownership or control of property on or after 1 January 1959, without the property having been returned or adequate and effective compensation provided, or without the claim to the property having been settled. A person "traffics" if that person knowingly (or having reason to know) and intentionally sells, manages, brokers, disposes of, acquires, holds an interest in, engages in a commercial activity using or otherwise benefiting from confiscated property or cause, directs or profits from trafficking. Given the broad definitions of these terms, there is no certain way for the Company to diligently verify whether or not a Helms–Burton action may exist in respect of a particular property. In addition, the wide scope of the term trafficking may be interpreted to include other trafficking activities of a Cuban partner unrelated to the property to be developed, from which the Company may be deemed to indirectly profit or benefit. Although the Company carries out reasonable due diligence investigations in respect of each investment of the Company, in the event that the President of the United States ever ceases to suspend the application of Title III of the Helms–Burton Act, the Company could be named as a defendant in one or more civil actions in the United States. Although it is expected that Title III of the Helms–Burton Act would be challenged as an illegal extra–territorial measure if it ever came fully into force, it remains entirely unclear whether U.S. courts, if and when called upon to review these provisions, will adopt a broad or narrow interpretation.

Because similar terms are used in Title IV of the Helms–Burton Act in connection with the exclusion of certain foreign persons from the United States, it is also possible that certain key officers, directors and/or managers of the Company could be excluded from the United States in the event that the U.S. authorities determine that the Company "traffics" in confiscated property and the Company fails to divest from such property or otherwise cease such activity.

Transfer Risks and Use of Intermediaries

The Cuban Assets Control Regulations (CACR) provide that all transactions, transfers of credit and payments between, by, through, or to any banking institution, wherever located, with respect to any property subject to the jurisdiction of the United States (including currency, securities and certificates) or by any person (including a banking institution) subject to the jurisdiction of the United States are prohibited if they are made by or on behalf of any Cuban national. In addition, there is a total freeze on all Cuban assets located in the United States, both governmental and private, and on all financial dealings with Cuba. All property belonging to Cuban nationals in the possession or control of persons subject to the jurisdiction of the United States is "blocked" by operation of law. As a result, banks, clearing houses or other intermediaries that fall under the broad definition of U.S. Person contained in the CACR (including non–U.S. entities owned or controlled by U.S. entities), receiving unlicensed wire transfer instructions in which there is a Cuban interest, or any instrument in which there is a Cuban interest, must freeze the funds on their own books or block the instrument, regardless of origin or destination. Similarly, U.S. Persons that are depositaries, custodians, or other intermediaries must block all shares, certificates and/or other securities that fall into their possession. In practice, banks, clearing houses and other financial institutions, as well as depositaries, custodians and other intermediaries that are U.S. Persons or foreign subsidiaries of U.S. Persons normally freeze all funds, transfers, shares, certificates and/or other securities that have any relationship with or mention Cuba or a Cuban company at all.

Consequently, banking and financial institutions and clearing houses that are U.S. Persons may refuse to give effect to payment instructions or currency transfers and may freeze or block payments, funds, securities and/or certificates in their possession if such payments, funds, securities and/or certificates belong or relate to Cuba or to Cuban parties. In practice, many foreign banking and financial institutions that are not subject to the jurisdiction of the United States also comply with these provisions out of fear of reprisal. The Company is aware of these restrictions and risks, and carries out its international transfers so as to minimize the risk of seizure. However, certain payments and transfers may be made, without the knowledge of the Company, through intermediary banks that are U.S. Persons or foreign subsidiaries of U.S. Persons or otherwise decide to comply in certain circumstances, and there can be no assurance that funds of the Company will not be frozen by a bank, financial institution or clearing house in these cases or that the Company will not be adversely affected if for any reason any asset of the Company falls into the custody or control of any bank, financial institution, clearing house, depositary, custodian or other intermediary that is a U.S. Person or that otherwise falls under the jurisdiction of the United States or decides to comply with these provisions.

SHARES MAY NOT BE HELD, DIRECTLY OR INDIRECTLY, BY OR FOR THE BENEFIT OF ANY U.S. PERSON. SHAREHOLDERS OF THE COMPANY SHOULD BE AWARE OF THE ABOVE RISKS AND TAKE APPROPRIATE PRECAUTIONS SO AS TO ENSURE THAT THEIR SHARES AND/OR SHARE CERTIFICATES ARE NOT, AT ANY TIME, HELD OR TRANSFERRED THROUGH CUSTODIANS, DEPOSITARIES, OR OTHER INTERMEDIARIES THAT MAY IN ANY WAY BE CONSIDERED A U.S. PERSON WITHIN THE MEANING OF THE CACR.

Cuban Statistics

The statistical information concerning Cuba in this document has been derived from sources the reliability of which cannot be assured and for which independent verification is often unavailable. Some of these statistics could be materially inaccurate and they should, therefore, be treated with due caution.

Currency and Transfer Risk

In order to mitigate currency risk and any negative effect resulting from movements in the exchange rate between the Euro and the US Dollar, the Company may hedge its liquid investments in Euros.

The Cuban Convertible Peso ("CUC") is the single currency for all hard currency transactions in Cuba. Its value is presently pegged to be equivalent to the US Dollar. All Cuban state owned companies operate in CUCs and Cuban Pesos ("CUP"). Foreign companies are presently not allowed to operate in CUCs or CUPs and must carry out all transactions in foreign currency. The Cuban government has announced that it plans to unify the CUC and the CUP in the future, and consequently the fixed exchange rate between the US Dollar and the CUC, or between the CUC and the CUP, may be re–valued by the Cuban Central Bank and the CUC or the CUP may be imposed in all transactions in Cuba. It remains unknown how the unification of the CUC and the CUP will be carried out and how the operations of the Company will be effected thereby, although Cuba's Foreign Investment Act guarantees the free repatriation of profits and liquidation proceeds in freely convertible currency.

From 2009 to 2011, significant delays were reported in the transfer of hard currency (from Cuban to foreign bank accounts), a number of Cuban government bonds and other financial instruments were rescheduled to later dates and certain defaults under finance facilities were reported. The Cuban government announced that all of these problems were resolved by the end of 2011, but Cuba remains subject to various internal foreign exchange controls and the Company believes that the level of transfer risk associated with the repatriation of hard currency from Cuba is high and should be taken into account in all operations.

Accounting Standards and Audit

The Company prepares its financial statements in accordance with IFRS. Where possible, the Company requires that its subsidiaries and all investment companies adhere to IFRS and that the financial statements of such subsidiaries and investment companies be audited by an international audit firm. However, it should be noted that Cuban companies (including joint venture companies in which the Company has invested) must generally prepare their financial statements in accordance with Cuban Financial Reporting Standards. Although existing Cuban Financial Reporting Standards have been modelled on IFRS, they may differ from internationally–recognized standards in important ways.

Real Estate Risks

Risks Incidental to the Ownership and Operation of Real Properties

The economic performance of the Company, the value of its real estate assets and ultimately the value of shareholder investments are subject to the risks normally associated with the ownership and operation of real properties. These real estate risks are applicable to both the commercial real estate and tourism real estate segments of the Company's business and include, without being limited to: regular downturns and other trends in the general economy; the cyclical nature of the real estate industry; local conditions in Cuba; changes in interest rates and the availability of financing; competition from other properties in Cuba; changes in market rental rates and the ability to rent space on favorable terms; the bankruptcy, insolvency, credit deterioration or other default by tenants; the need to periodically renovate, repair and re–lease space and the costs thereof; increases in maintenance, insurance and operating costs; civil disturbances, hurricanes, earthquakes and other natural disasters, or terrorist acts or acts of war which may result in uninsured or underinsured losses; the attractiveness of properties to tenants; and unpredictable changes to certain significant expenditures, including energy costs, property taxes, maintenance costs, mortgage payments, insurance costs and related charges that must be made regardless of whether or not a property is producing sufficient income to service these expenses.

Joint Venture Risks

The Company is a shareholder of numerous Cuban joint venture companies that own the commercial and tourism real estate assets that the Company has invested in. Holding real estate assets through joint venture companies involves certain additional risks, including but not limited to: the possibility that joint venture partners may at any time have economic or business interests or goals that are inconsistent with those of the Company or take actions that may be contrary to its business strategy, requests, policies or objectives with respect to its real estate investments; the risk that joint venture partners may refuse or be unable to fund their agreed joint venture obligations, which may result in additional unforeseen financial demands on the Company to maintain and operate such properties; the risk that joint venture partners may, through their activities on behalf of or in the name of, the joint venture company, expose or subject the Company to liability; and the need to obtain the prior consent of joint venture partners with respect to certain major decisions, including the decision to distribute cash generated from the underlying assets or to refinance or sell a property. In addition, the sale or transfer of interests in Cuban joint venture companies are often subject to rights of first refusal and always require prior approval of the Cuban government.

Tenant Risks

In the case of commercial real estate assets, the dividend income of the Company will be sensitive to the ability of key tenants of the underlying joint venture companies to meet their rent obligations and the ability to collect rent from these tenants. The amount of profits may be largely dependent on income derived from rent paid by such tenants. In the event that a key tenant defaults on or ceases to satisfy its payment obligations under, or terminates its lease, the business, operating results and financial condition of the underlying joint venture companies could be adversely affected and there may be a corresponding negative impact on the Company. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced on economically attractive terms. In certain cases, tenants may have a contractual or statutory right to terminate leases prior to the expiration of their term. In the event that a lease is terminated prior to its term, the terms of any subsequent lease may be less favourable to the underlying joint venture company than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as a lessor may be experienced and substantial costs in protecting lessor rights may be incurred. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cash flow of the joint venture company. Costs may be incurred in making improvements or repairs required by a new tenant. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the financial condition of the joint venture company, and ultimately on the Company.

Access to Capital and Global Capital Market Conditions

The commercial and tourism real estate sectors are very capital intensive. The Company will require access to capital to fund its joint venture obligations, as well as to fund its growth strategy and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favourable terms and the Company may be impacted by continued concerns and uncertainty in global capital markets. Failure by the Company to access required capital could adversely impact the Company's financial condition and results of operations and decrease the amount of cash available for distribution.

Liquidity of Real Property Investments

Real property investments are relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. In addition, there is presently no free market for the purchase and sale of real estate assets in Cuba and all real estate transactions presently require prior

Cuban government approval, rendering further illiquid the real estate assets in which the Company invests. Such illiquidity may tend to limit the ability of the Company to vary its portfolio promptly in response to changing economic or investment conditions. If the Company or the joint venture companies in which it has invested were to be required to liquidate their real property investments, the resulting proceeds may be significantly less than the aggregate carrying value on the books of the Company.

Acquisition and Development Risk

An element of the Company's business strategy is to increase the number of commercial properties and hotels under ownership. Growth prospects will therefore depend in large part on identifying suitable acquisition and development opportunities, pursuing such opportunities and carrying out acquisitions and development activities, in both the commercial and tourism segments of its business. If the Company is unable to manage its growth and integrate its acquisitions and development activities effectively, its business, operating results and financial condition could be adversely affected. Acquisition and development agreements entered into with third parties may be subject to unknown, unexpected or undisclosed liabilities, delays, cost overruns and other factors which may have a material adverse impact on the operations and financial results of the Company. Representations and warranties given by third parties to the Company may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Moreover, properties acquired by the Company or the joint venture companies in which it has invested may not meet expectations of operational or financial performance due to unexpected costs associated with developing an acquired property, as well as the general investment risks inherent in any real estate investment.

The Company will also face construction, finance and capital risks associated with the development of new construction projects in Cuba. There can be no assurance that the Company will be able to obtain financing or capital for projects or that the terms on which such financing or capital can be obtained will be acceptable.

Additionally, any construction project entails significant construction risks that could delay or result in a substantial increase in the cost of construction. The completion and opening of newly constructed properties, in particular, is contingent upon, among other things, receipt of all required licences, permits and authorizations, including local land use permits, building and zoning permits, health and safety permits and others.

Competition

Although generally there are high barriers to entry into the Cuban real estate investment market, other developers, managers and owners of properties may compete with the Company and the joint venture companies in which it has invested. Some of these competitors may be better capitalized and stronger financially and hence better able to withstand an economic downturn, or may be Cuban government entities that have other competitive advantages. The existence of competition for tenants could have an adverse effect on the ability of the Company and the joint venture companies in which it has invested to lease space in their properties and on the rents charged or concessions granted, and could adversely affect the revenues of the Company.

General Uninsured Losses

The joint venture companies in which the Company has invested carry comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars, terrorism or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. The underlying assets will have insurance for earthquake and hurricane risks, subject to certain policy limits, deductibles and self–insurance arrangements, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, the Company may lose its investment in, and anticipated profits and cash flows from, one or more of its properties.

Interest Rate Exposure

At present, given the absence of external debt, CEIBA has limited exposure to interest rate fluctuations. However, certain financial assets of CEIBA have floating interest rate components and consequently fluctuations may have an impact on the earnings of the Company.

Environmental and other Regulatory Liabilities

As an owner of interests in real property, the Company and the joint venture companies it has invested in are subject to various Cuban laws relating to environmental matters. The Company acts at all times so as to cause the joint venture companies in which it has invested to comply fully with such laws. These laws could hold the joint venture companies liable for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in their properties or disposed of at other locations. The failure to remove or remediate such substances, if any, could adversely affect the financial position of the joint venture companies as well as the ability of the Company to sell its investment therein or to borrow using real estate as collateral, and could potentially also result in claims or other proceedings. The Company is not aware of any material non–compliance with environmental laws at any of the properties in which it has invested, which were all green–field developments. CEIBA is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of these properties, or any material pending or threatened claims relating to environmental conditions. The Company will at all times vote its shares so as to cause the joint venture companies to make the necessary capital expenditures for compliance with environmental laws and regulations.

Environmental laws and regulations can change rapidly and the joint venture companies may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on the business, financial condition and results of operations of the joint venture companies and of the Company.

The joint venture companies may also incur significant costs complying with other regulations. Their properties are subject to various regulatory requirements, such as fire, health and safety requirements. In the event that the joint venture companies fail to comply with these requirements, they could incur fines or private damage awards. The Company believes that the properties in which it has invested are currently in material compliance with all of these regulatory requirements. However, existing requirements may change and compliance with future requirements may require significant unanticipated expenditures that will affect cash flow and results of operations.

Tourism Risks

General Tourism Risks

The Company holds significant interests in Cuban joint venture companies that own hotel properties. The operations and results of these properties are subject to operating risks inherent to the tourism industry generally. These risks include, among other things:

- changes in general, international, local and industry–specific economic and financial conditions
- the cost and availability of air travel
- seasonal variations in cash flow
- periodic overbuilding in the industry or a specific market
- varying levels of demand for rooms and related services (including food and beverage and function space) caused by seasonal and other variations in the travel industries, both in outbound and inbound markets
- competition from other properties
- changes in travel patterns
- the recurring need for renovation, refurbishment and improvement of hotel and resort properties
- changes in wages, benefits, prices, construction and maintenance, insurance and operating costs that may result from inflation or otherwise
- government regulations
- changes in taxes and interest rates
- currency fluctuations
- the availability and cost of capital and financing for operating or capital requirements
- natural disasters and extreme weather conditions such as hurricanes
- labour disputes
- infectious diseases
- war, civil unrest, terrorism, international conflict and political instability.

The conditions listed above may have a significant adverse impact upon individual properties or particular regions. A period of economic recession or downturn in any of the world's primary outbound travel markets could materially and adversely affect the business, results of operations and financial condition of the Company. An economic downturn generally affects ownership results to a significantly greater degree than management results due to the high fixed costs associated with hotel ownership.

Extreme Weather Conditions and other Disasters

Some of the properties in which the Company has invested may experience extreme weather conditions, including in particular hurricanes and related flooding, which may affect the hotels as well as customer travel. From time to time, this can have a significant adverse financial impact on the properties or the regions in which they are located. Properties are also vulnerable to the effects of destructive forces, such as earthquakes, fire, storms and flooding. Although the properties are insured against property damage, damages resulting from acts of God or terrorism may exceed the limits of the insurance coverage or be outside the scope of the coverage.

Competition

Each of the Company`s hotel properties competes with other hotel properties in Cuba to attract guests. Competition for guests is based primarily on brand name recognition, convenience of location, quality of the property, room rates and the diversity and quality of food, services and amenities offered. Demographic, political or other changes in Cuba could adversely affect the convenience or desirability of the Company's properties. The Company also competes for employees.

The Company's ability to remain competitive and to attract and retain business and leisure travelers will depend on its success in distinguishing the quality, value, and efficiency of its lodging products and services from those offered by others. If the Company is unable to compete successfully in these areas, operating margins, market share and earnings may be affected.

Management Risk

All of the operating hotel properties in which the Company has an interest are managed by a third–party hotel operator. Hotel management contracts are executed and expire, and may be terminated or renegotiated, in the normal course of business. Although the Company has invested in properties that are managed by the dominant hotel operator in Cuba, there can be no assurance that the joint venture companies that own the properties will be able to successfully maintain their relationship with this operator, or that the management efforts of this operator will be successful in the future.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year.

During the year ended 31 March 2014 the following standards became effective. There were no significant effects to the consolidated financial statement as a result of the adoption of these standards.

- IFRS 10, *Consolidated Financial Statements* ("IFRS 10")
- IFRS 11, *Joint Arrangements* ("IFRS 11")
- IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12")

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

(a) IFRS 9 *Financial Instruments*

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

(b) *Investment Entities* (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments, effective for annual periods beginning on or after 1 January 2014, provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments are not expected to be relevant to the Company.

(c) IAS 32 *Offsetting Financial Assets and Financial Liabilities–Amendments to IAS 32*

These amendments clarify the meaning of "currently has a legally enforceable right to set–off" and the criteria for non–simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Company.

(d) IFRIC Interpretation 21 *Levies* (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Company does not expect that IFRIC 21 will have material financial impact in future financial statements.

(e) IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting–Amendments to IAS 39*

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Company.

Critical Accounting Policies

The critical accounting policies of the Company are those that management believes are the most important in portraying the financial condition and results of operations, and require the most subjective judgment and estimates on the part of management.

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 28.18. 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.

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.

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.

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.

Use of Estimates

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. Significant areas requiring the use of estimates include the loan provision and 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 loans and advances and 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.

By 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. No loan loss provision was necessary at 31 March 2014 and 2013.

RELATED PARTY TRANSACTIONS

In the normal course of operations, the Company enters into various transactions on market terms with related parties that have been measured at exchange value and are recognized in the audited consolidated financial statements.

The compensation of the Directors and their individual interest in the share capital of the Company is disclosed in note 15 of the audited consolidated financial statements.

Enrique Rottenberg and Sebastiaan A.C. Berger are Directors of the Company and also directors of various subsidiaries of the Company. Enrique Rottenberg, Sebastiaan A.C. Berger and Colin Kingsnorth are Directors of the Company and also directors and shareholders of the former Investment Manager, CEIBA International Management Ltd., which received compensation from the Company in the form of management fees, performance fees and IM Warrants. Cameron Young is also a director of various subsidiaries of the Company and was also a director of the Investment Manager. The IMA was terminated with effect from 30 April 2013.

The Company, through a subsidiary, had an agreement with the Investment Manager for the use of office space, furnishings, equipment, and communication facilities. For the year ended 31 March 2014, the Company earned total fees for the above of US$3,846 (compared to US$46,550 for fiscal 2013). These fees are accounted for as other income. The agreement with the Investment Manager was terminated with effect from 30 April 2013.

Included within management costs for the year ended 31 March 2014 of US$690,706 (2013: nil) 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 interest totalling US$234,631. Also included within management costs for the year ended 31 March 2014 are costs related to payments regarding Enrique Rottenberg for his services as General Manager of Monte Barreto and director of CEIBA MTC totalling US$229,800.

Certain subsidiaries of the Company lease office space 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 year ended 31 March 2014 amounted to US$133,648, compared to US$145,426 for fiscal 2013.

DIRECTORS' REPORT

The Directors present their consolidated financial statements for the year ended 31 March 2014.

Activities

The principal investment objective of CEIBA Investments Limited ("CEIBA" or the "Company") is to achieve long–term capital growth from direct and indirect investment in or with Cuban businesses, balanced by current income from interest–bearing financial instruments 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 professional team of 10 members and 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.

Results

The net income attributable to the shareholders for year ended 31 March 2014 amounted to US$9,886,387 (2013: loss of US$3,209,838). There was no charge for taxation.

Performance

The income of the Company is primarily represented by dividend income of US$6,423,689 (2013: US$6,013,767). During the year, dividend income earned by the Company is from its commercial and tourism real estate investments (see note 6). Changes in the fair value of equity investments resulted in an increase in value of US$5,772,036 (2013: decrease of US$3,322,702).

Dividends

Dividends paid during the year ended 31 March 2014 amounted to US$4,000,000 or US$0.297 per share. Total dividends paid for the year ended 31 March 2013 amounted to US$9,999,998 or US$0.743 per share.

Directors and their interests

Except as stated in note 15 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 March 2014 are shown in note 15.

Auditors

The appointment of Ernst & Young as the Company's auditors was approved at the Annual General Meeting of the Company held on 19 December 2013.

Approved by the Board of Directors on 4 July 2014 and signed on its behalf:

Sebastiaan A.C. Berger	John Herring
Director	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 year ended on 31 March 2014, which give a true and fair view of the state of affairs of the Company and of the income or loss for the year 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 three 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, Ltd
Worthing Corporate Center
Christ Church, Bridgetown
Barbados, W.I.

Building a better working world

INDEPENDENT AUDITORS' REPORT

To the Shareholders of CEIBA Investments Limited:

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of CEIBA Investments Limited (hereinafter the "Company"), which include the consolidated statement of financial position as at 31 March 2014, and the consolidated statements of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director's Responsibility for the Consolidated Financial Statements
The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the Companies (Guernsey) Law, 2008. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies (Guernsey) Law, 2008.

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.

4 July 2014

Ernst & Young

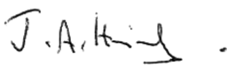
Ernst & Young

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2014

	Note	2014 US$	2013 US$
NON–CURRENT ASSETS			
Equity investments	6	102,289,851	96,417,815
Accounts receivable and accrued income	8	231,783	25,268
Property, plant and equipment	7	419,191	427,856
		102,940,825	**96,870,939**
CURRENT ASSETS			
Accounts receivable and accrued income	8	520,490	125,192
Loans and advances	5	688,694	47,683
Cash and cash equivalents	9	3,864,143	3,775,074
		5,073,327	**3,947,949**
TOTAL ASSETS		**108,014,152**	**100,818,888**
CURRENT LIABILITIES			
Accounts payable and accrued expenses	10	1,696,719	1,811,957
		1,696,719	**1,811,957**
TOTAL LIABILITIES		**1,696,719**	**1,811,957**
TOTAL NET ASSETS		**106,317,433**	**99,006,931**
REPRESENTED BY:			
EQUITY			
Share capital	11	19,014,379	19,014,379
Share premium	11	49,657,630	49,657,630
Special reserve		37,620,289	41,620,289
Revaluation reserve		173,199	173,199
Deficit		(1,572,179)	(11,458,566)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		**104,893,318**	**99,006,931**
Non–controlling interest		1,424,115	-
TOTAL EQUITY		**106,317,433**	**99,006,931**
Net asset value per share attributable to the shareholders of the parent		7.7936	7.3562

Notes 1 to 23 form an integral part of these consolidated financial statements.

Sebastiaan A.C. Berger
Director



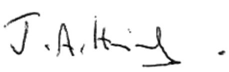
John Herring
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2014

	Note	2014 US$	2013 US$
INCOME			
Dividend income	6	6,423,689	6,013,767
Interest income		83,824	351,800
Other income		920,613	687,864
		7,428,126	**7,053,431**
EXPENSES			
Management fees	12	(215,528)	(2,903,377)
IM Warrants	16	-	(276,078)
Selling costs		(845,239)	(422,546)
Management costs	15	(690,706)	-
Other staff costs		(362,737)	(686,657)
Operational costs		(308,375)	(277,117)
Administration fees and expenses	14	(233,836)	(261,288)
Legal expenses		(184,007)	(310,396)
Travel		(115,695)	(203,116)
Director fees and expenses	15	(101,974)	(121,240)
Audit fees		(73,411)	(145,585)
Miscellaneous expenses		(62,348)	(76,504)
Depreciation	7	(49,986)	(43,592)
Custodian fees	14	(3,878)	(7,897)
		(3,247,720)	**(5,735,393)**
Change in fair value of equity investments	6	5,772,036	(3,322,702)
Participation agreement payments to 3rd parties		(227,132)	-
Costs from acquisition of equity investments	6	-	(931,669)
Foreign exchange gain (loss)		253,859	(273,505)
NET INCOME (LOSS) FOR THE YEAR		**9,979,169**	**(3,209,838)**
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE PROFIT (LOSS)		**9,979,169**	**(3,209,838)**
ATTRIBUTABLE TO:			
Shareholders of the parent		9,886,387	(3,209,838)
Non–controlling interest		92,782	-
Basic and diluted earnings (loss) per share	17	0.73	(0.24)

Notes 1 to 23 form an integral part of these consolidated financial statements.

Sebastiaan A.C. Berger
Director



John Herring
Director

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2014

	Note	2014 US$	2013 US$
OPERATING ACTIVITIES			
Net income (loss) for the year		9,979,169	(3,209,838)
Items not effecting cash:			
Depreciation		49,986	43,592
Interest income		(83,824)	(351,800)
Share–based payments recognised	16	-	276,078
Write off of loans and advances		47,683	-
Change in fair value of equity investments	6	(5,772,036)	3,322,702
		4,220,978	80,734
Decrease in accounts receivable and accrued income		56,372	567,508
(Decrease) increase in accounts payable and accrued expenses		(115,238)	1,351,281
Interest received		26,816	556,097
NET CASH FLOWS FROM OPERATING ACTIVITIES		**4,188,928**	**2,555,620**
INVESTING ACTIVITIES			
Purchase of equity investments	6	(100,000)	(7,200,000)
Sale of equity interest in subsidiary		730,156	-
Purchase and disposal of property, plant & equipment (net)	7	(41,321)	(75,369)
Loans and advances disbursed	5	(688,694)	-
Loans and advances repaid	5	-	10,540,347
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(99,859)**	**3,264,978**
FINANCING ACTIVITIES			
Payment of cash dividends		(4,000,000)	(9,999,998)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(4,000,000)**	**(9,999,998)**
CHANGE IN CASH AND CASH EQUIVALENTS		**89,069**	**(4,179,400)**
Cash and cash equivalents at start of the year		3,775,074	7,954,474
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**3,864,143**	**3,775,074**

Notes 1 to 23 form an integral part of these consolidated financial statements.

Sebastiaan A.C. Berger
Director

John Herring
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2014

	Note	2014 US$	2013 US$
SHARE CAPITAL			
Initial balance		19,014,379	16,364,833
Equity shares issued during the year	11	-	2,649,546
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			
Initial balance		41,620,289	51,620,287
Dividends paid		(4,000,000)	(9,999,998)
Final balance		**37,620,289**	**41,620,289**
REVALUATION RESERVE			
Initial balance		173,199	173,199
Final balance		**173,199**	**173,199**
DEFICIT			
Initial balance		(11,458,566)	(5,875,260)
Net income (loss) for the year attributable to shareholders of the parent		9,886,387	(3,209,838)
Share–based payments distributed	11	-	(2,649,546)
Share–based payments recognition	16	-	276,078
Final balance		**(1,572,179)**	**(11,458,566)**
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		**104,893,318**	**99,006,931**
NON–CONTROLLING INTEREST			
Initial balance		-	-
Non–controlling interest generated during year		1,331,333	-
Net income for the year attributable to non–controlling interest		92,782	-
Final balance		**1,424,115**	**-**
TOTAL EQUITY		**106,317,433**	**99,006,931**

Notes 1 to 23 form an integral part of these consolidated financial statements.

Sebastiaan A.C. Berger
Director

John Herring
Director

1. CORPORATE INFORMATION

These consolidated financial statements for the year ended 31 March 2014 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 4 July 2014.

CEIBA, through its subsidiaries, is an international investment and development company that was incorporated in 1995 in Guernsey, Channel Islands as a Closed Ended Registered 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 Frances House, Sir William Place, St. Peter Port, Guernsey, Channel Islands GY1 4HQ.

The principal holding and operating subsidiary of the Company is CEIBA Property Corporation Limited ("CPC") which has offices in Cuba 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 long–term capital growth from direct and indirect investment in or with Cuban businesses, primarily in the tourism and commercial real estate sectors, balanced in part by current income from interest–bearing financial instruments and other financial transactions and revenue–generating investments primarily related to Cuba.

The Company 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 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 direct and indirect 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 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.

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. Significant areas requiring the use of estimates include the loan provision and 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 loans and advances and 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 6).

By 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. No loan loss provision was necessary at 31 March 2014 and 2013 (see note 20).

2.4 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

During the year ended 31 March 2014 the following standards became effective. There were no significant effects to the consolidated financial statement as a result of the adoption of these standards.

- IFRS 10, *Consolidated Financial Statements* ("IFRS 10")
- IFRS 11, *Joint Arrangements* ("IFRS 11")
- IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12")

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

(a) IFRS 9 *Financial Instruments*

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

(b) Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments, effective for annual periods beginning on or after 1 January 2014, provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments are not expected to be relevant to the Company.

(c) IAS 32 Offsetting Financial Assets and Financial Liabilities–Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set–off" and the criteria for non–simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Company.

(d) IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Company does not expect that IFRIC 21 will have material financial impact in future financial statements.

(e) IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting–Amendments to IAS 39*

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Company.

2.5 Segment reporting

A 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. Geographical segment information is not relevant since all the Company's operating businesses are located in Cuba.

2.6 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 28.18. 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.

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 March 2014. 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 39. Consequently, 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.

The Company had direct and indirect equity interests in the following entities as at 31 March 2014 and 2013:

Entity Name	Country of Incorporation	Equity interest held by the Company or holding entity	
		2014	2013
1. CEIBA Property Corporation Limited (a) (i)	Guernsey	100%	100%
1.1. CEIBA Publications Limited (a) (ii)	Guernsey	100%	100%
1.2. GrandSlam Limited (a) (iii)	Guernsey	100%	100%
1.3. Antilles Property Limited (a) (v)	Guernsey	100%	100%
1.4. CEIBA MTC Properties Inc. (a) (iv)	Panama	100%	100%
1.4.1. Inmobiliaria Monte Barreto S.A. (b) (vi)	Cuba	49%	49%
1.5. CEIBA Tourism Coöperatief U.A. (a) (vii)	Netherlands	100%	100%
1.5.1. Corporación Interinsular Hispana S.A. (b) (iv)	Spain	15%	15%
1.5.1.1. Cuba Canarias S.A. (c) (viii)	Cuba	50%	50%
1.5.2. HOMASI S.A. (a) (iv)	Spain	95%	100%
1.5.2.1. Miramar S.A. (b) (ix)	Cuba	50%	50%
1.5.3. Mosaico B.V. (a) (x)	Netherlands	80%	80%
1.5.3.1. Mosaico Hoteles S.A. (a) (iv)	Switzerland	100%	100%
1.5.3.1.1. TosCuba S.A. (b) (xi)	Cuba	50%	50%
2. Industrias Antillanas Limited (a) (iv)	Guernsey	100%	100%
2.1. Caricel Inc. (b) (iv)	Barbados	10%	10%
2.1.1. Caripap Inc. (c) (xii)	Barbados	50%	50%
2.1.2. Intercan Inc. (c) (iv)	Barbados	100%	100%
2.1.2.1. Productos Sanitarios S.A. (c) (xiii)	Cuba	50%	50%
3. CEIBA Finance Corporation Limited (a) (xiv)	Guernsey	100%	100%

(a) Company consolidated at 31 March 2014 and 2013
(b) Company accounted at fair value at 31 March 2014 and 2013.
(c) 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) Publication company dedicated to publications related to Cuba.
(iii) Operates a travel agency that provides services to international clients for travel to Cuba.
(iv) Holding company for underlying investments, conducting no operating activity and with no other significant assets.
(v) Company which is currently inactive and in the process of being liquidated.
(vi) Joint venture company that holds the Miramar Trade Center as its principal asset.
(vii) Dutch co–operative responsible for the management of the Company's investments in tourism.
(viii) Joint venture company that holds as its principal assets the Meliá Las Americas Hotel, Meliá Varadero Hotel and Sol Palmeras Hotel.
(ix) Joint venture company that holds the Meliá Habana Hotel as its principal asset.
(x) Dutch company incorporated in February 2013. At that time the share equity of Mosaico Hoteles S.A., which was previously a direct subsidiary of CEIBA Property Corporation Limited, was made as a capital contribution to Mosaico B.V.
(xi) Joint venture company incorporated to build a beach hotel in Trinidad, Cuba.
(xii) Trading company that imports and exports paper products primarily to/from Cuba. This company is presently in the process of being liquidated.
(xiii) Company that operates a paper mill in Cuba producing tissue paper products.
(xiv) Finance company that invests primarily in short–term financing instruments related to Cuba.

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. Assets and liabilities denominated in foreign currencies are translated at the reporting date into US$ 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 years ended 31 March 2014 and 2013 were no significant.

The exchange rate used in these consolidated financial statements at 31 March 2014 is 1 Euro = 1.377387 US$ (31 March 2013: 1 Euro = 1.281989 US$).

3.3 Change in fair value from equity investments at fair value through profit or loss

Changes in fair value from equity investments 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 Sales income

Sales income earned by the Company's wholly–owned subsidiary, GrandSlam Limited, is recognised in the consolidated statement of comprehensive income within other income as the related services are performed.

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 Share based payments

CEIBA International Management Ltd. (the "Investment Manager"), the investment manager of the Company until 30 April 2013, received fees and compensation in the form of share–based payments, whereby the Investment Manager rendered services in consideration for equity instruments.

The cost of equity–settled transactions with the Investment Manager was measured by reference to the fair value at the date on which they were granted. The cost of equity–settled transactions was recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions were fulfilled in the statement of comprehensive income.

3.9 Taxation

(a) Guernsey

The Company and its subsidiaries incorporated in Guernsey are exempt from Guernsey taxation on income under the provisions of the Income Tax Ordinance of Guernsey, 1989 (Exempt Bodies). However the Company is liable to pay a fixed annual fee of £600 in Guernsey.

(b) Barbados

The entities that are resident in Barbados in which the Company has an interest are subject to tax on their taxable income at the maximum rate of 2.50% per annum in accordance with section 1D (1) of the International Business Companies Act of Barbados. The interest of the Company in these entities is recorded at fair value.

(c) The Netherlands, Panama, Spain

Under the current structure and operations of the subsidiaries and investments resident in The Netherlands, Panama and Spain, the income and dividend distributions of these companies are exempt from taxation in their respective jurisdictions.

(d) Switzerland

Mosaico Hoteles S.A. is a tax resident in Switzerland and as such is subject to federal and municipal tax on its taxable income. Dividend distributions are subject to a withholding tax to any entities outside of Switzerland.

Mosaico Hoteles S.A. operates as the holding vehicle for the interest of the Company in the Cuban joint venture TosCuba S.A., which currently has a hotel project under development which did not generate any taxable income during the period.

(e) Cuba

The direct and indirect interests of the Company in Cuban joint venture companies are recorded at fair value in these consolidated financial statements. As such, the results of the Cuban joint venture companies, including taxation, are not consolidated in the statement of comprehensive income. There is no Cuban withholding tax on dividends declared by Cuban joint venture companies.

On 16 April 2014, the National Assembly of Cuba approved a new foreign investment law. Changes in the new law, compared to the foreign investment law previously in effect, include a reduction of the standard corporate tax rate of Cuban joint venture companies from 30% to 15% and the removal of a tax on labour. The changes included in the new foreign investment law have been taken into consideration for the determination of the fair values of the Company's investments (see note 6).

The taxation of the Cuban joint venture companies are as follows:

(i) Inmobiliaria Monte Barreto S.A.:

A tax benefit was granted in favour of Inmobiliaria Monte Barreto S.A. ("Monte Barreto") consisting of the right to exclude from the calculation of its net taxable income for corporate tax purposes all undistributed net income generated by Monte Barreto during the first 10 years of its operations (calculated from the start–up of operations of the first phase of the Miramar Trade Center in June 1999). In the event that this undistributed net income (relating to the 10–year benefit period) is subsequently distributed to shareholders, then such amounts would be subject to taxation at the rate of 30% for distributions made prior to 2014 and at the rate of 15% for distributions made thereafter (in accordance with the new foreign investment law mentioned above). Otherwise, the undistributed amounts may be capitalized (in which case they will be tax exempt).

The benefit described above expired on 30 June 2009 and, consequently, since that date, Monte Barreto has paid corporate tax on its net taxable income at the general tax rate of 30%, regardless of whether such net income is distributed to shareholders. Beginning in 2014, the general tax rate that is applicable to Monte Barreto will be reduced to 15% (in accordance with the new foreign investment law mentioned above).

(ii) Miramar S.A.:

A special tax regime was granted in favour of Miramar S.A. (“Miramar”) consisting of the following benefits: (i) a full exemption on the payment of corporate tax for the first 3 years of operation (until the end of 2001), (ii) the application of a corporate tax rate of 15% during the period of 14 years from 2002 to 2016, and (iii) the application of the general corporate tax rate of 15% during subsequent periods (in accordance with the new foreign investment law mentioned above).

(iii) Cuba Canarias S.A.:

A special tax regime was granted in favour of Cuba Canarias S.A. (“Cubacan”) consisting of the following benefits: (i) a full exemption on the payment of corporate tax for the first 13 years of operations (until the end of 2004), and (ii) the application of a corporate tax rate of 10% until 2019, at which time discussions with Cuban tax authorities will be required to determine the corporate tax rate to be applied during subsequent periods.

(iv) TosCuba S.A.:

A special tax regime was granted in favour of TosCuba S.A. consisting of the following benefits: (i) a full exemption on the payment of corporate tax for the first years of operation until the point in time that the initial capital investment has been recuperated by the shareholders through the distribution of dividends, and (ii) the application of the general corporate tax rate of 15% during subsequent periods (in accordance with the new foreign investment law mentioned above).

(v) Productos Sanitarios S.A.:

A special tax regime was granted in favour of Productos Sanitarios S.A. consisting of the following benefits: (i) a full exemption on the payment of corporate tax for any taxation year prior to the redemption of all Class B shares of its capital structure, and (ii) the application of the general corporate tax rate of 30% during subsequent periods, which began in calendar 2012. Beginning in 2014, the general tax rate that is applicable to Productos Sanitarios S.A. will be reduced to 15% (in accordance with the new foreign investment law mentioned above).

3.10 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, with transaction costs recognised in the consolidated statement of comprehensive income.

(b) Classification

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

Financial assets:

- Measured at fair value through profit or loss: equity investments
- Measured at amortised cost: cash and cash equivalents, accounts receivable and accrued income, loans and advances.

Financial liabilities at amortised cost:

- Other liabilities: accounts payable and accrued expenses, short–term borrowings

A financial asset is classified as measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of principal and interest.

Financial assets other than those qualifying for amortised cost measurement are classified as measured at fair value with all changes in fair value recognised in the statement of comprehensive income.

(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.

3.11 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 that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

3.12 Loans and advances

Loans and advances comprise investments in unquoted interest–bearing financial instruments. They are carried at currency adjusted amortised cost. Interest receivable is included in accrued income.

3.13 Property, plant and equipment

Property, plant and equipment held by the Company and its subsidiaries are stated at cost. 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
Leasehold improvements	3 years

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 reserve 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.

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.

3.14 Short–term borrowings

Short–term borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised value. The related interest expense is accrued in the statement of comprehensive income on a time basis, by reference to the principal outstanding and at the effective interest rate applicable using the effective interest method.

3.15 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.

3.16 Special reserve

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.

4. CHANGES IN EQUITY INVESTMENTS DURING THE YEAR

HOMASI 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.

In May 2013, the Company, through its subsidiary CEIBA Tourism Coöperatief U.A. ("CEIBA Tourism"), sold 5% of its equity interest (equivalent to a 2.95% economic interest) in HOMASI for a total purchase price of US$630,156. This 5% equity interest (2.95% economic interest) has been accounted for as a non–controlling interest in these financial statements.

As a result of this sale, the Company's interest in the share equity of HOMASI decreased to 95% (compared to the share equity interest at 31 March 2013 of 100%). The Company's interest regarding the quasi–equity participation in HOMASI in the form of a "Participation Agreement" remained at 27%. Under this Participation Agreement, HOMASI has agreed to transfer a portion of its economic interest in the underlying Cuban joint venture company Miramar to the Company, whereby the Company is entitled to receive distributions prior to other dividends equivalent to 27% of HOMASI's economic interest in Miramar. In a prior period, HOMASI also sold Participation Agreements representing an additional 14% (2013:14%) of its economic interest in Miramar to third parties. At 31 March 2014, the combined economic interest of the Company in HOMASI by way of its share equity interest and the Participation Agreement was 83.05% (compared to 86% at 31 March 2013).

5. LOANS AND ADVANCES

	2014 US$	2013 US$
Jos Ebbers		
Loan facility (i)	688,694	-
Other loans and advances (US$)		
Empresa Flora y Fauna (ii)	-	47,683
TOTAL	**688,694**	**47,683**
CURRENT PORTION	**688,694**	**47,683**
NON–CURRENT PORTION	**-**	**-**

(i) In June 2013, the Company extended a loan facility to Jos Ebbers Beheer B.V. with a principal amount of €500,000 (US$688,694). The facility has a term of 12 months from the date of disbursement and an interest rate of 10% per annum.

(ii) Loans and advances to the Cuban company Empresa Flora y Fauna are in relation to the finance of the construction of two small–size ecotourism properties. These loans and advances have a fixed interest rate of 8.0% and the principal and accumulated interest is to be repaid from a percentage of the income earned by the underlying properties.

The loans and advances portfolio have the following maturities:

	2014 US$	2013 US$
Between 31 and 90 days	688,694	-
No specific dates of repayment	-	47,683
	688,694	**47,683**

The above gross amounts are split into the following industry groupings:

	2014 US$	2013 US$
Tourism financing	-	47,683
Banking	688,694	-
	688,694	**47,683**

6. EQUITY INVESTMENTS

	2014 US$	2013 US$
Monte Barreto	59,590,508	57,122,539
Miramar	19,874,018	18,905,544
CIHSA (i)	19,695,618	17,360,025
TosCuba S.A. (ii)	2,904,707	2,804,707
Caricel Inc.	225,000	225,000
	102,289,851	**96,417,815**

(i) The equity investments in CIHSA are comprised of share equity interests and contractual interests in its net earnings as per Participation Agreements (further discussed below). The net economic interests of the Company in CIHSA is 27.75% (31 March 2013: 27.75%).

(ii) 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$5.4 million in the acquisition of surface rights, the development of architectural works and technical drawings, and ground preparation, of which the Company has made capital contributions of US$2,904,707 (31 March 2013: US$2,804,707) 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. This non–controlling interest was not registered in the prior year because there were no capital contributions until the current fiscal year. Total capital contributions made by the non–controlling interest as of 31 March 2014 were US$100,000. There remains additional capital contributions pending to be made of US$601,177 (see note 8).

The movements and changes in the fair value of the equity investments are as follows:

	2014 US$	2013 US$
Initial balance	96,417,815	92,540,517
Movement during the year:		
Capital contributions–TosCuba S.A.	100,000	-
Acquisition–HOMASI	-	7,200,000
Changes in fair value:		
Revaluation of equity investment–Monte Barreto	2,467,969	(2,549,102)
Revaluation of equity investment–Miramar	968,474	2,629,378
Revaluation of equity investment–CIHSA	2,335,593	(3,402,978)
Carrying amount at fair value	**102,289,851**	**96,417,815**

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 79,900 square meters of constructed area of which 55,530 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.

Monte Barreto has been granted surface rights over the land upon which Phases I and II of the Miramar Trade Center have been constructed for an initial term of 50 years ending in 2046. These surface rights have been duly registered in the name of Monte Barreto at the Land Register of Havana. The Monte Barreto surface rights may be extended upon request by Monte Barreto prior to expiry of the initial term and with prior Cuban government approval.

Under the Monte Barreto Deed of Incorporation, Monte Barreto may be liquidated in the following circumstances: (i) expiry of its term of incorporation, (ii) impossibility of carrying out its corporate purpose, (iii) agreement between the parties, (iv) total loss of the social capital of the company, and (v) bankruptcy.

In the event of the liquidation of Monte Barreto, the net assets of the company will be distributed between the shareholders in accordance with their shareholdings (following the payment of all outstanding liabilities) in accordance with a final statement of financial position to be prepared by three liquidators appointed in accordance with the provisions of the Monte Barreto Deed of Incorporation. For purposes of calculating liquidation value, the Monte Barreto Deed of Incorporation provides that constructions erected on land granted by way of surface rights will be valued by an independent local or international specialized valuation entity, and in such case, the remaining term of the surface rights, if any, will be included in such valuation.

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 Directors also take into account available information relating to the underlying properties, including current working capital.

Assumptions of the key factors that the Directors' take into consideration for the valuation include the following:

Discounted cash flows

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

Occupancy: Occupancy of the Miramar Trade Center, the complex of six office buildings held by Monte Barreto, is estimated to be 84.7% (2013: 85.7%) increasing on a straight line basis over the next 21 months to achieve a permanent occupancy of 92.37% by 2016 (2013: 92.6% by 2015). These assumptions have been based on the current occupancy and the fact that the Miramar Trade Center is the only modern office complex in Havana and currently has a near monopoly position in the market. Currently the Company does not believe that there are any commercial real estate projects planned or anticipated in the foreseeable future and any such construction would take several years to complete due to the high barriers of entry into the market. It is anticipated that demand will remain high in the commercial real estate market during the projection period.

Growth rate estimates: Due to the current near monopoly position and short–term leases (1 to 2 years), for the current and prior year projections, rental income (excluding administration fees for services) is estimated to be US$24.88 (2013: US$22.72) per square meter in the first 2 years of the projections and to increase by 2% for each of the remaining years of the projection period.

Discount rates: The applicable discount rate applied to the discounted cash flow approach of the projections is 10.5% (2013: 10%).

Capital investments: Assumptions of future capital investments required as necessary to maintain and/or replace property and equipment have been included in the projections at a rate of 2% of gross rents per year (2013: 10% of rental income for 2 in every 10 years).

Taxation: It has been assumed that in the event of liquidation of the joint venture company (see above) the proceeds received by the Company would not be subject to taxation as guaranteed under the Cuban Foreign Investment Law. The discounted cash flow projections include corporate tax obligations of Monte Barreto on its net taxable income at a rate of 15% as per the new Cuban Foreign Investment Law (see note 23) (2013: 30%).

Miramar

At 31 March 2014, the combined economic interest of the Company in HOMASI by way of its share equity interest and the Participation Agreement is 83.05%, representing a 41.525% interest in Miramar (2013: 86%, representing a 43% interest in Miramar). The Company's interest in HOMASI is comprised of a share equity interest, equal to 95% (2013: 100%) of the share equity of HOMASI (representing an economic interest of 56.05% (2013: 59%)), as well as a quasi-equity participation in the form of a Participation Agreement whereby HOMASI has agreed to transfer a portion of its economic interest in Miramar to the Company. Under this Participation Agreement the Company is entitled to receive distributions prior to other dividends equivalent to 27% (2013: 27%) of HOMASI's economic interest in Miramar. HOMASI has also sold Participation Agreements representing an additional 14% (2013: 14%) of its economic interest in Miramar to third parties. The share equity holders of HOMASI receive dividends based on the net income of HOMASI which is reduced by the cost of the Participation Agreement distributions that represent a total of 41% of HOMASI's economic interest in Miramar. 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 8.475%) 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 2023. All decisions at shareholder meetings require the unanimous agreement of the Cuban and foreign shareholders.

Miramar has been granted surface rights over the land upon which the Meliá Habana Hotel is constructed for an initial term of 25 years ending in 2023. The Miramar surface rights may be extended upon request by the joint venture company prior to expiry of the initial term and with prior Cuban government approval.

Under the Miramar Deed of Incorporation, Miramar may be liquidated in the following circumstances: (i) expiry of its term of incorporation without such term being extended, (ii) impossibility of carrying out its social object, (iii) failure by one of the parties to pay in the agreed manner for shares subscribed for, (iv) declaration of one of the parties in insolvency or bankruptcy, (v) repeated failure to convene a quorate shareholder meeting, (vi) agreement between the parties, (vii) total loss of the social capital of the company, and (viii) bankruptcy of the joint venture company. In the event of the liquidation of Miramar, the net assets of the joint venture company will be distributed between the shareholders in accordance with their shareholdings (following the payment of all outstanding liabilities) in accordance with a final statement of financial position to be prepared by liquidators appointed by the shareholders. For purposes of calculating the liquidation value of the assets of the joint venture company, the Miramar Deed of Incorporation provides that in the case of liquidation upon expiry of the initial term or any renewal thereof, the valuation of assets will be made by agreement between the parties, or by an independent valuator chosen by the parties in the case of disagreement. It has been assumed that such valuation would be equal to the fair value of Miramar based on the present value of estimated future cash flows.

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 Directors also take into account available information relating to the underlying hotel property, including historical cash flows generated by the underlying hotel properties, current working capital and the present value of future operating costs of HOMASI.

Assumptions of the key factors that the Directors' have taken into consideration to determine the reasonableness of the valuation include the following:

Discounted cash flows

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

Occupancy: Average annual room occupancy for the Meliá Habana is estimated to be 77% in 2014, 79% in 2015, 80% in 2016, declining to 77% in 2017, 78% in 2018 and stabilizing at 79% by 2019. In the prior year, average annual room occupancy during the first year of the projection period for the hotel was estimated to be 84% and then increase to 83% for each year thereafter.

ADR: The average daily rate per guest during the first year of the projection period for the hotel is estimated to be US$110.31 (2013: US$98.26).

Growth rate estimates: Income of the hotel is estimated to increase by 3–4% for the first 3 years of the projections. Growth is estimated to be negligible in 2017 and 2018 and increase to 2% per annum in 2019 for the remainder of the projection period. In the prior year, income of the hotel was estimated to increase by 3% for each of year of the projection period.

Discount rates: The applicable discount rate applied to the discounted cash flow approach of the projections is 12% (2013: 10.9%).

Capitalisation rates: A pre–tax capitalisation rate of 10% (2013: 11%) has been applied to the year 11 income.

Capital investments: Similar to the prior year, assumptions of future capital investments required as necessary to maintain and/or replace property and equipment have been included in the projections at a rate of 5% of total revenue annually.

Surface rights: Similar to the prior year, it has been assumed that the extension of the surface rights will be granted at a reasonable cost in 2023 which has been estimated to be approximately US$5,500,000, adjusted for inflation.

Taxation: It has been assumed that in the event of liquidation of the joint venture company (see above) the proceeds received by the Company would not be subject to taxation as guaranteed under the Foreign Investment Law. The discounted cash flow projections include the corporate tax obligations of Miramar on its net taxable income at a rate of 15% until 2016 and at a rate of 15% for periods thereafter. The discounted cash flow projections have taken into consideration the change in the taxation of joint venture companies under the new Cuban Foreign Investment Law (see note 23).

CIHSA

At 31 March 2014 and 2013, the combined economic interest of the Company in CIHSA by way of its share equity interest and a Participation Agreement is 27.75% (representing a 13.875% interest in Cubacan). The Company's interest in CIHSA is comprised of a share equity interest, equal to 15% of the share equity if CIHSA (representing an economic interest of 12.75% (2013: 12.75%)), as well as a quasi-equity participation in the form of a Participation Agreement whereby CIHSA has agreed to transfer a portion of its economic interest in Cubacan to the Company. Under this Participation Agreement the Company is entitled to receive distributions prior to other dividends equivalent to 15% of CIHSA's economic interest in Cubacan. The share equity holders of CIHSA receive dividends based on the net income of CIHSA which is reduced by the cost of the Participation Agreement distributions that represent a total of 15% of CIHSA's economic interest in Cubacan. CIHSA is the foreign shareholder (incorporated in Spain) that owns a 50% share equity interest in the Cuban joint venture company Cubacan. Cubacan has constructed and owns three beach resort hotels in Varadero known as the Meliá Las Americas, Meliá Varadero and Sol Palmeras Hotels, having an aggregate total of 1,437 rooms. The hotels are adjacent to the Varadero Golf Course and are operated by Grupo Sol Meliá. 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.

Cubacan was granted usufruct rights over the parcels of land upon which the Varadero Hotels were constructed for an initial term of 25 years beginning in each case upon the start–up of operations of each hotel. The Cubacan usufruct rights may, upon request by the joint venture company prior to expiry of the initial term and with prior Cuban government approval, be extended for successive periods of 5 years to a maximum extension of 25 years.

The usufruct rights relating to the three Varadero Hotels would 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 2015, the initial term of the usufruct rights of the Sol Palmeras Hotel will expire. The usufruct rights of the Meliá Varadero Hotel will expire in 2017 and those of the Meliá Las Americas Hotel will expire in 2019. The term of incorporation of the joint venture company is linked to the term of the usufruct rights. Negotiations aimed at extending the initial terms of the above usufruct rights and the term of incorporation of the joint venture company are presently underway. In the event that these negotiations prove to be unsuccessful, Cubacan will be liquidated. However, based on current discussions, the Directors are confident that the terms of the usufruct rights will be extended and that it is unlikely that Cubacan will be liquidated.

Under the Cubacan Deed of Incorporation, Cubacan may be liquidated in the following circumstances: (i) mutual agreement between the parties, and (ii) expiry of the rights of usufruct over the properties. In the event of the liquidation of Cubacan, all of the assets of the joint venture company will be distributed to the Cuban shareholder, subject to the payment of compensation to the foreign shareholder for the value of its interest therein. If the parties are not able to reach agreement on the value of such compensation, then the amount of compensation will be fixed by an independent valuation entity chosen from a list of 3 such firms chosen by the Chamber of Commerce of Geneva.

Key assumptions used in the estimated fair value of CIHSA:

The fair value of the equity investment in CIHSA 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 Directors also take into account available information relating to the underlying hotel properties, including historical cash flows generated by the underlying hotel properties, current working capital and the present value of future operating costs of CIHSA.

Assumptions of the key factors that the Directors' take into consideration for the valuation include the following:

Discounted cash flows

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

Occupancy: Average annual room occupancy for the Meliá Las Americas is estimated to be 80% from 2014, declining to 77% in 2016, 75% in 2017, 77% in 2018 and stabilizing at 80% by 2019. Average annual room occupancy for the Meliá Varadero is estimated to be 72% from 2014, 73% in 2015, declining to 70% in 2016, 68% in 2017, 70% in 2018 and stabilizing at 72% by 2019. Average annual room occupancy for the Sol Palmeras is estimated to be 82% from 2014, declining to 79% in 2016, 77% in 2017, 79% in 2018 and stabilizing at 81% by 2019.

In the prior year, average annual room occupancy during the projection period for the Meliá Las Americas was estimated to be 80%. Average annual room occupancies during the first year of the projection period were estimated to be 73% and then 74% for each year thereafter for the Meliá Varadero; and 83% and then 85% thereafter for the Sol Palmeras.

ADR: The average daily rate per guest during the first year of the projection period for the hotels is estimated to be US$125.46, US$97.49 and US$92.42 for the Meliá Las Americas, Meliá Varadero; and Sol Palmeras, respectively. In the prior year, the average daily rate per guest during the first year of the projection period for the hotels was estimated to be US$123.16, US$95.50 and US$85.63 for the Meliá Las Americas, Meliá Varadero; and Sol Palmeras, respectively.

Growth rate estimates: Income is estimated to increase by 2% and 2–3% per annum during the projection period for the Meliá Las Americas and Meliá Varadero, respectively. For the Sol Palmeras, income is estimated to increase by 5% in the first year of the projections and then by 2% for each of year thereafter.

In the prior year, Income was estimated to increase by 2% and 2.5% per annum during the projection period for the Meliá Las Americas and Meliá Varadero, respectively. For the Sol Palmeras, income was estimated to increase by 3% in the first year of the projections and then by 2% for each of year thereafter.

Discount rates: The applicable discount rate applied to the discounted cash flow approach of the projections is 12.0% (2013: 11.2%).

Capitalisation rates: A capitalisation rate of 10% (2013: 11%) has been applied to the year 11 income.

Capital investments: Similar to the prior year, assumptions of future capital investments required as necessary to maintain and/or replace property and equipment have been included in the projections at a rate of 5% of total revenue annually.

Surface rights: Similar to the prior year, it has been assumed that the extension of the surface rights will be granted at a reasonable cost in 2019 which has been estimated (as adjusted for inflation) to be approximately US$4,697,000, US$6,769,000, and US$8,344,000, for the Meliá Las Americas, Meliá Varadero; and Sol Palmeras, respectively.

Taxation: It has been assumed that in the event of liquidation of the joint venture company (see above) the proceeds received by the Company would not be subject to taxation as guaranteed under the Foreign Investment Act. The discounted cash flow projections include the corporate tax obligations of Cubacan on its net taxable income at a rate of 10%. The discounted cash flow projections have taken into consideration the change in the taxation of joint venture companies under the new Cuban Foreign Investment Law (see note 23).

Sensitivity to changes in fair value assumptions of equity investments using the discount cash flow method

When using the discount cash flow method, the estimated fair values of the equity investments are most sensitive to changes in discount rates, capitalisation rates and timing or variability of cash flows. There are reasonable possible changes to these key assumptions which would cause a change in the fair values of the equity investments. Under the discounted cash flow method, the Company has estimated that a reasonable range of discount rates to calculate the estimated fair value of its equity investments is 8.5% to 14.0%, with capitalisation rates of 8.0% to 13.0%.

When using the discounted cash flow method, the estimated fair values of the equity investments using both a discount rate and capitalisation rate of 2.0% higher and 2.0% lower, than the rates used to estimate the fair values presented in these consolidated financial statements, are set out in the following table:

	+ 2.0% US$	- 2.0% US$
Monte Barreto	50,513,035	72,121,542
Miramar	16,859,118	24,430,743
CIHSA	16,616,337	24,366,207

Dividend income from equity investments

Dividend income (including participation payments) attributable to the equity investments above during the year is as follows:

	2014 US$	2013 US$
Monte Barreto	3,959,189	4,198,696
Miramar	1,775,000	350,675
CIHSA	689,500	1,464,396
	6,423,689	**6,013,767**

7. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles US$	Leasehold improvements US$	Office furniture and equipment US$	Works of art US$	Total US$
Cost:					
At 1 April 2012	326,498	92,468	105,211	311,800	**835,977**
Additions	72,457	-	3,874	-	**76,331**
Disposals	(69,131)	-	(4,153)	-	**(73,284)**
At 31 March 2013	329,824	92,468	104,932	311,800	**839,024**
Additions	39,421	-	3,900	6,000	**49,321**
Disposals	(39,665)	(5,116)	(334)	(8,000)	**(53,115)**
At 31 March 2014	329,580	87,352	108,498	309,800	**835,230**
Accumulated Depreciation:					
At 1 April 2012	262,836	92,468	84,594	-	**439,898**
Additions	34,540	-	9,052	-	**43,592**
Disposals	(69,131)	-	(3,191)	-	**(72,322)**
At 31 March 2013	228,245	92,468	90,455	-	**411,168**
Additions	41,510	-	8,476	-	**49,986**
Disposals	(39,665)	(5,116)	(334)	-	**(45,115)**
At 31 March 2014	230,090	87,352	98,597	-	**416,039**
Net book value:					
At 31 March 2014	99,490	-	9,901	309,800	**419,191**
At 31 March 2013	101,579	-	14,477	311,800	**427,856**

8. ACCOUNTS RECEIVABLE AND ACCRUED INCOME

	2014 US$	2013 US$
Accrued interest income	57,009	-
Capital contributions due from non–controlling interest (note 6)	601,177	-
Receivable from the Investment Manager	-	65,472
Other accounts receivable	94,087	84,988
	752,273	**150,460**
Current portion	**(520,490)**	**(125,192)**
Non–current portion	**231,783**	**25,268**

Accounts receivable and accrued income have the following maturities:

	2014 US$	2013 US$
Up to 30 days	187,905	87,774
Between 31 and 90 days	68,301	19,512
Between 91 and 180 days	8,335	11,456
Between 181 and 365 days	255,949	6,450
Over 365 days	231,783	25,268
	752,273	**150,460**

9. CASH AND CASH EQUIVALENTS

	2014 US$	2013 US$
Cash on hand	48,368	104,758
Bank current accounts (i)	3,815,775	3,670,316
	3,864,143	**3,775,074**

(i) Balance without restriction

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2014 US$	2013 US$
Due to Miramar S.A. (i)	1,348,794	1,350,177
Participation payments payable (ii)	2,760	195,351
Accrued audit fees	69,408	78,288
Withholding taxes (iii)	91,275	-
Accrued Directors fees	21,005	30,179
Deferred revenue	7,641	26,224
Other accrued expenses	47,002	30,865
Other accounts payable	108,834	100,873
	1,696,719	**1,811,957**

(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.

(ii) Participation payments payable relate to amounts earned by third parties under participation agreements with HOMASI, a subsidiary of the Company, and are pending distribution.

(iii) HOMASI is required to retain and submit withholding taxes related to participation agreement payments paid to third parties that are domiciled in Spain.

Maturity profile of accounts payable and accrued expenses based on contractual undiscounted payments:

	2014 US$	2013 US$
Up to 30 days	267,175	386,115
Between 31 and 90 days	80,750	75,665
No specific dates of repayment	1,348,794	1,350,177
	1,696,719	**1,811,957**

11. 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 2012	13,223,840	16,364,833	49,657,630
Issuance of shares–Performance fee (i)	235,107	2,649,546	-
Share capital and share premium at 31 March 2013	**13,458,947**	**19,014,379**	**49,657,630**
Share capital and share premium at 31 March 2014	**13,458,947**	**19,014,379**	**49,657,630**

(i) In November 2012, the Company issued shares to the Investment Manager to settle the performance fees of US$2,649,546 earned during fiscal 2011 (see note 12).

12. MANAGEMENT FEES AND INVESTMENT MANAGER'S INTERESTS

The Investment Manager's duties effectively commenced from 1 July 2002 under an Investment Management Agreement ("IMA") that could be terminated by six months' prior written notice to be given by either party. The IMA was terminated with effect from 30 April 2013 and management has been internalized as from 1 May 2013. Subsequently, the services of the principal managers of the Company are no longer contracted through the Investment Manager.

The Investment Manager was entitled to receive an annual base fee in the amount of 2.5% of the average quarterly total assets under management of the Company (defined to mean the aggregate of the Company's assets less current liabilities, excluding borrowings and performance fees), calculated and payable at the beginning of each quarter. The annual base fee earned by the Investment Manager for the year ended 31 March 2014 was US$215,528 (2013: US$2,903,377).

The Investment Manager also received a performance fee, payable annually at the rate of 20% of the uplift in the net asset value ("NAV") per share excluding any liability in respect of performance fees (which increase includes the increase of the profit and loss and the capital account of the Company) with a high watermark (whereby the net asset value per share at the end of the fiscal year will be carried forward to future periods for the calculation until a higher net asset value per share is obtained), after adjusting for the value of any distributions made, exclusive of value added tax or any similar tax where appropriate. The performance fee was payable in shares ("Performance Shares") calculated at the NAV per share of the audited financial statements at the financial year–end of the Company for the year in respect of which the performance fee is payable. There was no performance fee earned for the years ended 31 March 2014 and 2013.

With respect to the financial years falling in the period between 1 April 2008 and 31 March 2013, the Company had the obligation, on an annual basis, to issue in favour of the Investment Manager such number of IM Warrants (see note 16) as would confer the right to subscribe for IM Warrant Shares representing 2.0% of the outstanding shares of the Company at the relevant financial year–end. The IM Warrants were to be calculated and issued as soon as practicable following the financial year–end and would have a subscription price equal to the audited NAV per share at the financial year–end in respect of which they were issued.

Any and all Performance Shares, IM Warrants and IM Warrant Shares issued in favour of the Investment Manager were subject to a lock–up period (the "Lock–Up Period") equal to the remaining term of the IM Warrant entitlement period (which ended 31 March 2013). During the Lock–Up Period, the Performance Shares, the IM Warrants and the IM Warrant Shares could not be sold or otherwise transferred to any third party without the prior written consent of the Board.

Management fees for the year are included in the consolidated statement of comprehensive income.

13. SEGMENT REPORTING

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 organised into four 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.

- Finance: Finance activities consisting in medium–term secured facilities and short–term financial instruments related to Cuba.

- Other: Includes the Company's interest in a Cuban joint venture company that operates a paper mill in Cuba producing tissue paper products as well as publishing activities related to Cuba.

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.

			31 March 2014 US$		
	Commercial property	Tourism / Leisure	Finance	Other	Total
Total assets	62,040,611	44,940,597	791,444	241,500	**108,014,152**
Total liabilities	(30,118)	(1,583,854)	(82,747)	-	**(1,696,719)**
Total net assets	**62,010,493**	**43,356,743**	**708,697**	**241,500**	**106,317,433**
Allocated income	6,438,614	6,693,045	68,194	309	**13,200,162**
Allocated expenses	(1,401,144)	(2,035,870)	(20,438)	(17,400)	**(3,474,852)**
Foreign exchange gain	-	-	-	253,859	**253,859**
Total profit	**5,037,470**	**4,657,175**	**47,756**	**236,768**	**9,979,169**
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**5,037,470**	**4,657,175**	**47,756**	**236,768**	**9,979,169**
Other segment information:					
Property, plant and equipment additions	49,321	-	-	-	**49,321**
Depreciation	(49,087)	(899)	-	-	**(49,986)**

	31 March 2013 US$				
	Commercial property	Tourism / Leisure	Finance	Other	Total
Total assets	59,026,891	39,687,961	1,862,536	241,500	**100,818,888**
Total liabilities	(36,470)	(1,669,713)	(105,302)	(472)	**(1,811,957)**
Total net assets	**58,990,421**	**38,018,248**	**1,757,234**	**241,028**	**99,006,931**
Allocated income	4,230,318	2,459,901	353,015	10,197	**7,053,431**
Allocated expenses	(5,938,869)	(3,629,325)	(318,860)	(102,710)	**(9,989,764)**
Foreign exchange loss	-	-	-	(273,505)	**(273,505)**
Total (loss) profit	**(1,708,551)**	**(1,169,424)**	**34,155**	**(366,018)**	**(3,209,838)**
Other comprehensive income	-	-	-	-	-
Total comprehensive income (loss)	**(1,708,551)**	**(1,169,424)**	**34,155**	**(366,018)**	**(3,209,838)**
Other segment information:					
Property, plant and equipment additions	72,747	3,584	-	-	**76,331**
Depreciation	(43,184)	(408)	-	-	**(43,592)**

14. ADMINISTRATION AND CUSTODIAN FEES

JTC (Guernsey) Limited ("JTC") (formerly named Ardel Fund Services Limited) receives from the Company fees which cover administration, corporate secretarial and other back office services to the Company in Guernsey.

Under an administration and secretarial agreement that took effect 1 October 2013, JTC is entitled to receive an annual administration fee of £40,000 (US$66,660) from the Company, computed and paid monthly in arrears. In addition, the Company has agreed to reimburse JTC its expenses and services that are outside the scope of the agreement. Prior to 1 October 2013, JTC was entitled to receive an administration fee from the Company, subject to a minimum of €90,000 per annum and is calculated per annum at a rate of: (i) 0.180% of the NAV where the NAV is between €0.00 and €40,000,000, and (ii) 0.135% of the NAV where the NAV is above €40,000,000. Included within the administration fees and expenses for the year ended 31 March 2014 of US$233,836 (2013: US$261,288) are administration fees earned by JTC of US$120,253 (2013: US$182,344).

In addition, prior to 1 October 2013, JTC received from the Company a monthly fee of £417 (US$6,695) for custodian services. As of 1 October 2013, JTC does not charge the Company separately for custodian services. Custodian fees for the year ended 31 March 2014 amounted to US$3,878 (2013: US$7,897).

The registrar of the Company is Ansons Registrars Limited ("Ansons"). Ansons receives from the Company an annual base fee of £4,000 (US$6,666), plus transactional and service fees when incurred.

15. RELATED PARTIES DISCLOSURES

Compensation of Directors

Each Director receives a fee of €9,000 (US$12,396) per annum with the Chairman receiving €25,000 (US$34,435). The Chairman and Directors also receive €1,700 (US$2,342) 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 year ended 31 March 2014 were US$101,974 (2013: US$121,240).

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. Enrique Rottenberg, Sebastiaan A.C. Berger and Colin Kingsnorth are Directors of the Company and also directors and shareholders of the former Investment Manager, CEIBA International Management Ltd., which received compensation from the Company in the form of management fees, performance fees and IM Warrants. Cameron Young is also a director of various subsidiaries of the Company and was also a director of the Investment Manager. The IMA was terminated with effect from 30 April 2013.

The Company, through a subsidiary, had an agreement with the Investment Manager for the use of office space, furnishings, equipment, and communication facilities. For the year ended 31 March 2014, the Company earned total fees for the above of US$3,846 (compared to US$46,550 for fiscal 2013). These fees are accounted for as other income. The agreement with the Investment Manager was terminated with effect from 30 April 2013.

Included within management costs for the year ended 31 March 2014 of US$690,706 (2013: nil) 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$234,631. Also included within management costs for the year ended 31 March 2014 are costs related to payments regarding Enrique Rottenberg for his services as General Manager of Monte Barreto and director of CEIBA MTC totalling US$229,800.

Transactions with other related parties

Certain subsidiaries of the Company lease office space 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 year ended 31 March 2014 amounted to US$133,648, compared to US$145,426 for fiscal 2013.

Directors' interests in the share capital

Colin Kingsnorth is a director and shareholder of Laxey Partners Limited ("Laxey"). Laxey holds 1,247,997 shares. Funds managed by Laxey hold 1,708,508 shares.

Sebastiaan A.C. Berger holds 245,683 shares and is also a director and shareholder of a company that holds 75,000 shares. In addition, he is a shareholder of a company that holds a 90% interest in Caricel Inc., in which the Company also holds a 10% interest.

Enrique Rottenberg has an interest in 575,155 shares.

Peter Fletcher is managing director of an investment advisory firm that advises an investment company that holds 2,120,641 Shares.

John Herring is the principal of an investment advisory firm that provides advice to a private investment company that holds 2,082,885 Shares.

16. SHARE–BASED PAYMENTS

The expenses recognised for services received during the year related to equity–settled share–based payments are shown in the following table:

	2014 US$	2013 US$
IM Warrants (i)	-	276,078
	-	**276,078**

(i) At 31 March 2013, the fair value of the IM Warrants (see description below) estimated by using the Black–Scholes option–pricing model, was US$1.026. The assumptions underlying the Black–Scholes formula are as follows:

	2014	2013
Stock price	-	US$7.3562
Strike price	-	US$7.3562
Years to maturity	-	1.0
Risk free rate	-	0.12%
Volatility	-	35%

The share–based payments and share option (warrants) plans are described below.

IM Warrants

Pursuant to the Investment Management Agreement, with respect to the financial years falling in the period between 1 April 2008 and 31 March 2013, the Company will, on an annual basis, issue in favour of the Investment Manager such number of warrants as will confer the right to subscribe for new ordinary shares ("IM Warrant Shares"), representing 2% of the outstanding shares of the Company at the relevant financial year–end. The IM Warrants will have a subscription price equal to the NAV/share included in the audited financial statements at the financial year end in respect of which they are issued. The first IM Warrant entitlement was vested in favour of the Investment Manager as at 31 March 2009, with further IM Warrant entitlements that were vested on 31 March of each subsequent year up to and including 31 March 2013. All IM Warrants and IM Warrant Shares were subject to a lock–up period until 31 March 2013 during which they could not be sold or otherwise transferred to any third party without the prior written consent of the Board, unless the Investment Management Agreement is terminated or certain other events occur. All IM Warrants expired on 31 March 2014. For the years ended 31 March 2013, 2012, 2011 and 2010, 269,178, 264,477, 355,098 and 264,424 IM Warrants, respectively, have been vested in favour of the Investment Manager but were not issued by the Company.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, warrants during the year ended:

	2014		2013	
	Number	WAEP US$	Number	WAEP US$
Outstanding at the start of the year	1,410,065	9.921	1,140,887	10.625
Vested during the period	-	-	269,178	7.3562
Exercised during the period	-	-	-	-
Expiring during the period	(1,410,065)	9.921	-	-
Outstanding at the end of the year	**-**	**-**	**1,410,065**	**9.921**
Issued	Nil	-	256,888	10.776
Pending to be issued	Nil	-	1,153,177	9.730
Exercisable at the end of the year	Nil	-	Nil	-

All share–based payments expired at 31 March 2014 and as such have a value of nil. The weighted average contractual life remaining of the share–based payments outstanding at 31 March 2013 was 1.0 year. The exercise price for all share–based payments issued as at 31 March 2013 was €8.406 or US$10.776.

17. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

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

	2014 US$	2013 US$
Weighted average of ordinary shares in issue	13,458,947	13,304,356
Net income (loss) for the year attributable to the shareholders	9,886,387	(3,209,838)
Basic and diluted earnings (loss) per share	0.73	(0.24)

18. 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 March 2014 are US$133,491 (2013: US$129,424).

The rental charges paid under operating leases accounted for in operational costs of the statement of comprehensive income for the year ended 31 March 2014 amounted to US$133,648 (2013: US$145,426).

19. 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 NAV of investments 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 March 2014 is the following:

Effect of the variation in the foreign exchange rate	Income (loss) US$
+15%	482,881
+20%	643,841
-15%	(482,881)
-20%	(643,841)

(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 MARCH 2014				
Equity investments (US$)	102,289,851	-	-	102,289,851
Loans and advances (€)	688,694	688,694	-	-
Accounts receivable and accrued income (US$)	677,858	-	-	677,858
Accounts receivable and accrued income (€)	74,415	-	-	74,415
Cash at bank (€)	3,290,836	3,290,836	-	-
Cash at bank (US$)	524,939	-	-	524,939
Cash on hand (CUC)	48,368	-	-	48,368
31 MARCH 2013				
Equity investments (US$)	96,417,815	-	-	96,417,815
Loans and advances (US$)	47,683	47,683	-	-
Accounts receivable and accrued income (US$)	140,448	-	-	140,448
Accounts receivable and accrued income (€)	10,012	-	-	10,012
Cash at bank (€)	3,374,356	3,374,356	-	-
Cash at bank (US$)	295,960	-	-	295,960
Cash on hand (CUC)	104,758	-	-	104,758

The weighted–average interest rate of loans and advances is 10% (31 March 2013: 8.0%). The Company did not have any loans and advances with floating interest rates at 31 March 2014 or 2013.

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:

	2014 US$	2013 US$
Loans and advances	688,694	47,683
Equity investments	102,289,851	96,417,815
Accounts receivable and accrued income	752,273	150,460
Cash and cash equivalents	3,864,143	3,775,074
Total maximum exposure to credit risk	**107,594,961**	**100,391,032**

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	2014 US$	2013 US$
Cash at bank			
Cuba	Caa2	473,172	244,651
Guernsey	A2	65,146	437,020
The Netherlands	A2	420,948	12,350
Spain	Baa2	-	46,277
Spain	Ba2	2,856,509	2,930,018
		3,815,775	**3,670,316**
Cash on hand			
Cuba		48,368	104,758
		48,368	**104,758**
Total cash and cash equivalents		**3,864,143**	**3,775,074**

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.

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.

Management assesses that the liquidity risk of the Company to be low because of the high liquidity in cash and cash equivalents and the practically non–material amount of liabilities payable in cash. However, in case of an unforeseen need for funds, the Company has access to credit facilities from financial institutions that may allow short–term flexibility in the administration of its liquidity.

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 March 2014 and 2013 to a total of US$106,317,433 and US$99,006,931, respectively. The Company is not subject to external capital requirements.

20. USE OF ESTIMATES AND JUDGEMENTS

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 3.10 (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 3.10 (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 March 2014 US$			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Equity investments	-	-	102,289,851	102,289,851
	-	**-**	**102,289,851**	**102,289,851**

	31 March 2013 US$			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Equity investments	-	-	96,417,815	96,417,815
	-	**-**	**96,417,815**	**96,417,815**

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:

	Unlisted private equity investments
Balance at 1 April 2013	96,417,815
Total gains recognised in income or loss	5,772,036
Purchases and additions	100,000
Balance at 31 March 2014	**102,289,851**
Total losses for the year included in income or loss relating to assets and liabilities held at the end of the reporting period	-
	-

Losses related to unlisted private equity investments are recognised as change in fair value of equity investments in the consolidated statement of comprehensive income.

Determination of functional currency

Functional currency is the currency of the primary economic environment in which the Company operates. When indicators of the primary economic environment are mixed, Management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Management has determined that the functional currency of the Company is US$. The majority of the Company's income, equity investments and transactions are denominated in US$.

21. CLASSIFICATIONS AND FAIR VALUES 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.

	Note	31 March 2014 US$ Designated at fair value through profit or loss	Loans and receivables	Other liabilities	Total carrying amount
Loans and advances	5	-	688,694	-	688,694
Equity investments	6	102,289,851	-	-	102,289,851
Accounts receivable and accrued income	8	-	752,273	-	752,273
Cash and cash equivalents	9	-	3,864,143	-	3,864,143
		102,289,851	**5,305,110**	**-**	**107,594,961**
Accounts payable and accrued expenses	10	-	-	1,696,719	1,696,719
		-	**-**	**1,696,719**	**1,696,719**

	Note	31 March 2013 US$ Designated at fair value through profit or loss	Loans and receivables	Other liabilities	Total carrying amount
Loans and advances	5	-	47,683	-	47,683
Equity investments	6	96,417,815	-	-	96,417,815
Accounts receivable and accrued income	8	-	150,460	-	150,460
Cash and cash equivalents	9	-	3,775,074	-	3,775,074
		96,417,815	**3,973,217**	**-**	**100,391,032**
Accounts payable and accrued expenses	10	-	-	1,811,957	1,811,957
		-	**-**	**1,811,957**	**1,811,957**

The financial instruments not accounted for at fair value through profit or loss are short–term financial assets and liabilities whose carrying amounts approximate fair value due to their short–term maturity. The carrying amounts of long–term financial assets not accounted for at fair value through profit or loss are also estimated to approximate fair value.

There were no reclassifications of financial assets during the year ended 31 March 2014 (2013: nil).

22. INVESTORS HOLDING GREATER THAN 10% INTEREST

As at 31 March 2014 and 2013, the Absolute Return Fund held 2,120,641 shares and Northview Investment Fund Limited held 2,082,885 shares of the Company, representing 15.76% and 15.48% of the Company's shares, respectively. As at 31 March 2014, the Value Catalyst Fund Limited held 1,709,508 (2013: 1,841,711) shares of the Company, representing 12.7% (2013:13.68%) of the total consolidated shares outstanding of 13,458,947.

23. EVENTS AFTER THE REPORTING PERIOD

2014 Foreign Investment Law

On 16 April 2014, the National Assembly of Cuba approved 2014 Law No. 118 on Foreign Investment. The law comes into force at the end of June 2014 and replaces the former 1995 Law No.77 on Foreign Investment. Changes in the 2014 law, compared to the 1995 law, include a reduction of the standard corporate tax rate applicable to Cuban joint venture companies from 30% to 15% and the removal of a tax on labour. The changes included in the 2014 Law on Foreign Investment have been taken into consideration for the determination of the fair values of the Company's investments (see note 6).

Sebastiaan A.C. Berger
Director

J.A. H

John Herring
Director

This page has been intentionally left blank

This page has been intentionally left blank

This page has been intentionally left blank

This page has been intentionally left blank