



CEIBA Investments Limited

Company Information and Management

REGISTERED OFFICE

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

EXECUTIVES

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

REGISTRAR

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

LEGAL ADVISERS

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

BOARD OF DIRECTORS

John Anthony Herring (Chairman)
Colin Kingsnorth
Sebastiaan A.C. Berger
Enrique Rottenberg
Peter Fletcher (resigned 8 March 2016)

ADMINISTRATOR, CUSTODIAN AND SECRETARY

JTC (Guernsey) Limited
Dorey Court
Admiral Park
St Peter Port
Guernsey
Channel Islands
GY1 2HT

INDEPENDENT AUDITORS

EY Caribbean Professional Services Limited
Worthing Corporate Center
Christ Church, BB15008
Barbados

ISIN CODE (ORDINARY SHARES)

GG00B5491D76

REGISTRATION NUMBER

30083

CEIBA Investments Limited

Directors' report

The Directors present their consolidated financial statements for the year ended 31 March 2016.

ACTIVITIES

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

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

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

PERFORMANCE AND RESULTS

The income of the Company consists primarily of changes in the fair value of equity investments and dividend income. Changes in the fair value of equity investments resulted in an increase in value of US\$32,127,410 (2015: US\$10,936,797). Dividend income earned by the Company from its commercial and tourism real estate investments was US\$8,082,979 (2015: US\$7,755,757) (see note 7).

The net income attributable to the shareholders for year ended 31 March 2016 amounted to US\$37,768,453 (2015: US\$15,325,583). There was no charge for taxation.

DIVIDENDS

Dividends declared during each of the years ended 31 March 2016 and 2015 amounted to US\$4,000,000 or US\$0.297 per share.

DIRECTORS AND THEIR INTERESTS

Except as stated in note 12 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 2016 are shown in note 12.

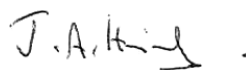
AUDITORS

The appointment of EY Caribbean Professional Services Limited as the Company's auditors was approved at the Annual General Meeting of the Company held on 8 March 2016.

Approved by the Board of Directors on 21 June 2016 and signed on its behalf:



Sebastiaan A.C. Berger
Director



John Herring
Director

CEIBA Investments Limited

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 2016, which presents fairly 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.

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, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as prescribed by the International Accounting Standards Board and the Companies (Guernsey) Law, 2008, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 about 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 auditors' 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 CEIBA Investments Limited as at 31 March 2016, 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.

CPSL

**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.

21 June 2016

Caribbean Professional Services Limited

Caribbean Professional Services Limited

An affiliate firm of Ernst & Young Global

CEIBA Investments Limited

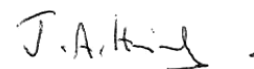
Consolidated Statement of Financial Position As at 31 March 2016

	Note	2016 US\$	2015 US\$
Assets			
Current assets			
Cash and cash equivalents	4	10,154,342	2,659,040
Accounts receivable and accrued income	5	361,704	1,937,330
Total current assets		10,516,046	4,596,370
Accounts receivable and accrued income	5	30,808	131,983
Equity investments	7	145,554,058	113,376,648
Property, plant and equipment	8	515,816	396,375
Total assets		156,616,728	118,501,376
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	9	1,962,616	1,756,480
Dividends payable	10	4,000,000	-
Total current liabilities		5,962,616	1,756,480
Total liabilities		5,962,616	1,756,480
Equity			
Share capital	10	19,014,379	19,014,379
Share premium	10	49,657,630	49,657,630
Special reserve held for distribution		29,620,289	33,620,289
Revaluation surplus		248,199	173,199
Retained earnings		51,521,857	13,753,404
Accumulated other comprehensive loss		(82,388)	(156,193)
Equity attributable to the shareholders of the parent		149,979,966	116,062,708
Non-controlling interest	3	674,146	682,188
Total equity		150,654,112	116,744,896
Total liabilities and equity		156,616,728	118,501,376

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



Sebastiaan A.C. Berger
Director



John Herring
Director

CEIBA Investments Limited

Consolidated Statement of Comprehensive Income For the year ended 31 March 2016

	Note	2016 US\$	2015 US\$
Income			
Change in fair value of equity investments	7	32,127,410	10,936,797
Dividend income	7	8,082,979	7,755,757
Travel agency commissions		252,194	160,066
Interest income		385	70,684
		40,462,968	18,923,304
Expenses			
Management costs	12	(1,007,368)	(757,575)
Other staff costs		(299,709)	(369,724)
Travel		(266,402)	(120,414)
Participation agreement payments to 3 rd parties		(243,877)	(207,669)
Operational costs		(229,969)	(217,664)
Legal expenses		(212,443)	(229,000)
Administration fees and expenses		(168,778)	(160,446)
Audit fees		(149,915)	(82,772)
Miscellaneous expenses		(105,521)	(86,806)
Director fees and expenses	12	(103,083)	(111,844)
Depreciation	8	(29,492)	(41,633)
		(2,816,557)	(2,385,547)
Foreign exchange gain (loss)		114,000	(1,222,988)
Net income for the year		37,760,411	15,314,769
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Revaluation of art works		75,000	-
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Exchange differences of translation of foreign operations		73,805	(156,193)
Total comprehensive income		37,909,216	15,158,576
Net income for the year attributable to:			
Shareholders of the parent		37,768,453	15,325,583
Non-controlling interest		(8,042)	(10,814)
Basic and diluted earnings per share	13	2.81	1.14

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

CEIBA Investments Limited

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Note	2016 US\$	2015 US\$
Operating activities			
Net income for the year		37,760,411	15,314,769
<i>Items not effecting cash:</i>			
Depreciation		29,492	41,633
Interest income		(385)	(70,684)
Change in fair value of equity investments	7	(32,127,410)	(10,936,797)
		5,662,108	4,348,921
Decrease (increase) in accounts receivable and accrued income		1,750,606	(1,531,333)
Increase in accounts payable and accrued expenses		206,136	59,761
Interest received		385	127,693
Net cash flows from operating activities		7,619,235	3,005,042
Investing activities			
Purchase of equity investments	7	(50,000)	(150,000)
Purchase of property, plant & equipment	8	(73,933)	(18,817)
Loans and advances repaid		-	604,884
Net cash flows from investing activities		(123,933)	436,067
Financing activities			
Purchase of non-controlling interest	6	-	(646,212)
Payment of cash dividends		-	(4,000,000)
Net cash flows from financing activities		-	(4,646,212)
Change in cash and cash equivalents		7,495,302	(1,205,103)
Cash and cash equivalents at beginning of the year		2,659,040	3,864,143
Cash and cash equivalents at end of the year		10,154,342	2,659,040
Interest received		385	127,693

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

CEIBA Investments Limited

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	2016 US\$	2015 US\$
Share capital		
Initial balance	19,014,379	19,014,379
Final balance	19,014,379	19,014,379
Share premium		
Initial balance	49,657,630	49,657,630
Final balance	49,657,630	49,657,630
Special reserve held for distribution		
Initial balance	33,620,289	37,620,289
Dividends	(4,000,000)	(4,000,000)
Final balance	29,620,289	33,620,289
Revaluation surplus		
Initial balance	173,199	173,199
Revaluation of art works	75,000	-
Final balance	248,199	173,199
Retained earnings		
Initial balance	13,753,404	(1,572,179)
Net income for the year attributable to shareholders of the parent	37,768,453	15,325,583
Final balance	51,521,857	13,753,404
Accumulated other comprehensive income (loss)		
Initial balance	(156,193)	-
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	73,805	(156,193)
Final balance	(82,388)	(156,193)
Equity attributable to the shareholders of the parent	149,979,966	116,062,708
Non-controlling interest		
Initial balance	682,188	1,424,115
Non-controlling interest acquired during year	-	(731,113)
Net loss for the year attributable to non-controlling interest	(8,042)	(10,814)
Final balance	674,146	682,188
Total equity	150,654,112	116,744,896

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

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

1. Corporate information

These consolidated financial statements for the year ended 31 March 2016 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 21 June 2016.

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

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

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

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

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

2. Basis of preparation

2.1 Statement of compliance and basis of measurement

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

2.2 Functional and presentation currency

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

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

2.3 Use of estimates and judgments

The preparation of the Company’s consolidated financial statements, in conformity with IFRS, requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates include the valuation of equity investments. Actual results could differ from those estimates.

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

2. Basis of preparation (continued)

2.3 Use of estimates and judgments (continued)

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

In determining estimates of recoverable amounts and fair values for its equity investments, the Company relies on independent valuations, historical experience, assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. Assumptions underlying asset valuations are limited by the availability of reliable comparable data and the uncertainty of predictions concerning future events (see note 7).

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

2.4 Reportable operating segments

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

2.5 Equity investments

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

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

2.6 Changes in accounting policies

Standards and interpretations applicable this year

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

The new standards or changes to preexisting standards, compulsorily applicable to fiscal years beginning on January 1, 2015 and which are listed below, have no impact on the Company's financial statements given that they involve equity components, types of transactions, special situations, activity sectors, or information elements foreign to the nature, characteristics and operations of the Company:

- IFRS annual improvements, 2010-2012 cycle, which affect:
 - IFRS 3 Business Combinations
 - IFRS 8 Operating Segments
 - IAS 16 Tangible Assets and IAS 38 Intangible Assets
 - IAS 24 Related party Disclosures
- IFRS annual improvements – 2011-2013 cycle, which affect:
 - IFRS 3 Business Combinations
 - IFRS 13 Fair Value Measurement
 - IAS 40 Investment Property

In addition, the Company has refrained from applying in advance any standard, interpretation or amendment, which, having already been issued, is not yet mandatory.

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

2. Basis of preparation (continued)

2.6 Changes in accounting policies (continued)

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

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

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

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

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

The Company is currently assessing the impact these new standards will have on its consolidated financial statements.

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 2016. 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.

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

3.1 Consolidation (continued)

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

The Company had direct and indirect equity interests in the following entities as at 31 March 2016 and 2015:

Entity Name	Country of Incorporation	Equity interest held by the Company or holding entity	
		2016	2015
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	100%	100%
1.5.2.1. Miramar S.A. (b) (ix)	Cuba	50%	50%
1.5.3. Mosaico B.V. (a) (iv)	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) (x)	Cuba	50%	50%
2. Industrias Antillanas Limited (a) (iv)	Guernsey	100%	100%
2.1. Caricel Inc. (b) (iv)	Barbados	10%	10%
2.1.1. Intercan Inc. (c) (iv)	Barbados	100%	100%
2.1.1.1. Productos Sanitarios S.A. (c) (xi)	Cuba	50%	50%
3. CEIBA Finance Corporation Limited (a) (xii)	Guernsey	100%	100%

a) Company consolidated at 31 March 2016 and 2015.

b) Company accounted at fair value at 31 March 2016 and 2015.

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. This company is currently inactive and in the process of being liquidated.

(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 holding and 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) Joint venture company incorporated to build a beach hotel in Trinidad, Cuba.

(xi) Joint venture company that operates a paper mill in Cuba producing tissue paper products.

(xii) Finance company that invests primarily in short-term financing instruments related to Cuba. This company is currently inactive and in the process of being liquidated.

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.

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

3.2 Foreign currency translation

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

The financial statements of foreign subsidiaries included in the consolidation are translated into the reporting currency in accordance with the method established by IAS 21, *The Effects of Changes in Foreign Exchange Rates*. Assets and liabilities are translated at the closing rates at the statement of financial position date, and income and expense items at the average rates for the period. Translation differences are taken to other comprehensive income and shown separately as foreign exchange reserves on consolidation without affecting income. Translation differences during the year ended 31 March 2016 were income of US\$73,805 (31 March 2015: loss of US\$156,193).

The exchange rate used in these consolidated financial statements at 31 March 2016 is 1 Euro = 1.137967 US\$ (31 March 2015: 1 Euro = 1.073224 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 Travel agency commissions

GrandSlam, a wholly-owned subsidiary of the Company, is a travel agency that acts as an intermediary between the customer and airlines, tour operators and hotels. GrandSlam facilitates transactions and earns a commission in return for its service. This commission may take the form of a fixed fee per transaction or a stated percentage of the customer billing, depending on the transaction and the related vendor.

Therefore, GrandSlam Limited is considered to be an agency since the following criteria have been met:

- It does not have the primary responsibility for providing the services to the customer;
- It does not have inventory risk before or after the customer order;
- It does not have significant latitude in establishing prices; and
- It does not bear significant credit risk on receivables due from the customer as services are paid in advance.

Include in total expenses of US\$2,816,557, shown in the consolidated statement of comprehensive income, are expenses related to GrandSlam Limited of US\$87,334 (31 March 2015: US\$108,482).

3.7 Fees and expenses

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

3.8 Taxation

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

Deferred tax liabilities are recognized for temporary differences that will result in taxable amounts in future years. Deferred tax assets are recognized for temporary differences that will result in deductible amounts in future years. Where it is not certain that the temporary difference will be reversed no deferred taxation asset is established. At 31 March 2016 and 2015 the Company has not established a deferred tax assets or liabilities.

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

3.8 Taxation (continued)

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

Guernsey	0%
Barbados	2.5%
The Netherlands	0%
Panama	0%
Spain	0%
Cuba (i)	15%

- (i) On 16 April 2014, the National Assembly of Cuba approved a new foreign investment law, which came into force in July 2014. Changes brought by 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.

3.9 Financial assets and financial liabilities

(a) Recognition and initial measurement

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

(b) Classification

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

Financial assets:

- 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

Equity investments are measured at fair value through profit or loss and are carried in the consolidated statement of financial position at fair value. Changes in fair value of equity investments are recognized in the statement of comprehensive income.

Other financial assets are initially recognized at fair value and are subsequently measured at amortized cost at each reporting date less any impairment losses. If there is an objective indication of impairment, the amount of any impairment loss identified as measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

(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.

3. Summary of significant accounting policies (continued)**3.9 Financial assets and financial liabilities (continued)****(c) Fair value measurement (continued)**

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.

(d) Identification and measurement of impairment

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.

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

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

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

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

(e) Derecognition

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

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

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

3.10 Cash and cash equivalents

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

3.11 Loans and advances

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

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

3.12 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

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

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

3.13 Share capital

Ordinary shares are classified as equity if they are non-redeemable, or redeemable only at the Company's option. Up until 30 March 2011, the issued shares of the Company were ordinary shares having a nominal par value of €0.10 each. Issuances of ordinary shares until this date have been translated into US\$ using the exchange rates prevailing at the dates of the transactions. The equivalent of €0.10 of each ordinary share issued has been allocated to the share capital account and the remaining balance of the proceeds received to the share premium account. The share premium account is not held for distribution, but with the approval of the Shareholders it may be converted into a special reserve to allow for the distribution of dividends.

3.14 Special reserve held for distribution

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

3.15 Non-controlling interest

The non-controlling interest corresponds to the 20% participation of Hoteles Internacionales de MCA, S.A., in equity of Mosaico B.V. The principal financial information of Mosaico B.V is as follows:

	2016 US\$	2015 US\$
Current assets	766,489	468,868
Non-current assets	2,764,615	3,054,707
Current liabilities	(160,373)	(112,633)
Equity	(3,370,731)	(3,410,942)
Net loss	(40,211)	(54,068)

4. Cash and cash equivalents

	2016 US\$	2015 US\$
Cash on hand	3,886	35,085
Bank current accounts (i)	10,150,456	2,623,955
	10,154,342	2,659,040

(i) Balance without restriction.

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

5. Accounts receivable and accrued income

	2016 US\$	2015 US\$
Dividend receivable - Monte Barreto	-	1,511,447
Capital contributions due from non-controlling interest (note 7)	301,177	451,177
Other accounts receivable and deposits	91,335	106,689
	392,512	2,069,313
Current portion	(361,704)	(1,937,330)
Non-current portion	30,808	131,983

Accounts receivable and accrued income have the following future maturities:

	2016 US\$	2015 US\$
Up to 30 days	28,368	35,983
Between 31 and 90 days	115,342	1,635,358
Between 91 and 180 days	110,117	9,135
Between 181 and 365 days	107,877	256,854
Over 365 days	30,808	131,983
	392,512	2,069,313

6. Changes in equity investments

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 January 2015 of the prior year, the Company, through its subsidiary CEIBA Tourism Coöperatief U.A. ("CEIBA Tourism"), acquired a 5% equity interest in HOMASI for a total purchase price of US\$646,212 which increased the Company's share equity interest to 100%.

In prior periods, HOMASI entered into participation agreements which effectively split the economic interest of its net income between the holders of the participation agreements and the holders of the share equity. As of 31 March 2016 and 2015, HOMASI has entered into participation agreements that represent a total of 41% of the economic interest of its net income.

As noted above, the Company currently holds 100% of the share equity of HOMASI. However, the Company's economic interest in the net income of HOMASI is 86% at 31 March 2016 and 2015. This is because the Company only holds 27% of the 41% economic interest represented by participation agreements. The participation agreements representing the remaining 14% economic interest was sold by HOMASI in a prior period to third parties.

As HOMASI holds a 50% equity interest in Miramar, the Company's indirect economic interest in Miramar is 43%.

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. Equity investments

	2016 US\$	2015 US\$
Monte Barreto	76,917,742	69,349,635
Miramar (i)	45,888,232	21,168,150
CIHSA (ii)	19,418,377	19,579,156
TosCuba S.A. (iii)	3,104,707	3,054,707
Caricel Inc.	225,000	225,000
	145,554,058	113,376,648

- (i) The equity investments in Miramar comprises: (a) share equity interests, and (b) contractual interests in its net earnings arising under Participation Agreements (further discussed below). The total net economic interest of the Company in Miramar is 43% (31 March 2015: 43%).
- (ii) The equity investments in CIHSA are comprised of: (a) share equity interests, and (b) contractual interests in its net earnings arising under Participation Agreements (further discussed below). The total net economic interest of the Company in CIHSA is 27.75% (31 March 2015: 27.75%).
- (iii) The Company owns an 80% interest in Mosaico B.V., which in turn has an indirect 50% share equity interest in TosCuba S.A., a Cuban joint venture company that is developing a 400 room 4-star hotel at Playa Maria Aguilar near the city of Trinidad, Cuba. To date, TosCuba S.A. has invested approximately US\$6.7 million in the acquisition of surface rights, the development of architectural works and technical drawings, ground preparation and other capitalized costs. The Company has made capital contributions of US\$3,104,707 (31 March 2015: US\$3,054,707) 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. Total capital contributions made by the non-controlling interest as of 31 March 2016 were US\$400,000 (31 March 2015: US\$250,000) with additional capital contributions pending to be made of US\$301,177 (31 March 2015: US\$451,177) (see note 5).

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

	2016 US\$	2015 US\$
Initial balance	113,376,648	102,289,851
Movement during the year:		
Capital contributions - TosCuba S.A.	50,000	150,000
Changes in fair value:		
Revaluation of equity investment - Monte Barreto	7,568,107	9,759,127
Revaluation of equity investment - Miramar	24,720,082	1,294,132
Revaluation of equity investment - CIHSA	(160,779)	(116,462)
Carrying amount at fair value	145,554,058	113,376,648

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

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. Equity investments (continued)

Monte Barreto

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

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

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

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

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

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

	2016	2015
Discount rate (after tax)	9.4%	9.5%
Occupancy year 1	99%	87%
Average occupancy year 2 to 6	98%	98%
Occupancy year 7 and subsequent periods	95%	98%
Average rental rates per square meter per month - year 1 to 4	US\$24.59	US\$22.74
Annual increase in rental rates subsequent to year 4 (i)	2%	2%
Capital investments as percentage of rental revenue	2%	2%

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

Miramar

At 31 March 2016 and 2015, the combined economic interest of the Company in HOMASI by way of its share equity interest and participation agreement is 86%, representing a 43% interest in Miramar. The Company's interest in HOMASI is comprised of a share equity interest, equal to 100% of the share equity of HOMASI, as well as a contractual interest in 27% of the net income of HOMASI in the form of a participation agreement. HOMASI has entered into participation agreements which effectively split the economic interest of its net income between the holders of the participation agreements and the holders of the share equity. As of 31 March 2016 and 2015, HOMASI has entered into participation agreements that represent a total of 41% of the economic interest of its net income of which the Company holds 27%. The participation agreements representing the remaining 14% economic interest was sold by HOMASI in a prior period to third parties.

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. Equity investments (continued)

Miramar (continued)

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

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

Key assumptions used in the estimated fair value of Miramar:

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

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

	2016	2015
Discount rate (after tax)	11.7%	12.0%
Average occupancy year 1 to 4	85%	80%
Occupancy year 5 and subsequent periods	85%	81%
Average daily rate per guest - year 1	US\$161.24	US\$110.14
Average increase in average daily rate per guest - year 2 to 6	4%	2%
Increase in average daily rate per guest subsequent to year 6 (i)	2%	2%
Capital investments as percentage of total revenue	5%	5%

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

Surface rights: It has been assumed that the surface rights will be renewed in 2023. The estimated cost of this renewal is based on several assumptions including the historic cost of the original surface rights and the total estimated asset value of the property in 2023.

CIHSA

At 31 March 2016 and 2015, 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 an equity interest, equal to 15% of the share equity if CIHSA (representing an economic interest of 12.75%), as well as a contractual interest in 15% of the net income of CIHSA in the form of a participation agreement. In a prior period, CIHSA entered into a participation agreement with the Company which effectively splits the economic interest of its net income between the Company's participation agreement and the holders of the share equity. Under the participation agreement the Company is entitled to receive distributions equivalent to 15% of the net income of CIHSA. There are no other participation agreements with third parties.

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 (the "Varadero 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%).

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. Equity investments (continued)

CIHSA (continued)

The Meliá Las Americas Hotel and Bungalows is a 5-star luxury beach resort hotel with 340 rooms, including 90 bungalows and 14 suites and began operations in 1994. The 5-star Meliá Varadero Hotel is located next to the Meliá Las Americas Hotel and has 490 rooms, including 7 suites and began operations in 1992. The Sol Palmeras Hotel is located next to the Meliá Varadero Hotel and has 607 rooms, including 200 bungalows, of which 90 are of suite or deluxe standard and began operations 1990.

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

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

Usufruct rights and joint venture term

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

In May 2015, the initial term of the usufruct rights of the Sol Palmeras Hotel expired. The usufruct rights of the Meliá Varadero Hotel will expire in 2017 and those of the Meliá Las Americas Hotel will expire in 2019. The expiry of the term of incorporation of the joint venture company is linked to the expiry of the usufruct right of the Meliá Las Americas Hotel (the last of the Varadero Hotels to start up operations and consequently the last to expire). 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 fair value of its interest therein.

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 Company may also engage an independent valuation firm to perform an independent valuation in situations where it requires additional expertise. The Directors also take into account available information relating to the underlying hotel properties, including historical cash flows generated by the underlying hotel properties, current working capital and the present value of future operating costs of CIHSA.

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

	2016	2015
<u>Meliá Las Americas</u>		
Discount rate (after tax)	12%	12%
Average occupancy year 1 to 5	83%	80%
Occupancy year 6 and subsequent periods	84%	80%
Average daily rate per guest - year 1	US\$128.62	US\$127.63
Average increase in average daily rate per guest - year 2 to 6	3%	2%
Increase in average daily rate per guest subsequent to year 6 (i)	2%	2%
Capital investments as percentage of total revenue	5%	5%

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

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. Equity investments (continued)

CIHSA (continued)

Key assumptions used in the estimated fair value of CIHSA (continued):

Meliá Varadero

Discount rate (after tax)	12%	12%
Average occupancy year 1 to 5	79%	72%
Occupancy year 6 and subsequent periods	81%	72%
Average daily rate per guest - year 1	US\$102.90	US\$98.94
Average increase in average daily rate per guest - year 2 to 6	3%	2%
Increase in average daily rate per guest subsequent to year 6 (i)	2%	2%
Capital investments as percentage of total revenue	5%	5%

Sol Palmeras

Discount rate (after tax)	12%	12%
Average occupancy year 1 to 5	83%	80%
Occupancy year 6 and subsequent periods	84%	81%
Average daily rate per guest - year 1	US\$89.05	US\$84.10
Increase in average daily rate per guest - year 2	2%	9%
Average increase in average daily rate per guest - year 3 to 6	4%	2%
Increase in average daily rate per guest subsequent to year 6 (i)	2%	2%
Capital investments as percentage of total revenue	5%	5%

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

Usufruct rights: It has been assumed that the usufruct rights will be renewed at the date of their expiry. The estimated cost of their renewal is based on several assumptions including the historic cost of the original usufruct rights and the total estimated asset value of the properties at the date the usufruct rights expire.

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

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

	Financial statements	-5%	-10%	-15%
	US\$	US\$	US\$	US\$
Monte Barreto	76,917,742	73,239,047	69,560,352	65,881,656
Miramar	45,888,232	43,562,391	41,236,550	38,910,709
CIHSA	19,418,377	18,446,235	17,559,040	16,649,703

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. Equity investments (continued)

Sensitivity to changes in the estimated rental rates / average daily rates (continued)

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

	Financial statements US\$	+5% US\$	+10% US\$	+15% US\$
Monte Barreto	76,917,742	80,596,437	84,275,132	87,953,827
Miramar	45,888,232	48,214,073	50,539,914	52,865,755
CIHSA	19,418,377	20,400,054	21,455,130	22,459,022

Sensitivity to changes in the occupancy rates

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

	Financial statements US\$	-5% US\$	-10% US\$	-15% US\$
Monte Barreto	76,917,742	73,053,608	69,185,062	65,311,311
Miramar	45,888,232	43,155,164	40,422,095	37,689,027
CIHSA	19,418,377	18,240,919	17,151,326	16,072,138

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

	Financial statements US\$	+5% US\$	+10% US\$	+15% US\$
Monte Barreto (i)	76,917,742	80,576,140	n/a	n/a
Miramar	45,888,232	48,621,300	51,354,368	54,032,775
CIHSA	19,418,377	20,609,294	21,879,340	23,268,068

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

CEIBA Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. Equity investments (continued)

Sensitivity to changes in the discount and capitalisation rates

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

	Financial statements US\$	-1% US\$	-2% US\$	-3% US\$
Monte Barreto	76,917,742	84,441,664	93,311,484	103,838,248
Miramar	45,888,232	51,043,481	57,565,078	66,068,413
CIHSA	19,418,377	21,644,162	24,427,793	28,006,967

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

	Financial statements US\$	+1% US\$	+2% US\$	+3% US\$
Monte Barreto	76,917,742	70,493,499	64,973,018	60,199,600
Miramar	45,888,232	41,714,095	38,267,684	35,375,566
CIHSA	19,418,377	17,598,803	16,084,152	14,804,191

Dividend income from equity investments

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

	2016 US\$	2015 US\$
Monte Barreto	4,530,003	4,897,304
Miramar	1,875,000	1,625,000
CIHSA	1,654,976	1,178,701
Caricel Inc.	23,000	54,752
	8,082,979	7,755,757

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8. Property, plant and equipment

	Motor vehicles US\$	Office furniture and equipment US\$	Works of art US\$	Total US\$
<i>Cost:</i>				
At 1 April 2014	329,580	108,498	309,800	747,878
Additions	5,500	13,318	-	18,818
Disposals	(66,938)	-	-	(66,938)
At 31 March 2015	268,142	121,816	309,800	699,758
Additions	67,530	6,403	-	73,933
Revaluation	-	-	75,000	75,000
Disposals	-	(30,082)	-	(30,082)
At 31 March 2016	335,672	98,137	384,800	818,609
<i>Accumulated Depreciation:</i>				
At 1 April 2014	230,090	98,597	-	328,687
Additions	34,939	6,694	-	41,633
Disposals	(66,937)	-	-	(66,937)
At 31 March 2015	198,092	105,291	-	303,383
Additions	23,476	6,016	-	29,492
Disposals	-	(30,082)	-	(30,082)
At 31 March 2016	221,568	81,225	-	302,793
<i>Net book value:</i>				
At 31 March 2015	70,050	16,525	309,800	396,375
At 31 March 2016	114,104	16,912	384,800	515,816

9. Accounts payable and accrued expenses

	2016 US\$	2015 US\$
Due to Miramar S.A. (i)	1,350,257	1,354,246
Participation payments payable (ii)	139,037	82,689
Accrued professional fees	140,000	91,250
Accrued Directors fees	26,879	25,112
Other accrued expenses	88,659	44,557
Other accounts payable	217,784	158,626
	1,962,616	1,756,480

- (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.

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9. Accounts payable and accrued expenses (continued)

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

	2016 US\$	2015 US\$
Up to 30 days	377,672	191,534
Between 31 and 90 days	234,687	210,700
Between 181 and 365 days	1,350,257	1,354,246
	1,962,616	1,756,480

10. 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 2014	13,458,947	19,014,379	49,657,630
Share capital and share premium at 31 March 2015	13,458,947	19,014,379	49,657,630
Share capital and share premium at 31 March 2016	13,458,947	19,014,379	49,657,630

Dividends payable

On 31 March 2016, the Board of Directors declared the distribution of an interim dividend from the special reserve in the amount to US\$4,000,000 or US\$0.297 per share. The dividend was paid in cash on 7 June 2016 to the Shareholders of record on 31 March 2016.

11. Reportable operating segments

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

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

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

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11. Reportable operating segments (continued)

	31 March 2016			
	US\$			
	Commercial property	Tourism / Leisure	Other	Total
Total assets	81,964,478	74,427,250	225,000	156,616,728
Total liabilities	(219,216)	(1,743,400)	(4,000,000)	(5,962,616)
Total net assets	81,745,262	72,683,850	(3,775,000)	150,654,112
Change in fair value of equity investments	7,568,107	24,559,303	-	32,127,410
Dividend income	4,530,003	3,529,976	23,000	8,082,979
Other income	-	252,194	385	252,579
Allocated expenses	(1,442,291)	(1,356,597)	(17,669)	(2,816,557)
Foreign exchange gain	-	-	114,000	114,000
Total income	10,655,819	26,984,876	119,716	37,760,411
Other comprehensive income	-	-	148,805	148,805
Total comprehensive income	10,655,819	26,984,876	268,521	37,909,216
Other segment information:				
Property, plant and equipment additions	72,028	1,905	-	73,933
Depreciation	(26,682)	(2,810)	-	(29,492)

	31 March 2015			
	US\$			
	Commercial property	Tourism / Leisure	Other	Total
Total assets	71,715,848	46,539,865	245,663	118,501,376
Total liabilities	(181,751)	(1,574,729)	-	(1,756,480)
Total net assets	71,534,097	44,965,136	245,663	116,744,896
Change in fair value of equity investments	9,759,127	1,177,670	-	10,936,797
Dividend income	4,897,304	2,803,701	54,752	7,755,757
Other income	-	160,066	70,684	230,750
Allocated expenses	(1,482,353)	(884,142)	(19,052)	(2,385,547)
Foreign exchange loss	-	-	(1,222,988)	(1,222,988)
Total income	13,174,078	3,257,295	(1,116,604)	15,314,769
Other comprehensive income	-	-	(156,193)	(156,193)
Total comprehensive income	13,174,078	3,257,295	(1,272,797)	15,158,576
Other segment information:				
Property, plant and equipment additions	10,076	8,742	-	18,818
Depreciation	(40,020)	(1,613)	-	(41,633)

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12. Related parties disclosures

Compensation of Directors

Each Director receives a fee of €9,000 (US\$10,242) per annum with the Chairman receiving €25,000 (US\$28,449). The Chairman and Directors also receive €1,700 (US\$1,935) 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 2016 were US\$103,083 (2015: US\$111,844).

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.

Included within management costs for the year ended 31 March 2016 of US\$1,007,368 (2015: US\$757,575) 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\$274,208 (2015: US\$253,261). Also included within management costs for the year ended 31 March 2016 are costs related to payments regarding Enrique Rottenberg for his services as General Manager of Monte Barreto and director of CEIBA MTC totalling US\$345,750 (2015: US\$261,450).

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 2016 amounted to US\$133,491 (2015: US\$133,648).

Interests of Directors and Executives in the share capital

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

Sebastiaan A.C. Berger, a Director and Chief Executive Officer of the Company, owns 273,433 shares and has an indirect interest in a further 113,125 shares. He is also an indirect shareholder of Caricel Investments Inc., a company that holds a 90% interest in Caricel Inc., in which the Company also holds a 10% interest.

Enrique Rottenberg, a Director of the Company, has an interest in 575,155 shares.

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

Cameron Young, Chief Operating Officer of the Company, has an interest in 497,459 shares. He is also an indirect shareholder of Caricel Investments Inc., a company that holds a 90% interest in Caricel Inc., in which the Company also holds a 10% interest.

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

13. Basic and diluted earnings per share

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

	2016 US\$	2015 US\$
Weighted average of ordinary shares in issue	13,458,947	13,458,947
Net income for the year attributable to the shareholders	37,768,453	15,325,583
Basic and diluted earnings per share	2.81	1.14

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14. 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 2016 and 2015 are US\$133,491.

The rental charges paid under operating leases accounted for in operational costs of the statement of comprehensive income for the year ended 31 March 2016 amounted to US\$133,491 (2015: US\$133,648).

15. Financial risk management

Introduction

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

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

Market price risk

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

(i) Foreign currency risk

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

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

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

The sensitivity of the income (loss) to a variation of the exchange rate (EUR/US\$) in relation to Euro denominated assets as at 31 March 2016 is the following:

Effect of the variation in the foreign exchange rate	Income (loss) US\$
+ 15%	533,131
+20%	710,841
-15%	(533,131)
-20%	(710,841)

CEIBA Investments Limited

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15. Financial risk management (continued)

Market price risk (continued)

(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 2016				
Equity investments (US\$)	145,554,058	-	-	145,554,058
Accounts receivable and accrued income (US\$)	381,171	-	-	381,171
Accounts receivable and accrued income (€)	11,341	-	-	11,341
Cash at bank (AED)	6,182,357			6,182,358
Cash at bank (€)	3,766,530	2,696,545	-	1,069,985
Cash at bank (US\$)	201,569	-	-	201,569
Cash on hand (€)	273	-	-	273
Cash on hand (US\$)	1,424	-	-	1,424
Cash on hand (CUC)	2,189	-	-	2,188
31 March 2015				
Equity investments (US\$)	113,376,648	-	-	113,376,648
Accounts receivable and accrued income (US\$)	2,052,625	-	-	2,052,625
Accounts receivable and accrued income (€)	16,688	-	-	16,688
Cash at bank (€)	2,356,490	2,355,448	-	1,042
Cash at bank (US\$)	267,465	-	-	267,465
Cash on hand (€)	3,026	-	-	3,026
Cash on hand (CUC)	32,059	-	-	32,059

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15. Financial risk management (continued)

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:

	2016 US\$	2015 US\$
Accounts receivable and accrued income	392,512	2,069,313
Cash and cash equivalents	10,154,342	2,659,040
<i>Total maximum exposure to credit risk</i>	10,546,854	4,728,353

Management does not believe there is any significant exposure to credit risk in regards to the accounts receivable and accrued income.

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	2016 US\$	2015 US\$
Cash at bank			
Cuba	Caa2	150,442	215,931
Guernsey	A2	6,434,800	278,372
The Netherlands	A2	810,125	1,226,715
Spain	Ba2	2,755,089	902,937
		10,150,456	2,623,955
Cash on hand			
Cuba		3,886	35,085
		3,886	35,085
Total cash and cash equivalents		10,154,342	2,659,040

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 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.

15. Financial risk management (continued)**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 2016 and 2015 to a total of US\$150,654,112 and US\$116,744,896, respectively. The Company is not subject to external capital requirements.

16. 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 3.9 (c). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical accounting judgements in applying the Company's accounting estimates*Valuation of financial instruments*

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

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

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

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

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

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16. Use of estimates and judgements (continued)

Critical accounting judgements in applying the Company's accounting estimates (continued)

Valuation of financial instruments (continued)

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 2016 US\$				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Art work	-	384,800	-	384,800
Equity investments	-	-	145,554,058	145,554,058
	-	384,800	145,554,058	145,938,858

31 March 2015 US\$				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Art work	-	309,800	-	309,800
Equity investments	-	-	113,376,648	113,376,648
	-	309,800	113,376,648	113,686,448

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:

	2016 US\$	2015 US\$
Unlisted private equity investments		
Initial balance	113,376,648	102,289,851
Total gains recognised in income or loss	32,127,410	10,936,797
Purchases and additions	50,000	150,000
Final balance	145,554,058	113,376,648
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.

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17. 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.

		31 March 2016 US\$			
	Note	Designated at fair value through profit or loss	Loans and receivables	Other liabilities	Total carrying amount
Cash and cash equivalents	4	-	10,154,342	-	10,154,342
Accounts receivable and accrued income	5	-	392,512	-	392,512
Equity investments	7	145,554,058	-	-	145,554,058
		145,554,058	10,546,854	-	156,100,912
Dividends payable	10	-	-	4,000,000	4,000,000
Accounts payable and accrued expenses	9	-	-	1,962,616	1,962,616
		-	-	5,962,616	5,962,616

		31 March 2015 US\$			
	Note	Designated at fair value through profit or loss	Loans and receivables	Other liabilities	Total carrying amount
Cash and cash equivalents	4	-	2,659,040	-	2,659,040
Accounts receivable and accrued income	5	-	2,069,313	-	2,069,313
Equity investments	7	113,376,648	-	-	113,376,648
		113,376,648	4,728,353	-	118,105,001
Accounts payable and accrued expenses	9	-	-	1,756,480	1,756,480
		-	-	1,756,480	1,756,480

There were no reclassifications of financial assets during the year ended 31 March 2016 (2015: nil).

18. Events after the reporting period

There were no significant events after the reporting period.