APPENDIX 1

Audited Financial Statements of Dolphin Cove Limited for the financial year ended December 31, 2014.

DOLPHIN COVE LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2014

KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
DOLPHIN COVE LIMITED

Report on the Financial Statements

We have audited the financial statements of Dolphin Cove Limited (the company) and the consolidated financial statements of the company and its subsidiaries (the group), set out on pages 3 to 49, which comprise the group's and the company's statements of financial position as at December 31, 2014, the group's and the company's statements of profit or loss, comprehensive income, changes in stockholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 as to whether or not the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 financial statements.

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

INDEPENDENT AUDITORS' REPORT

To the Members of
DOLPHIN COVE LIMITED

Report on the Financial Statements, continued

Opinion

In our opinion, the financial statements give a true and fair view of the consolidated and separate financial positions of Dolphin Cove Limited as at December 31, 2014, and of the group's and the company's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

KPMG

Chartered Accountants
Montego Bay, Jamaica

February 27, 2015

DOLPHIN COVE LIMITED

Group Statement of Financial Position
December 31, 2014

	Notes	2014	2013
CURRENT ASSETS			
Cash and cash equivalents		213,590,514	83,950,984
Securities purchased under resale agreements		124,035,021	92,894,355
Investments	3(a)	31,880,096	30,409,595
Accounts receivable	4	165,304,410	142,903,849
Due from related parties	5(a)	-	12,989,826
Taxation recoverable		7,853,311	6,215,420
Inventories	6	36,738,081	30,931,032
		579,401,433	400,295,061
NON-CURRENT ASSETS			
Investments	3(b)	16,680,300	-
Property, plant and equipment	8	2,149,897,273	1,063,478,805
Live assets	9	345,202,789	382,941,758
		2,511,780,362	1,446,420,563
TOTAL ASSETS		$3,091,181,795	1,846,715,624
CURRENT LIABILITIES			
Bank overdrafts	10	30,704,281	17,882,751
Accounts payable	11	142,866,230	126,005,139
Dividends payable		58,863,957	-
Current portion of long-term liabilities	13	96,707,504	71,580,004
		329,141,972	215,467,894
NON-CURRENT LIABILITIES			
Deferred tax liability	12	83,107,651	37,500,774
Long-term liabilities	13	181,453,603	251,342,916
		264,561,254	288,843,690
STOCKHOLDERS' EQUITY			
Share capital	14	257,960,325	257,960,325
Capital reserves	15	1,327,460,401	376,657,164
Retained earnings		912,057,843	707,786,551
		2,497,478,569	1,342,404,040
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		$3,091,181,795	1,846,715,624

The financial statements on pages 3 to 49 were approved by the Board of Directors on February 27, 2015 and signed on its behalf by:

Director
Stafford Burrowes, O.D.

Director
Hon. William A. McConnell, O.J., C.D.

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Group Statement of Profit or Loss
Year ended December 31, 2014

	Notes	2014	2013
OPERATING REVENUE	16		
Dolphin attraction revenue		1,161,746,199	968,212,303
Less: Direct costs of dolphin attraction		(79,266,238)	(87,041,667)
		1,082,479,961	881,170,636
Ancillary services revenue		545,936,254	533,997,136
Less: Direct costs of ancillary services		(76,353,512)	(73,629,323)
		469,582,742	460,367,813
Gross profit		1,552,062,703	1,341,538,449
Gain on disposal of property, plant and equipment		-	293,667
Live assets retired	9	(32,487,173)	(17,854,520)
Other income		1,234,540	2,450,641
		1,520,810,070	1,326,428,237
OPERATING EXPENSES			
Selling		492,913,768	442,699,851
Other operations		338,208,470	296,715,508
Administrative		246,721,525	239,484,244
		1,077,843,763	978,899,603
Profit before finance income and costs		442,966,307	347,528,634
Finance income	17(a)	38,079,262	35,107,069
Finance costs	17(b)	(47,488,468)	(40,303,795)
Profit before taxation		433,557,101	342,331,908
Taxation credit/(charge)	18	6,170,019	(20,271,894)
Profit for the year	19	$ 439,727,120	322,060,014
Earnings per stock unit	20	112.05¢	82.07¢

DOLPHIN COVE LIMITED

Group Statement of Comprehensive Income
Year ended December 31, 2014

	Notes	2014	2013
Profit for the year		439,727,120	322,060,014
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Surplus on revaluation of land and buildings	8,15	982,010,164	-
Deferred tax adjustment on revalued buildings	12	(51,776,896)	-
		930,233,268	-
Items that are or may be reclassified to profit or loss:			
Translation adjustment on consolidation of foreign subsidiaries	8,15	19,156,592	19,078,913
Fair value appreciation of available-for-sale investments	15	1,413,377	5,848,688
		20,569,969	24,927,601
Total other comprehensive income		950,803,237	24,927,601
Total comprehensive income		$1,390,530,357	346,987,615

DOLPHIN COVE LIMITED

Group Statement of Changes in Stockholders' Equity
Year ended December 31, 2014

	Share capital (note 14)	Capital reserves (note 15)	Retained earnings	Total
Balances as at December 31, 2012	257,960,325	351,729,563	542,697,087	1,152,386,975
Total comprehensive income:				
Profit for the year	-	-	322,060,014	322,060,014
Other comprehensive income:				
Translation adjustment on consolidation of foreign subsidiaries	-	19,078,913	-	19,078,913
Fair value appreciation of available-for-sale investments	-	5,848,688	-	5,848,688
	-	24,927,601	322,060,014	346,987,615
Transactions recorded directly in equity:				
Dividends (note 22)	-	-	(156,970,550)	(156,970,550)
Balances as at December 31, 2013	257,960,325	376,657,164	707,786,551	1,342,404,040
Total comprehensive income:				
Profit for the year	-	-	439,727,120	439,727,120
Other comprehensive income:				
Surplus on revaluation of land and buildings	-	982,010,164	-	982,010,164
Deferred tax on revalued buildings	-	(51,776,896)	-	(51,776,896)
Translation adjustment on consolidation of foreign subsidiaries	-	19,156,592	-	19,156,592
Fair value appreciation of available-for-sale investments	-	1,413,377	-	1,413,377
	-	950,803,237	439,727,120	1,390,530,357
Transactions recorded directly in equity:				
Dividends (note 22)	-	-	(235,455,828)	(235,455,828)
Balances as at December 31, 2014	$257,960,325	1,327,460,401	912,057,843	2,497,478,569

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Group Statement of Cash Flows
Year ended December 31, 2014

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		439,727,120	322,060,014
Adjustments for:			
Depreciation and amortisation	8,9	59,709,206	48,032,325
Gain on disposal of property, plant and equipment		-	(293,667)
Live assets retired	9	32,487,173	17,854,520
Interest income	17(a)	(7,195,384)	(2,750,117)
Interest expense	17(b)	29,307,333	20,318,062
Loss on disposal of investments	17(b)	-	41,104
Impairment loss on trade receivables	4(b)	1,398,333	12,355,478
Taxation	18	(6,170,019)	20,271,894
		549,263,762	437,889,613
Accounts receivable		(23,511,336)	(10,996,124)
Inventories		(5,807,049)	(4,997,179)
Accounts payable		11,714,396	37,608,854
Due from related parties		12,989,826	43,567,711
Cash generated from operations		544,649,599	503,072,875
Interest paid		(24,160,638)	(22,724,282)
Income tax paid		(1,637,891)	(555,699)
Net cash provided by operating activities		518,851,070	479,792,894
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		6,907,826	2,621,855
Securities purchased under resale agreements, net		(31,140,666)	(92,894,355)
Additions to property, plant and equipment	8	(115,064,611)	(172,940,058)
Proceeds from disposal of property, plant and equipment		-	2,157,000
Additions to live assets	9	(24,644,511)	(263,867,253)
Proceeds from the disposal of investments		-	30,554,897
Investments acquired		(16,737,424)	(470,719)
Net cash used by investing activities		(180,679,386)	(494,838,633)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term loan repaid	11	-	(10,000,000)
Long-term liabilities, net		(44,761,813)	221,576,073
Dividends paid		(176,591,871)	(156,970,550)
Net cash (used)/ provided by financing activities		(221,353,684)	54,605,523
Net increase in cash resources		116,818,000	39,559,784
Cash resources at beginning of the year		66,068,233	26,508,449
CASH RESOURCES AT END OF YEAR		$182,886,233	66,068,233
Comprising:			
Cash and cash equivalents		213,590,514	83,950,984
Bank overdrafts		(30,704,281)	(17,882,751)
		$182,886,233	66,068,233

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Company Statement of Financial Position
December 31, 2014

	Notes	2014	2013
CURRENT ASSETS			
Cash and cash equivalents		174,204,166	49,009,273
Securities purchased under resale agreements		124,035,021	92,894,355
Investments	3(a)	31,880,096	30,409,595
Accounts receivable	4	165,251,910	110,936,979
Due from related parties	5(a)	228,239	12,989,826
Taxation recoverable		7,767,962	6,163,030
Inventories	6	36,738,081	23,350,810
		540,105,475	325,753,868
NON-CURRENT ASSETS			
Investment in subsidiaries	7	33,248,714	33,248,714
Investments	3(b)	16,680,300	-
Property, plant and equipment	8	791,373,223	333,793,577
Live assets	9	344,846,119	382,554,320
Due from subsidiaries	5(b)	486,998,814	363,193,460
		1,673,147,170	1,112,790,071
TOTAL ASSETS		$2,213,252,645	1,438,543,939
CURRENT LIABILITIES			
Bank overdrafts	10	30,704,281	17,882,751
Accounts payable	11	130,175,636	105,165,693
Dividends payable		58,863,957	-
Due to subsidiaries	5(a)	28,472	28,472
Current portion of long-term liabilities	13	96,707,504	71,580,004
		316,479,850	194,656,920
NON-CURRENT LIABILITIES			
Deferred tax liability	12	83,107,651	33,140,631
Long-term liabilities	13	181,453,603	251,342,916
		264,561,254	284,483,547
STOCKHOLDERS' EQUITY			
Share capital	14	257,960,325	257,960,325
Capital reserves	15	475,251,489	150,107,424
Retained earnings		898,999,727	551,335,723
		1,632,211,541	959,403,472
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		$2,213,252,645	1,438,543,939

The financial statements on pages 3 to 49 were approved by the Board of Directors on February 27, 2015 and signed on its behalf by:

Director
Stafford Burrowes, O.D.

Director
Hon. William A. McConnell, O.J., C.D.

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Company Statement of Profit or Loss
Year ended December 31, 2014

	Notes	2014	2013
OPERATING REVENUE	16		
Dolphin attraction revenue		1,161,746,199	720,951,622
Less: Direct costs of dolphin attraction		(79,266,238)	(77,599,452)
		1,082,479,961	643,352,170
Ancillary services revenue		545,936,254	492,067,794
Less: Direct costs of ancillary services		(76,353,512)	(63,165,060)
		469,582,742	428,902,734
Gross profit		1,552,062,703	1,072,254,904
Gain on disposal of property, plant and equipment		-	293,667
Live assets retired	9	(32,487,173)	(17,854,520)
Dividend income		100,000,000	-
Other income		1,234,540	32,336,208
		1,620,810,070	1,087,030,259
OPERATING EXPENSES			
Selling		490,549,682	374,953,327
Other operations		328,825,144	248,486,547
Administrative		262,102,281	211,194,191
		1,081,477,107	834,634,065
Profit before finance income and costs		539,332,963	252,396,194
Finance income	17(a)	88,371,466	52,428,710
Finance costs	17(b)	(46,394,473)	(35,746,328)
Profit before taxation		581,309,956	269,078,576
Taxation credit/(charge)	18	1,809,876	(20,685,598)
Profit for the year	19	$ 583,119,832	248,392,978

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Company Statement of Comprehensive Income
Year ended December 31, 2014

	Notes	2014	2013
Profit for the year		583,119,832	248,392,978
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Revaluation of land and buildings	8,15	375,507,584	-
Deferred tax on revalued buildings	12	(51,776,896)	-
		323,730,688	-
Items that are or may be reclassified to profit or loss:			
Fair value appreciation of available-for-sale investments	15	1,413,377	5,848,688
Total other comprehensive income		325,144,065	5,848,688
Total comprehensive income		$908,263,897	254,241,666

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Company Statement of Changes in Stockholders' Equity
Year ended December 31, 2014

	Share capital (note 14)	Capital reserves (note 15)	Retained earnings	Total
Balances as at December 31, 2012	257,960,325	144,258,736	459,913,295	862,132,356
Total comprehensive income:				
Profit for the year	-	-	248,392,978	248,392,978
Other comprehensive income:				
Fair value appreciation of available-for-sale investments	-	5,848,688	-	5,848,688
Total comprehensive income	-	5,848,688	248,392,978	254,241,666
Transactions recorded directly in equity:				
Dividends (note 22)	-	-	(156,970,550)	(156,970,550)
Balances as at December 31, 2013	257,960,325	150,107,424	551,335,723	959,403,472
Total comprehensive income:				
Profit for the year	-	-	583,119,832	583,119,832
Other comprehensive income:				
Revaluation of land and buildings	-	375,507,584	-	375,507,584
Deferred tax on revalued buildings	-	(51,776,896)	-	(51,776,896)
Fair value appreciation of available-for-sale investments	-	1,413,377	-	1,413,377
Total comprehensive income	-	325,144,065	583,119,832	908,263,897
Transactions recorded directly in equity:				
Dividends (note 22)	-	-	(235,455,828)	(235,455,828)
Balances as at December 31, 2014	$257,960,325	475,251,489	898,999,727	1,632,211,541

The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Company Statement of Cash Flows
Year ended December 31, 2014

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		583,119,832	248,392,978
Adjustments for:			
Depreciation and amortisation	8,9	51,842,110	40,266,401
Live assets retired	9	32,487,173	17,854,520
Gain on disposal of property, plant and equipment		-	(293,667)
Dividend income		(100,000,000)	-
Interest income	17(a)	(29,781,396)	(8,123,340)
Interest expense	17(b)	29,307,333	20,310,564
Loss on disposal of investments	17(b)	-	41,104
Impairment loss on trade receivables	4(b)	203,942	11,039,872
Taxation	18	(1,809,876)	20,685,598
		565,369,118	350,174,030
Accounts receivable		(54,231,315)	(8,676,518)
Inventories		(13,387,271)	(1,106,625)
Accounts payable		19,863,248	24,316,139
Due from related parties		12,761,587	40,717,379
Cash generated from operations		530,375,367	405,424,405
Interest paid		(24,160,638)	(22,716,784)
Income tax withheld		(1,604,932)	(539,317)
Net cash provided by operating activities		504,609,797	382,168,304
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		29,493,838	7,995,078
Securities purchased under resale agreements, net		(31,140,666)	(92,894,355)
Additions to property, plant and equipment	8	(104,048,633)	(22,398,740)
Proceeds from disposal of property, plant and equipment		-	2,157,000
Additions to live assets	9	(24,644,511)	(263,822,253)
Dividends received		100,000,000	-
Due from subsidiaries		(123,805,354)	(80,714,366)
Proceeds from disposal of investments		-	30,554,897
Investments acquired		(16,737,424)	(470,719)
Net cash used by investing activities		(170,882,750)	(419,593,458)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term loan repaid		-	(10,000,000)
Long-term liabilities, net		(44,761,813)	221,576,073
Dividends paid		(176,591,871)	(156,970,550)
Net cash (used)/provided by financing activities		(221,353,684)	54,605,523
Net increase in cash resources		112,373,363	17,180,369
Cash resources at beginning of the year		31,126,522	13,946,153
CASH RESOURCES AT END OF YEAR		$143,499,885	31,126,522
Comprising:			
Cash and cash equivalents		174,204,166	49,009,273
Bank overdrafts		(30,704,281)	(17,882,751)
		$143,499,885	31,126,522

The accompanying notes form an integral part of the financial statements.

1. Identification

Dolphin Cove Limited (the company) is incorporated and domiciled in Jamaica and its registered office and principal place of business is located at Belmont Road, Ocho Rios, St. Ann, Jamaica W.I.

The principal activities of the company are the operation of a tourist attraction comprising dolphin programmes and ancillary operations such as restaurants, gift and video shops. The company also operates an attraction at Prospect Plantation under a lease agreement.

Effective January 1, 2014, the company assumed the operations of Dolphin Cove (Negril) Limited to enhance the administrative and risk management aspect of its operations. The real estate in Hanover continues to be owned by Dolphin Cove (Negril) Limited.

The inter-company balance owing by Dolphin Cove (Negril) Limited as at the date of the merger was converted to an interest-bearing loan due to the company [note 5(b)(ii)]. Dolphin Cove (Negril) Limited, as property owner, receives rental income from the company, which now operates the dolphin attraction in Hanover.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 21, 2010.

The company and its wholly-owned subsidiaries, as listed below, are collectively referred to as "the group".

(a) Dolphin Cove (Negril) Limited was incorporated in Jamaica, on May 11, 2010, and commenced operations in September 2010. Its principal place of business is located at Point, Lucea, Hanover, Jamaica W.I., where it offered dolphin programmes and ancillary operations similar to that of its parent company. However, effective January 1, 2014, its operations were merged with that of its parent company, as outlined above.

(b) Too Cool Limited is incorporated in the Cayman Islands and owns land and buildings from which its parent company operates.

(c) Cheshire Hall Limited was incorporated on June 22, 2012 as a St. Lucian International Business Company (IBC), controlled by the company through a deed. Its wholly-owned subsidiary, DCTCI Limited was incorporated in the Turks and Caicos Islands and owns land on which the group intends to develop an attraction.

(d) Balmoral Dolphins Limited is a St. Lucian IBC, incorporated on April 5, 2012. Its wholly-owned subsidiary, Dolphin Cove TCI Limited, was incorporated in the Turks & Caicos Islands for the intended purpose of operating the attraction to be developed by DCTCI Limited.

(e) SB Holdings Limited was incorporated on November 4, 2013, as a St. Lucian IBC. Its wholly-owned subsidiary, Marine Adventure Park Limited, was also incorporated in St. Lucia during the prior year and purchased land in St. Lucia on which the group intends to develop an attraction.

2. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act.

New, revised and amended standards and interpretations that became effective during the year:

During the year, certain new standards, interpretations and amendments to existing standards became effective. Management has assessed that the adoption of the following amendments which became effective January 1, 2014, did not have a significant impact on these financial statements:

- Amendments to IAS 32 *Financial Instruments: Presentation* which clarifies that an entity currently has a legally enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparties. In addition, it clarifies that gross settlement is only equivalent to net settlement if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risks, and process receivables and payables in a single settlement process or cycle.

- Amendments to IAS 36 *Impairment of Assets* were issued to reverse the unintended requirement in IFRS 13 *Fair Value Measurement* to disclose the recoverable amount of *every* cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

- IFRIC 21 *Levies* provides guidance on accounting for levies in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, The interpretation defines a levy as an outflow from a entity imposed by a government in accordance with legislation. It requires an entity to recognise a liability for a levy when and only the triggering event specified in the legislation occurs.

New, revised and amended standards and interpretations issued but not yet effective:

At the date of authorisation of the financial statements, there were certain standards and interpretations which were in issue but were not yet effective. Those which management consider relevant to the group and their effective dates are as follows:

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations issued but not yet effective (cont'd):

- Improvements to *IFRS 2010-2012, 2011-2013,* and *2012-2014* cycles, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments which may be applicable to the Group are as follows:

  - IFRS 13 *Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9, did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

  - IAS 24 *Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

  - IAS 34 *Interim Financial Reporting,* has been amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report". The interim financial report is incomplete if the interim financial statements and any disclosures incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

  - IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group) – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognises any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute of the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations issued but not yet effective (cont'd):

- Improvements to *IFRS 2010-2012, 2011-2013,* and *2012-2014* cycles (cont'd):

  - IFRS 7 *Financial Instruments: Disclosures,* has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset – e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

  - IFRS 7 has also been amended to clarify that the additional disclosures required by Disclosures: *Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS* 7) are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting,* require their inclusion.

- Amendments to IAS 16 and IAS 38 are effective for annual reporting periods beginning on or after January 1, 2016. The amendments to IAS 16 *Property, plant and equipment* explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset. The new amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue.

- IFRS 15 *Revenue from Contracts with Customers* is effective for annual reporting periods beginning on or after January 1, 2017. The new revenue standard replaces several standards including IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, etal and introduces a new revenue recognition model for contracts with customers. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. Revenue may be recognised over time, in a manner that best reflects the company's performance or at a point in time, when control of the good or service is transferred to the customer.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations issued but not yet effective (cont'd):

- IFRS 9 *Financial Instruments,* is effective for annual reporting periods beginning on or after January 1, 2018. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, to present all fair value changes from the investment in other comprehensive income. The standard includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39, *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

Management is evaluating the impact, if any, that the foregoing standards and amendments to standards may have on its financial statements when they are adopted.

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis, modified for the inclusion of land and buildings at valuation [note 2(k)] and available-for-sale investments at fair value [note 2(g)], except for those for which a reliable measure of fair value was not available. The financial statements are presented in Jamaica dollars ($), which is the functional currency of the company.

The preparation of the financial statements in accordance with IFRS assumes that the group will continue in operation for the foreseeable future. This means, in part, that the statements of profit or loss and comprehensive income and the statement of financial position assume no intention or necessity to liquidate or curtail operations. This is commonly referred to as the going concern basis. Management believes that the preparation of the financial statements on the going concern basis continues to be appropriate.

(c) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(c) Use of estimates and judgements (cont'd):

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from receivables, due to default or adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows.

(ii) Net realisable value of inventories:

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the year, to the extent that such events confirm conditions existing at the end of the year.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

(iii) Residual value and expected useful life of property, plant and equipment and live assets:

The residual value and the expected useful life of an asset are reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the group.

(iv) Fair value of land and buildings:

Land and buildings are revalued annually to fair market value at each reporting date. These valuations are conducted periodically by independent professional valuators, using recent selling prices of comparable properties.

However, as no two properties are exactly alike, adjustments are made to reflect differences between properties. Consequently, the determination of fair market value of the property requires that the valuers analyse the differences in relation to age and physical condition, time of sale, land to building ratio, the advantages and disadvantages of the location and other functional gains to be derived from the property, and make necessary adjustments.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(c) Use of estimates and judgements (cont'd):

(v) Fair value of available-for-sale investments:

In the absence of quoted market prices, the fair value of a proportion of the group's financial instruments was determined using a generally accepted alternative method. Considerable judgement is required in interpreting market data to arrive at an estimate of fair value. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

For further information in respect of the determination of fair values and the assumptions made see notes 8(a) and 25(c).

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from those assumptions, could require a material adjustment to the carrying amount reflected in the financial statements.

(d) Basis of consolidation:

(i) Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, 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. The financial statements of a subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

(ii) Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(iv) The consolidated financial statements include the separate financial statements of the company and its subsidiaries (note 1), made up to December 31, 2014.

(e) Cash and cash equivalents:

Cash and cash equivalents comprise cash in hand and at bank including short-term deposits, where the original maturities of such deposits do not exceed three months.

Bank overdrafts that are repayable on demand and form an integral part of the group's cash management activities, are included as a component of net cash resources for the purpose of the statements of cash flows.

(f) Securities purchased under resale agreements

Securities purchased under resale agreements are short-term transactions in which the group makes funds available to other parties and in turn receives securities which it agrees to resell on a specified date at a specified price. Resale agreements are accounted for as short-term collateralised lending.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(g) Investments:

Investments are classified as loans and receivables or available-for-sale. Loans and receivables are those that have a fixed or determinable payment and which are not quoted in an active market.

Loans and receivables investments are initially measured at cost and subsequently at amortised cost, calculated on the effective interest rate method, less impairment losses.

Available-for-sale investments are initially recognised at cost and subsequently at fair value where a quoted market price is available in an active market. Any resultant gain or loss is recognised in investment revaluation reserve through other comprehensive income. This is done until the investment is sold or otherwise disposed of, or when the carrying amount of the investment is judged to be impaired, at which time the cumulative gain or loss previously recognised in investment revaluation reserve is transferred to profit or loss.

Fair value is measured at the quoted bid market price at the reporting date. Where quoted market price is not available in an active market, available-for-sale investments are shown at cost.

Investments are recognised/derecognised on the trade date.

(h) Accounts receivable:

Accounts receivable comprising trade and other receivables are stated at amortised cost, less impairment losses.

(i) Related parties:

A related party is a person or company that is related to the company that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity, in this case the company").

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) A company is related to a reporting entity if any of the following conditions applies:

(i) The company and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(i) Related parties (cont'd):

(b) A company is related to a reporting entity if any of the following conditions applies (cont'd):

(ii) One company is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other company is a member).

(iii) Both companies are joint ventures of the same third party.

(iv) One company is a joint venture of a third company and the other company is an associate of the third entity.

(v) The company is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity

(vi) The company is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the company or is a member of the management personnel of the company (or of a parent of the company).

A related party transaction involves transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(j) Inventories:

Inventories are stated at the lower of cost, determined on the weighted average basis, and net realisable value.

(k) Property, plant and equipment:

(i) Recognition and measurement:

Land and buildings are stated at valuation, less subsequent depreciation. All other categories of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Any revaluation increase arising on the revaluation of land and buildings is credited to capital reserves through other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in capital reserve relating to a previous revaluation of such assets.

On a sale or retirement of the revalued asset, the attributable revaluation surplus remaining in unrealised capital reserve is transferred directly to realised reserve.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(k) Property, plant and equipment (cont'd):

(i) Recognition and measurement (cont'd):

Cost includes expenditures that are attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the asset into service. Borrowing costs, including but not limited to, interest on borrowings and exchange differences arising on such borrowings, that are directly attributable to the acquisition and/or construction of a qualifying asset are capitalised as part of the cost of that asset.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. Thereafter, borrowing costs are recognised in profit or loss when they are incurred.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the group.

(iii) Depreciation:

Depreciation is recognised in profit or loss on the straight-line basis computed at annual rates estimated to write down the assets to their estimated residual values over their estimated useful lives.

The estimated useful lives are as follows:

Buildings	40 years
Leasehold improvements	10 years
Furniture, fixtures and equipment	10 years
Computers	5 years
Motor vehicles	5 years

No depreciation is charged on land and capital work-in-progress.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(l) Live assets:

This comprises the carrying value of dolphins and other marine life, as well as birds and animals capitalised. These assets are stated at cost less amortisation over periods not exceeding fifteen years.

Costs relating to dolphins that are leased are capitalised and amortised over the shorter of the lease term and their useful lives.

(m) Accounts payable:

Trade and other payables are stated at amortised cost.

(n) Provisions:

A provision is recognised when the group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(o) Interest bearing borrowings:

Interest bearing borrowings are recognised initially at cost. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective interest basis.

(p) Share capital and dividends:

Ordinary shares are classified as equity and carried at cost. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(q) Impairment:

The carrying amounts of the group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(q) Impairment (cont'd):

(i) Calculation of recoverable amounts:

The recoverable amount of the company's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss, but through other comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in the profit or loss.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(r) Foreign currencies:

(i) Foreign currency transactions and balances:

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rates of exchange at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Transactions in foreign currencies are converted to the functional currency at the rates of exchange ruling at the dates of those transactions. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(r) Foreign currencies (cont'd):

(i) Foreign currency transactions and balances (cont'd):

Gains and losses arising from fluctuations in exchange rates are generally included in profit or loss. However, foreign currency differences arising from the translation of available-for-sale equity investments are recognised in other comprehensive income, except on impairment, in which case the foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss.

(ii) Foreign operations:

The assets and liabilities of foreign operations are translated into the company's functional currency at exchange rates at the reporting date. The income and expenses for foreign operations are translated into the company's presentation currency at exchange rates at the date of those transactions. These foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Foreign exchange gains or losses arising on a monetary item receivable from or payable to a foreign operation are recognised in the consolidated financial statements in other comprehensive income and presented within equity in the foreign currency translation reserve. In the separate financial statements of the company, these foreign exchange gains or losses are recognised in profit or loss.

(s) Revenue recognition:

Revenue from the provision of services is recognised when the service has been provided to customers. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(t) Employee benefits:

Employee benefits include current or short-term benefits such as salaries, statutory contributions paid, annual vacation leave and non-monetary benefits such as medical care and housing. Short-term employee benefits are recognised as a liability, net of payments made, and charged as expenses. The expected cost of vacation leave that accumulates is recognised over the period that the employees become entitled to the leave.

(u) Expenses/income:

(i) Expenses:

Expenses are recognised on the accrual basis.

(ii) Finance income:

Finance income comprises interest earned on funds invested and foreign exchange gains recognised in profit or loss. Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(u) Expenses/income (cont'd):

(iii) Finance costs:

Finance costs comprise interest incurred on borrowings, calculated using the effective interest method, foreign exchange losses and bank related charges.

(iv) Operating lease payments:

Payments under leases are recognised in profit or loss on the straight-line basis over the term of the lease.

(v) Income taxes:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for taxable temporary differences, except to the extent that the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(w) Segment reporting:

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components and for which discrete financial information is available. The identification of operating segments is based on the group's management and internal reporting structure. An operating segment's operating results are reviewed regularly by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance. Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(w) Segment reporting (cont'd):

The segments which do not qualify as reportable segments are combined and disclosed as other segments. Segment information is presented in respect of the geographical locations of the group's strategic business segments.

(x) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(i) Classification of financial instruments:

The Group classifies non-derivative financial assets into the following categories: *loans and receivables* and *available-for-sale*. Management determines the appropriate classification of investments at the time of purchase.

The Group classifies financial liabilities into the other financial liabilities category.

(ii) Recognition and de-recognition:

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The Group initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group de-recognises a financial liability when its contractual obligations expire or are discharged or cancelled.

For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, securities purchased under resale agreements, investments, accounts receivable and related party receivables. Similarly, financial liabilities include bank overdrafts, accounts payable, long-term liabilities and related party payables.

(y) Fair value measurement:

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(y) Fair value measurement (cont'd):

When available, the fair value of an instrument is measured by using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, valuation techniques are used that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If it is determined that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – Quoted market price (unadjusted) in an active market for identical assets or liabilities.

- 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 market 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 where all significant inputs are directly or indirectly observable from market data.

- Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where 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 where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(y) Fair value measurement (cont'd):

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, credit spreads and other premiums used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

3. Investments

	The Group and the Company	
	2014	2013
(a) Current:		
Available-for-sale:		
Scotia Investments Limited:		
Scotia Canadian Growth Fund		
[US$277,232 (2013: US$285,529)]	31,637,521	30,185,133
Loans and receivables:		
Fixed deposits		
[US$2,125 (2013: US$2,125)]	242,575	224,462
	$31,880,096	30,409,595

Available-for-sale investments are carried at fair value and were determined using level 2 inputs.

	The Group and the Company	
	2014	2013
(b) Non-current:		
Loans and receivables:		
Investment note 2016		
[US$148,950 (2013: US$Nil)]	$16,680,300	-

4. Accounts receivable

	The Group		The Company	
	2014	2013	2014	2013
Trade receivables (a)	174,429,107	152,598,156	166,839,074	117,076,556
Other receivables	33,708,132	31,740,189	33,655,632	28,899,277
	208,137,239	184,338,345	200,494,706	145,975,833
Less: Allowance for impairment (b)	(42,832,829)	(41,434,496)	(35,242,796)	(35,038,854)
	$165,304,410	142,903,849	165,251,910	110,936,979

4. Accounts receivable (cont'd)

(a) The aging of trade receivables and related impairment was:

	The Group			
	2014		2013	
	Gross	Impairment	Gross	Impairment
Due 0-30 days	89,155,962	-	58,076,451	-
Past due 31-60 days	16,875,743	-	8,505,867	-
Past due 61–90 days	5,427,533	-	2,680,618	-
More than 90 days	62,969,869	42,832,829	83,335,220	41,434,496
Total	$174,429,107	42,832,829	152,598,156	41,434,496

	The Company			
	2014		2013	
	Gross	Impairment	Gross	Impairment
Due 0-30 days	89,155,962	-	49,312,127	-
Past due 31-60 days	16,875,743	-	5,560,287	-
Past due 61–90 days	5,427,533	-	1,756,359	-
More than 90 days	55,379,836	35,242,796	60,447,783	35,038,854
Total	$166,839,074	35,242,796	117,076,556	35,038,854

(b) The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	The Group		The Company	
	2014	2013	2014	2013
Balance at beginning of year	41,434,496	29,079,018	35,038,854	23,998,982
Impairment loss recognised	1,398,333	12,355,478	203,942	11,039,872
Balance at end of year	$42,832,829	41,434,496	35,242,796	35,038,854

5. Due to/from related parties/subsidiaries

(a) Current:

This comprises amounts due to/from directors, subsidiaries and affiliated entities, which are repayable on demand.

(b) Non-current:

Due from subsidiaries:

		The Company	
		2014	2013
12% J$ loans	(i)	-	45,127,500
10% US$ loan [US$1,877,996 (2013: US$Nil)]	(ii)	214,315,547	-
Interest-free advances, net	(i)	-	84,411,235
Dolphin Cove (Negril) Limited		214,315,547	129,538,735
DCTCI Limited			
3.5% US$1,540,882 [(2013: US$1,424,460)]	(iii)	175,844,407	150,588,923
Marine Adventure Park Limited			
3.5% US$ loan [US$848,576 (2013: US$785,741)]	(iii)	96,838,860	83,065,802
		$486,998,814	363,193,460

5. Due to/from related parties/subsidiaries (cont'd)

(b) Non-current (cont'd):

Due from subsidiaries (cont'd):

(i) This represented two loans for $15,150,000 and $96,250,000, including transaction costs of $2,250,000, received by Dolphin Cove Limited and on-lent to Dolphin Cove (Negril) Limited. However, this balance along with the interest-free advances was converted to a US$ loan (see note 5(b)(ii) below).

(ii) Effective January 1, 2014, the prior year balance of $129,538,735 was converted to a US$ loan. Thereafter, this loan along with additional advances during the year bears interest at 10% per annum. These loans have no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.

(iii) These balances materially comprise advances for the purchase of property and expenses incurred so far in respect of the proposed developments in St. Lucia and the Turks & Caicos Islands (note 1). In the prior year these amounts were interest-free. However, effective January 1, 2014, these balances were converted to interest-bearing loans. The prior year balances along with additional advances during the year bear interest at 3.5% per annum. These loans are unsecured with no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.

6. Inventories

	The Group		The Company	
	2014	2013	2014	2013
Items for resale	34,557,079	28,019,972	34,557,079	23,678,130
Dolphin food	3,494,438	4,773,259	3,494,438	1,534,879
	38,051,517	32,793,231	38,051,517	25,213,009
Less: Allowance for impairment	(1,313,436)	(1,862,199)	(1,313,436)	(1,862,199)
	$36,738,081	30,931,032	36,738,081	23,350,810
Inventories charged to expenses during the year	$31,150,254	26,671,880	31,150,254	19,620,913

7. Investment in subsidiaries

This represents the cost of the company's 100% interest in the shares of its subsidiaries (note 1).

	2014	2013
Dolphin Cove (Negril) Limited	100,002	100,002
Too Cool Limited	33,120,240	33,120,240
Cheshire Hall Limited	8,950	8,950
Balmoral Dolphins Limited	8,950	8,950
SB Holdings Limited	10,572	10,572
	$33,248,714	33,248,714

8. Property, plant and equipment

	The Group					
	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles	Capital work-in-progress	Total
Cost or valuation:						
December 31, 2012	764,528,107	1,570,004	150,115,684	14,257,064	66,291,913	996,762,772
Additions	1,758,355	765,384	12,582,431	9,550,000	148,283,888	172,940,058
Translation adjustment	-	-	-	-	19,078,913	19,078,913
Disposals	-	-	-	(3,600,000)	-	(3,600,000)
December 31, 2013	766,286,462	2,335,388	162,698,115	20,207,064	233,654,714	1,185,181,743
Additions	8,772,947	1,061,930	41,726,940	34,424,819	29,077,975	115,064,611
Translation adjustment	-	-	-	-	19,156,592	19,156,592
Revaluation adjustment	944,501,096	-	-	-	-	944,501,096
December 31, 2014	1,719,560,505	3,397,318	204,425,055	54,631,883	281,889,281	2,263,904,042
Depreciation:						
December 31, 2012	21,118,092	1,004,134	65,187,229	10,068,772	-	97,378,227
Charge for the year	8,152,931	170,985	15,383,614	2,353,848	-	26,061,378
Eliminated on disposals	-	-	-	(1,736,667)	-	(1,736,667)
December 31, 2013	29,271,023	1,175,119	80,570,843	10,685,953	-	121,702,938
Charge for the year	8,238,045	194,070	17,056,247	4,324,537	-	29,812,899
Revaluation adjustment	(37,509,068)	-	-	-	-	(37,509,068)
December 31, 2014	-	1,369,189	97,627,090	15,010,490	-	114,006,769
Net book values:						
December 31, 2014	$1,719,560,505	2,028,129	106,797,965	39,621,393	281,889,281	2,149,897,273
December 31, 2013	$ 737,015,439	1,160,269	82,127,272	9,521,111	233,654,714	1,063,478,805

	The Company					
	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles	Capital work-in-progress	Total
Cost or valuation:						
December 31, 2012	274,175,137	1,570,004	124,624,592	10,733,660	-	411,103,393
Additions	576,005	765,384	11,507,351	9,550,000	-	22,398,740
Disposals	-	-	-	(3,600,000)	-	(3,600,000)
December 31, 2013	274,751,142	2,335,388	136,131,943	16,683,660	-	429,902,133
Additions	8,772,947	2,359,358	41,726,940	34,424,819	16,764,569	104,048,633
Revaluation adjustment	357,058,711	-	-	-	-	357,058,711
December 31, 2014	640,582,800	4,694,746	177,858,883	51,108,479	16,764,569	891,009,477
Depreciation:						
December 31, 2012	10,702,891	1,004,134	59,388,459	8,424,517	-	79,520,001
Charge for the year	3,831,938	170,985	12,673,132	1,649,167	-	18,325,222
Eliminated on disposal	-	-	-	(1,736,667)	-	(1,736,667)
December 31, 2013	14,534,829	1,175,119	72,061,591	8,337,017	-	96,108,556
Charge for the year	3,914,044	194,070	14,248,601	3,619,856	-	21,976,571
Revaluation adjustment	(18,448,873)	-	-	-	-	(18,448,873)
December 31, 2014	-	1,369,189	86,310,192	11,956,873	16,764,569	99,636,254
Net book values:						
December 31, 2014	$640,582,800	3,325,557	91,548,691	39,151,606	16,764,569	791,373,223
December 31, 2013	$260,216,313	1,160,269	64,070,352	8,346,643	-	333,793,577

8. Property, plant and equipment (cont'd)

(a) The group's land and buildings were revalued as at December 31, 2014 on an open market basis by Easton Douglas & Company Limited (Chartered Valuation Surveyors and Real Estate Dealers of Kingston, Jamaica).

This fair value was determined using level 3 fair value measurements as the valuation model used both observable and unobservable inputs and the unobservable inputs are considered significant to the fair value measurement [see also note 2(c)(iv)].

The surpluses arising on revaluation are recognised in other comprehensive income and included in capital reserves (note 15).

(b) Land and buildings include land at a valuation of $1,195,100,384 (2013: $440,175,225) for the group and $290,000,000 (2013: $121,600,000) for the company.

(c) Capital work-in-progress represents land and related expenditure incurred in connection with the planned development of an attraction in the Turks and Caicos Islands and St. Lucia [note 1(c)]. This also includes an asset, costing approximately $15 million, acquired during the year which was not installed and brought into use as at the reporting date.

9. Live assets

	The Group		
	Dolphin costs	Other animals	Total
Cost:			
December 31, 2012	193,287,458	13,892,528	207,179,986
Additions	263,633,353	233,900	263,867,253
Retirement	(27,116,744)	(3,716,713)	(30,833,457)
December 31, 2013	429,804,067	10,409,715	440,213,782
Additions	23,977,078	667,433	24,644,511
Retirement	(36,097,135)	-	(36,097,135)
December 31, 2014	417,684,010	11,077,148	428,761,158
Amortisation:			
December 31, 2012	42,478,558	5,801,456	48,280,014
Charge for the year	21,034,072	936,875	21,970,947
Eliminated on retirement	(11,266,916)	(1,712,021)	(12,978,937)
December 31, 2013	52,245,714	5,026,310	57,272,024
Charge for the year	29,206,233	690,074	29,896,307
Eliminated on retirement	(3,609,962)	-	(3,609,962)
December 31, 2014	77,841,985	5,716,384	83,558,369
Net book values:			
December 31, 2014	$339,842,025	5,360,764	345,202,789
December 31, 2013	$377,558,353	5,383,405	382,941,758

9. Live assets (cont'd)

	The Company		
	Dolphins costs	Other animals	Total
Cost:			
December 31, 2012	193,287,459	13,476,027	206,763,486
Additions	263,633,353	188,900	263,822,253
Retirement	(27,116,744)	(3,716,713)	(30,833,457)
December 31, 2013	429,804,068	9,948,214	439,752,282
Additions	23,977,078	667,433	24,644,511
Retirement	(36,097,135)	-	(36,097,135)
December 31, 2014	417,684,011	10,615,647	428,299,658
Amortisation:			
December 31, 2012	42,478,558	5,757,162	48,235,720
Charge for the year	21,034,072	907,107	21,941,179
Eliminated on retirement	(11,266,916)	(1,712,021)	(12,978,937)
December 31, 2013	52,245,714	4,952,248	57,197,962
Charge for the year	29,206,233	659,306	29,865,539
Eliminated on retirement	(3,609,962)	-	(3,609,962)
December 31, 2014	77,841,985	5,611,554	83,453,539
Net book values:			
December 31, 2014	$339,842,026	5,004,093	344,846,119
December 31, 2013	$377,558,354	4,995,966	382,554,320

10. Bank overdrafts

The group has a $6.5 million overdraft facility, which is part of a group borrowing facility, with the Bank of Nova Scotia Jamaica Limited at an interest rate of base rate plus 2% and is secured as disclosed in note 13(c). Bank overdraft, in the current and prior year, represent credit balances on the company's bank accounts arising from items in transit at the reporting date.

11. Accounts payable

	The Group		The Company	
	2014	2013	2014	2013
Trade payables	60,365,037	61,311,809	51,909,114	52,354,024
Tax payable on dividends	23,152,960	9,577,172	23,152,960	9,577,172
Other payables and accruals	59,348,233	55,116,158	55,113,562	43,234,497
	$142,866,230	126,005,139	130,175,636	105,165,693

12. Deferred tax liability

Deferred tax is attributable to the following:

	The Group					
	Balance at December 31, 2012	Recognised in income (note 18)	Balance at December 31, 2013	Recognised in income (note 18)	Recognised in equity (note 15)	Balance at December 31, 2014
Property, plant and equipment	1,431,546	(6,764,866)	(5,333,320)	(2,241,695)	51,776,896	44,201,881
Live assets	15,800,637	27,033,457	42,834,094	(3,928,324)	-	38,905,770
	$17,232,183	20,268,591	37,500,774	(6,170,019)	51,776,896	83,107,651

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2014

12. Deferred tax liability (cont'd)

	The Company					
	Balance at December 31, 2012	Recognised in income (note 18)	Balance at December 31 2013	Recognised, in income (note 18)	Recognised in equity (note 15)	Balance at December 31, 2014
Property, plant and equipment	(3,345,604)	(6,347,859)	(9,693,463)	2,118,448	51,776,896	44,201,881
Live assets	15,800,637	27,033,457	42,834,094	(3,928,324)	-	38,905,770
	$12,455,033	20,685,598	33,140,631	(1,809,876)	51,776,896	83,107,651

13. Long-term liabilities

		The Group and the Company	
		2014	2013
Long-term loans:			
Sagicor Bank Jamaica Limited loans:			
Loan A	(a)	37,121,208	46,212,120
Loan B	(b)	190,909,091	225,000,000
The Bank of Nova Scotia Jamaica Limited	(c)	5,003,308	6,583,300
Due to property vendor	(d)	45,127,500	45,127,500
		278,161,107	322,922,920
Less: Current portion		(96,707,504)	(71,580,004)
		$181,453,603	251,342,916

(a) This represents the balance on a $50,000,000 loan financed by Development Bank of Jamaica Limited, which bears interest at a fixed rate of 9.5% per annum. The loan is for seventy-two (72) months with a moratorium of six (6) months on principal payments. Thereafter, the principal is repayable in sixty-six (66) equal monthly installments.

The loan is secured as follows:

- Corporate guarantee of Too Cool Limited supported by a first legal mortgage over the Ocho Rios property stamped to cover $100 million;
- Debenture over the fixed and floating assets of Dolphin Cove Limited, stamped to cover $100 million; and
- Personal guarantee of a director to the extent of the facility.

(b) This represents a J$ loan equivalent to US$2,250,000 financed by Development Bank of Jamaica Limited. This loan is for seventy-two (72) months and bears interest at a fixed rate of 9.5% per annum. There is a moratorium on principal payments of six (6) months. Thereafter, principal is repayable in sixty-six (66) equal monthly installments.

The loan is secured as disclosed in note (a) above, except that the debenture over the fixed and floating assets of Dolphin Cove Limited is to be upstamped by a further $125 million.

13. Long-term liabilities (cont'd)

(c) This represents the balance on a J$ loan of $7,900,000 which bears interest at 9% per annum and repayable in sixty (60) months. The loan and bank overdraft facility (note 10) are secured by a bill of sale over the motor vehicle purchased and a hypothecation of certain funds in a savings account.

(d) This comprises two loans used to finance the acquisition of parcels of land in Hanover. The first represents the balance of an initial loan of $94,000,000 plus the company's share of transaction costs and is payable within four years. The second parcel of land was purchased with a loan of $15,000,000, against which payments of $2,272,500 were applied. The balance is payable upon exchange of the title to the property. As at December 31, 2014, the title has not yet been transferred. Interest is payable quarterly at a rate of 12% per annum on both loans.

14. Share capital

Authorised:
432,426,376 ordinary stock units of no par value

	2014	2013
Stated capital, issued and fully paid:		
392,426,376 ordinary stock units of no par value	279,053,297	279,053,297
Less: Transaction costs of share issue	(21,092,972)	(21,092,972)
	$257,960,325	257,960,325

Holders of ordinary stock units are entitled to dividends as declared from time to time and are entitled to one vote per stock unit at general meetings of the company.

15. Capital reserves

	The Group		The Company	
	2014	2013	2014	2013
Revaluation surplus arising on (note 8):				
Land	1,023,713,995	268,788,836	254,789,590	86,389,590
Buildings	329,979,067	102,894,062	284,930,065	77,822,481
	1,353,693,062	371,682,898	539,719,655	164,212,071
Deferred tax arising on revalued buildings (note 12)	(71,232,516)	(19,455,620)	(71,232,516)	(19,455,620)
Foreign currency translation reserve (a)	38,235,505	19,078,913	-	-
Investment revaluation reserve (b)	6,764,350	5,350,973	6,764,350	5,350,973
	$1,327,460,401	376,657,164	475,251,489	150,107,424

15. Capital reserves (cont'd)

(a) Foreign currency translation reserve represents the exchange differences arising on translation of the financial statements of the company's foreign subsidiaries (note 1), into the group's presentation currency, as well as foreign currency differences arising on balances denominated in a foreign currency with these foreign subsidiaries [note 5(b)].

(b) Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments until the assets are derecognised or impaired [note 2(c)(v)].

16. Operating revenue

This represents revenue from the operation of attractions and is reported net of discounts and General Consumption Tax.

17. Finance income/(costs)

	The Group		The Company	
	2014	2013	2014	2013
(a) Finance income:				
Net foreign exchange gains	30,883,878	32,356,952	58,590,070	44,305,370
Interest income	7,195,384	2,750,117	29,781,396	8,123,340
	$38,079,262	35,107,069	88,371,466	52,428,710
(b) Finance costs:				
Interest expense	(29,307,333)	(20,318,062)	(29,307,333)	(20,310,564)
Bank charges	(9,947,933)	(8,987,878)	(8,853,938)	(6,497,326)
Loan processing fees	-	(4,017,533)	-	(4,017,534)
Loss on disposal of investments	-	(41,104)	-	(41,104)
Credit card charges	(8,233,202)	(6,939,218)	(8,233,202)	(4,879,800)
	$(47,488,468)	(40,303,795)	(46,394,473)	(35,746,328)

18. Taxation

	The Group		The Company	
	2014	2013	2014	2013
(a) Income tax charge:				
(i) Current tax at 33⅓% (2013: 28.75%):				
Current year	-	3,303	-	-
(ii) Deferred taxation:				
Origination of temporary differences (note 12)	(6,170,019)	20,268,591	(1,809,876)	20,685,598
	$(6,170,019)	20,271,894	(1,809,876)	20,685,598

18. Taxation (cont'd)

(b) Reconciliation of actual tax expense:

	The Group		The Company	
	2014	2013	2014	2013
Profit before taxation	$433,557,101	342,331,908	581,309,956	269,078,576
Computed "expected" tax charge at the company's statutory rate of 25%	108,389,275	91,239,272	145,327,489	67,269,644
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances, net	(14,026,712)	2,466,084	(9,517,024)	2,356,780
Exchange gains	(959,869)	(4,417,441)	(1,191,803)	(4,970,049)
Provision for unused vacation	(257,677)	607,874	125,893	260,417
Disallowed expenses, net	35,608,767	9,014,724	23,369,372	7,590,562
Exempt income	-	-	(25,000,000)	-
Tax remission [note (c)]	(134,923,803)	(51,821,756)	(134,923,803)	(51,821,756)
Relief under Section 86 of the Income Tax Act [note (d)]	-	(26,816,863)	-	-
Actual tax (credit)/charge recognised in profit for the year	$(6,170,019)	20,271,894	(1,809,876)	20,685,598

(c) The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 21, 2010. Consequently, the company is entitled to a remission of taxes for 10 years in the proportions set out below, provided the shares remain listed for at least 15 years:

Years	Tax rate
2011 to 2015	100% of standard rates
2016 to 2020	50% of standard rates

(d) Approval has been granted for Dolphin Cove (Negril) Limited to be relieved of income tax arising from operations up to August 2015, under Section 86 of the Income Tax Act.

(e) The Government of Jamaica enacted new tax measures to change the tax incentive regimes applicable to various industries, effective January 1, 2014. Given the current tax position of the company and its subsidiary, as disclosed in notes (c) and (d) above, these new tax measures have resulted in changes in the income tax and capital allowances computations but will not materially affect the group's tax position until the end of the tax remission period. Some of these changes are as follows:

- Tax compliant entities are able to claim up to 30% of employer's and employees' statutory contributions (Employment Tax Credit) against income tax for the year. Unused Employment Tax credit cannot be carried forward or refunded;
- The maximum capital allowances on private motor vehicles, which were previously limited to J$3,200, increased to a maximum of US$35,000; and
- No initial allowances are given on the purchase of buildings; however, all other capital expenditure on buildings and other assets continue to attract initial allowances.

(f) Chesire Hall Limited, SB Holdings Limited, Marine Adventure Park Limited and Balmoral Dolphins Limited have elected to pay income tax at 1% of profits earned. However, the companies have not commenced operations as at the reporting date (note 1).

18. Taxation (cont'd)

(g) Dolphin Cove TCI Limited and DCTCI Limited are not required to pay corporation tax in the Turks & Caicos Islands.

(h) At December 31, 2014, unutilised tax losses available for set-off against future taxable profits, subject to agreement by the Commissioner General of Tax Administration Jamaica, amounted to approximately $54 million (2013: Nil) for the group and Nil (2013: Nil) for the company.

(i) A deferred tax asset of approximately $10.5 million relating to available tax losses and timing differences have not been recognised at December 31, 2014, by a subsidiary as management consider that the financial and operational strategies initiated to utilise the benefits of the deferred tax asset are still in progress.

19. Disclosure of expenses

Profit for the year is stated after charging:

	The Group		The Company	
	2014	2013	2014	2013
	$	$	$	$
Auditors' remuneration	6,020,000	5,800,000	4,565,000	3,945,000
Depreciation and amortisation	59,709,206	48,032,325	51,842,110	40,266,401
Staff costs [see also note 21(c)]	358,815,508	325,764,677	358,815,508	279,294,125

Staff costs are broken down as follows:

Salaries and wages – administration	131,787,916	130,542,878	131,787,916	111,439,681
Salaries and wages – other operations	136,640,297	114,248,157	136,640,297	93,533,327
Salaries and wages – selling	90,387,295	80,973,642	90,387,295	74,321,117
	$358,815,508	325,764,677	358,815,508	279,294,125

20. Earnings per stock unit

Earnings per stock unit is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue for the year.

	2014	2013
Profit for the year attributable to stockholders of the company	$439,727,120	322,060,014
Weighted average number of ordinary stock units held during the year	$392,426,376	392,426,376
Earnings per stock unit (expressed in ¢ per share)	112.05¢	82.07¢

21. Related party balances and transactions

(a) Identity of related parties:

The company has related party relationships with its subsidiaries, (note 1) its affiliate, Dolphin Cove (Cayman) Limited, its directors and key management personnel.

(b) The statement of financial position includes balances with related parties as stated at note 5.

21. Related party balances and transactions (cont'd)

(c) Transactions with key management personnel:

(i) Loan to a director:

In the prior year, an interest-free unsecured loan of $10,600,000 was advanced to a director. At December 31, 2013, the balance outstanding was $6,564,429 which was repaid during the year.

(ii) Key management personnel compensation:

	The Group		The Company	
	2014	2013	2014	2013
	$	$	$	$
Directors' emoluments:				
Fees	9,331,200	8,896,392	9,331,200	6,396,396
Management	25,679,659	28,546,604	25,679,659	28,546,604
Key management personnel compensation*	24,440,202	20,570,589	24,440,202	20,570,589

* Key management personnel compensation is included in staff costs (note 19).

(iii) Key management personnel transactions:

Directors of the company and entities under their control hold 82% (2013: 82%) of the voting stock units of the company.

A number of key management personnel hold positions in other companies that result in them having control or significant influence over those companies. A number of these companies transacted business with the group during the year as disclosed in note 21(d) below. Balances due to these related parties as at December 31, 2014 aggregating Nil (2013: $1,575,912) are included in accounts payable (note 11).

During the year, monies totaling $195,958 (2013: $1,655,101) were advanced on behalf of a related party owned by a director. Amounts due as at the reporting date and included in accounts receivable (note 4) amounted to $1,294,765 (2013: $1,098,808).

(d) The statement of profit or loss includes the following income/(expense) transactions with other related parties.

	The Group		The Company	
	2014	2013	2014	2013
	$	$	$	$
Rental income paid to a subsidiary	-	-	17,308,862	-
Inventory bought from a subsidiary	-	-	7,580,222	-
Interest earned from subsidiaries [note 5(b)]	-	-	22,692,327	5,435,708
Boat rental paid to a director	-	(2,126,442)	-	(2,126,442)
Professional fees paid to a director	(781,582)	(1,281,812)	(781,582)	(1,281,812)
Mini-boat commissions paid to a director	-	(1,907,474)	-	(1,907,474)
Rental of dolphins and camels to subsidiary	-	-	-	64,774,633
Management fees charged to subsidiary	-	-	-	30,000,000

22. Dividends

	2014		2013	
	Dividend per ordinary stock unit	Dividends paid	Dividend per ordinary stock unit	Dividends paid
		$		$
First interim dividend: March 21, 2014 (2013: March 11, 2013)	15¢	58,863,957	10¢	39,242,637
Second interim dividend: June 12, 2014 (2013: May 20, 2013)	15¢	58,863,957	10¢	39,242,637
Third interim dividend: October 3, 2014 (2013: August 29, 2013)	15¢	58,863,957	10¢	39,242,638
Fourth interim dividend: December 19, 2014 (2013: November 15, 2013)	15¢	58,863,957	10¢	39,242,638
	60¢	235,455,828	40¢	156,970,550

23. Segment results

The group's reportable segments are as follows:

(a) Ocho Rios - This comprises business in Ocho Rios, St. Ann and includes tourist attractions such as dolphin programmes, restaurants, gift and video shops.

(b) Hanover - This comprises business at Point, Lucea, Hanover and includes tourist attractions such as dolphin programmes, gift and video shops.

(c) Others - This materially comprises business at the Prospect and Half Moon locations as operations in St. Lucia and the Turks & Caicos Islands have not yet commenced (see note 1). Only dolphin programmes are offered at the Half Moon location. Horseback tours and plantation tours, which include camel rides, ostriches and a butterfly enclosure, are offered at the Prospect location.

Information regarding the results, assets and liabilities of each reportable segment is presented below:

	2014			
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	$1,306,194,175	411,192,774	129,584,410	1,846,971,359
Finance income	$ 88,371,466	106,315	-	88,477,781
Finance costs	$(46,394,473)	(23,249,693)	-	(69,644,166)
Depreciation and amortisation	$(49,564,199)	(7,033,144)	(3,111,863)	(59,709,206)
Taxation	$ 1,809,876	4,360,143	-	6,170,019
Segment profit after tax	$ 464,967,441	90,123,191	17,203,310	572,293,942
Reportable segment assets	$2,458,379,074	810,444,162	342,786,087	3,611,609,323
Capital expenditure	$ 66,625,630	1,653,162	46,785,819	115,064,611
Reportable segment liabilities	$ 581,041,104	227,006,133	272,654,803	1,080,702,040

DOLPHIN COVE LIMITED

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Year ended December 31, 2014

23. Segment results (cont'd)

	2013			
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	$1,136,958,605	354,079,052	120,545,556	1,611,583,213
Finance income	$ 52,428,710	7,192,978	-	59,621,688
Finance costs	$(35,741,301)	(9,993,175)	(5,025)	(45,739,501)
Depreciation and amortisation	$(39,909,827)	(6,873,437)	(1,249,061)	(48,032,325)
Taxation	$(20,685,598)	413,704	-	(20,271,894)
Segment profit after tax	$ 220,342,615	93,638,448	27,157,864	341,138,927
Reportable segment assets	$1,636,370,323	340,362,765	266,604,710	2,243,337,798
Capital expenditure	$ 20,708,235	2,257,427	149,974,396	172,940,058
Reportable segment liabilities	$ 479,140,468	154,738,320	233,626,256	867,505,044

Reconciliation of reportable segment revenue, finance income, finance costs, assets, liabilities and profit after tax:

	2014	2013
Revenue		
Total revenue for reportable segments	1,846,971,359	1,611,583,213
Less other income	(1,234,544)	(2,450,641)
Elimination of inter-segment management fees	(31,200,000)	(31,200,000)
Elimination of inter-segment rental income	(106,854,362)	(75,723,133)
	$1,707,682,453	1,502,209,439
Finance income		
Total finance income for reportable segments	88,477,781	59,621,688
Translation adjustment on consolidation	(19,156,592)	(19,078,913)
Elimination of inter-company transactions	(31,241,927)	(5,435,706)
Consolidated finance income	$ 38,079,262	35,107,069
Finance costs		
Total finance costs for reportable segments	69,644,166	45,739,501
Elimination of inter-company transactions	(22,155,698)	(5,435,706)
Consolidated finance costs	$ 47,488,468	40,303,795
Assets		
Total assets for reportable segments	3,611,609,323	2,243,337,798
Elimination of investment in subsidiaries	(33,428,714)	(33,428,714)
Elimination of due from subsidiaries	(486,998,814)	(363,193,460)
Consolidated total assets	$3,091,181,795	1,846,715,624
Liabilities		
Total liabilities for reportable segments	1,080,702,040	867,505,044
Elimination of due to parent company	(486,998,814)	(363,193,460)
Consolidated total liabilities	$ 593,703,226	504,311,584
Profit after tax		
Segment profit after tax	572,293,942	341,138,927
Depreciation charge on consolidation	(4,324,002)	-
Elimination of inter-company dividends and interest	(109,086,228)	-
Translation adjustment on consolidation	(19,156,592)	(19,078,913)
Consolidated profit for the year	$ 439,727,120	322,060,014

24. Commitments

(a) Operating lease commitments:

The group and the company entered into an agreement, with a third party for the rental of two (2) dolphins. In addition, the company now pays rent to a subsidiary (note 1).

Future payments under these leases relative to the reporting date are as follows:

	The Group		The Company	
	2014	2013	2014	2013
Within one year	13,759,284	12,765,324	34,052,852	12,765,324
Between one and five years	13,759,284	25,530,648	94,933,556	25,530,648
Over five years	-	-	301,021,258	-
	$27,518,568	38,295,972	430,007,666	38,295,972
Operating lease payments recognised in profit or loss	$12,230,000	32,311,452	29,538,862	32,311,452

(b) Capital commitments:

In the prior year, approximately US$600,000 was approved by the board, in respect of the proposed expansion work to be carried out at the Dolphin Cove Negril and Ocho Rios properties, for which no provision was made in the financial statements.

There were no capital commitments as at December 31, 2014.

25. Financial instruments

(a) Financial risk management:

The group has exposure to credit risk, market risk and liquidity risk from its use of financial instruments in the ordinary course of the business. Derivative financial instruments are not used to reduce exposure to fluctuations in interest and foreign exchange rates.

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The maximum exposure to credit risk at the reporting date is represented by the carrying amount of each relevant financial asset.

25. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(i) Credit risk (cont'd):

Cash and cash equivalents, securities purchased under resale agreements and investments

The group limits its exposure to credit risk by:

- placing cash resources with substantial counterparties who are believed to have minimal risk of default;
- only investing in liquid securities with credit worthy institutions; and
- obtaining sufficient collateral as a means of mitigating the risk of financial loss from defaults.

Accounts receivable

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has a credit policy in place under which each customer is analysed for credit worthiness prior to being offered credit. The group does not require collateral in respect of trade and other receivables. At the reporting date there were significant concentrations of credit risk in respect of 10 (2013: 10) major customers for the group and 10 (2013: 7) for the company who materially comprised trade receivables. As at December 31, 2014, amounts receivable from these customers aggregated $83,701,200 (2013: $64,802,417) for the group and $83,701,200 (2013: $58,388,386) for the company. These represent 50% (2013: 42%) and 50% (2013: 50%) of trade receivables for the group and the company, respectively.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowances for doubtful debts are based on the aging of the receivables, with write-offs made if attempts to collect fail and the amount is deemed to be uncollectible.

Due from related parties

At the reporting date there were no significant concentrations in respect of amounts due from related parties.

There were no changes in the group's approach to managing credit risk during the year.

(ii) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates and foreign exchange rates and will affect the group's income or the value of its holdings of financial instruments.

25. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(ii) Market risk (cont'd):

- Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Subject to normal conditions, the group materially contracts financial liabilities at fixed interest rates for the duration of the term.

Interest-bearing financial assets are primarily represented by cash and cash equivalents, securities purchased under resale agreements and investments. Interest-bearing financial liabilities are mainly represented by loans and bank overdrafts.

Financial instruments are subject to interest as follows:

	Carrying amount			
	The Group		The Company	
	2014	2013	2014	2013
Fixed rate instruments:				
Financial assets	172,595,417	138,021,855	172,595,417	138,021,855
Financial liabilities	(278,161,107)	(322,922,920)	(278,161,107)	(322,922,920)
	$(105,565,690)	(184,901,065)	(105,565,690)	(184,901,065)
Variable rate instruments:				
Financial assets	215,010,697	76,777,961	663,992,648	40,845,271
Financial liabilities	(30,704,281)	(17,882,751)	(30,704,281)	(17,882,751)
	$184,306,416	58,895,210	633,288,367	22,962,520

Cash flow sensitivity analysis for variable rate instruments

An increase or decrease in basis points in interest rates at the reporting date would have increased/(decreased) profit for the year by amounts shown below.

	The Group			
	2014		2013	
	Increase 250bp	Decrease 100bp	Increase 250bp	Decrease 100bp
Effect on profit (decrease)/increase	$4,607,660	(1,843,064)	1,472,380	(588,952)

25. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(ii) Market risk (cont'd):

- Interest rate risk (cont'd):

Cash flow sensitivity analysis for variable rate instruments (cont'd)

	The Company			
	2014		2013	
	Increase 250bp	Decrease 100bp	Increase 250bp	Decrease 100bp
Effect on profit (decrease)/increase	$15,832,209	(6,322,884)	574,063	(229,625)

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial instrument at fair value. Therefore, a change in interest rates at the reporting date would not affect the profit or other comprehensive income recognised for the year.

- Foreign currency risk:

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

The group incurs foreign currency risk primarily on purchases and borrowings that are denominated in a currency other than the Jamaica dollar. The principal foreign currency exposures of the group are denominated in United States dollars (US$).

Exposure to foreign currency risk on US$ denominated balances was as follows:

	The Group		The Company	
	2014	2013	2014	2013
Cash and cash equivalents	1,261,348	759,598	931,518	422,230
Securities purchased under resale agreements	1,845,862	905,691	1,845,862	905,691
Investments	279,357	287,652	279,357	287,652
Accounts receivable	1,296,337	1,186,276	1,296,337	967,293
Due from related parties	-	105,654	4,269,454	105,654
Bank overdrafts	(203,238)	(51,420)	(203,238)	(51,420)
Accounts payable	(315,743)	(281,868)	(236,728)	(258,064)
	US$ 4,163,923	2,911,583	8,182,562	2,379,036
Equivalent to	J$475,186,893	307,802,526	933,793,975	251,503,526

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2014

25. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(ii) Market risk (cont'd):

- Foreign currency risk (cont'd):

Exchange rates in terms of the Jamaica dollar ($) for US$1 were as follows:

At December 31, 2014:	$114.12
At December 31, 2013:	$105.72

Sensitivity analysis

Changes in the exchange rates of the Jamaica dollar ($) to the United States dollar (US$) would have the effects described below:

	Increase/(decrease) in profit for the year			
	The Group		The Company	
	2014	2013	2014	2013
	$	$	$	$
10% (2013: 15%) strengthening of the US$ against the J$	47,518,689	46,170,379	93,379,398	37,725,529
1% (2013: 1%) weakening of the US$ against the J$	(4,751,869)	(3,078,025)	(9,337,940)	(2,515,035)

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

(iii) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The management of the group aims at maintaining flexibility in funding by keeping lines of funding available.

The following are the contractual maturities of financial liabilities measured at amortised cost, including interest payments. The tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the group can be required to pay:

	The Group					
	2014					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	30,704,281	30,704,281	30,704,281	-	-	-
Long-term liabilities	278,161,107	334,792,826	38,973,100	83,039,506	128,285,387	84,494,833
Accounts payable	142,866,230	142,866,230	142,866,230	-	-	-
Dividends payable	58,863,957	58,863,957	58,863,957	-	-	-
Total financial liabilities	$510,595,575	567,227,294	271,407,568	83,039,506	128,285,387	84,494,833

25. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(iii) Liquidity risk (cont'd):

	The Group (cont'd)					
	2013					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	17,882,751	17,882,751	17,882,751	-	-	-
Accounts payable	126,005,139	126,005,139	126,005,139	-	-	-
Long-term liabilities	322,922,920	415,095,293	54,505,385	40,381,782	174,043,687	146,164,439
Total financial liabilities	$466,810,810	558,983,183	198,393,275	40,381,782	174,043,687	146,164,439

	The Company					
	2014					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	30,704,281	30,704,281	30,704,281	-	-	-
Due to subsidiaries	28,472	28,472	28,472	-	-	-
Long-term liabilities	278,161,107	334,792,826	38,973,100	83,039,506	128,285,387	84,494,833
Accounts payable	130,175,636	130,175,636	130,175,636	-	-	-
Dividends payable	58,863,957	58,863,957	58,863,957	-	-	-
Total financial liabilities	$497,933,453	554,565,172	258,745,446	83,039,506	128,285,387	84,494,833

	2013					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	17,882,751	17,882,751	17,882,751	-	-	-
Accounts payable	105,165,693	105,165,693	105,165,693	-	-	-
Due to subsidiaries	28,472	28,472	28,472	-	-	-
Long-term liabilities	322,922,920	415,095,293	54,505,385	40,381,782	174,043,687	146,164,439
Total financial liabilities	$445,999,836	538,172,209	177,582,301	40,381,782	174,043,687	146,164,439

(b) Capital management:

The group manages the adequacy of capital by managing the returns on equity and borrowed funds to protect against losses on its business activities so as to be able to generate an adequate level of return for its stockholders. As a condition of its long term loans, the company is required to have positive stockholders' equity. There are no other externally imposed capital requirements and there have been no changes in the group's approach to managing capital during the year.

(c) Fair value of financial instruments:

The following methods and assumptions have been used:

(i) The fair value of cash and cash equivalents, securities purchased under resale agreements, accounts receivable, due from related parties and accounts payable are assumed to approximate their carrying values due to their relatively short-term nature.

25. Financial instruments (cont'd)

(c) Fair value of financial instruments (cont'd):

The following methods and assumptions have been used (cont'd):

(ii) Investments classified as available-for-sale are measured at fair value by reference to price quotes as published by managers of these instruments. The fair value is as disclosed in note 3. The fair value of investments, classified as loans and receivables are determined as disclosed in note 2(g).

(iii) The carrying value of long-term loans approximate the fair values as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of market rates for similar loans.