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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, comprising the separate 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 50, which comprise the group's and the company's statements of financial position as at December 31, 2015, 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 controls 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 financial position of the group and the company as at December 31, 2015, 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 29, 2016

DOLPHIN COVE LIMITED

Group Statement of Financial Position
December 31, 2015

	Notes	2015	2014
CURRENT ASSETS			
Cash and cash equivalents		183,922,829	213,590,514
Securities purchased under resale agreements		162,424,403	124,035,021
Investments	3(a)	32,219,794	31,880,096
Accounts receivable	4	180,968,611	165,304,410
Taxation recoverable		7,853,311	7,853,311
Inventories	6	38,712,162	36,738,081
		606,101,110	579,401,433
NON-CURRENT ASSETS			
Investments	3(b)	19,311,712	16,680,300
Property, plant and equipment	8	2,218,872,625	2,149,897,273
Live assets	9	330,131,936	345,202,789
		2,568,316,273	2,511,780,362
TOTAL ASSETS		$3,174,417,383	3,091,181,795
CURRENT LIABILITIES			
Bank overdrafts	10	4,759,548	30,704,281
Accounts payable	11	129,769,834	142,866,230
Dividends payable		-	58,863,957
Current portion of long-term liabilities	13	95,127,504	96,707,504
Taxation payable		210,764	-
		229,867,650	329,141,972
NON-CURRENT LIABILITIES			
Deferred tax liability	12	75,941,494	83,107,651
Long-term liabilities	13	127,955,525	181,453,603
		203,897,019	264,561,254
STOCKHOLDERS' EQUITY			
Share capital	14	257,960,325	257,960,325
Capital reserves	15	1,340,980,355	1,327,460,401
Retained earnings		1,141,712,034	912,057,843
		2,740,652,714	2,497,478,569
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		$3,174,417,383	3,091,181,795

The financial statements on pages 3 to 50 were approved by the Board of Directors on February 29, 2016 and signed on its behalf by:

_________________________ Director
Stafford Burrowes

_________________________ Director
Eduardo Albor Villanueva

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

DOLPHIN COVE LIMITED

Group Statement of Profit or Loss
Year ended December 31, 2015

	Notes	2015	2014
OPERATING REVENUE			
Dolphin attraction revenue	16(a)	1,167,844,775	1,161,746,199
Less: Direct costs of dolphin attraction	17(a)	(72,867,274)	(79,266,238)
		1,094,977,501	1,082,479,961
Ancillary services revenue	16(b)	600,277,759	545,936,254
Less: Direct costs of ancillary services	17(b)	(87,814,172)	(76,353,512)
		512,463,587	469,582,742
Gross profit		1,607,441,088	1,552,062,703
Gain on disposal of property, plant and equipment		628,232	-
Live assets retired	9	(12,995,357)	(32,487,173)
Other income		838,269	1,234,540
		1,595,912,232	1,520,810,070
OPERATING EXPENSES	17(c)		
Selling		496,934,352	492,913,768
Other operations		394,636,149	338,208,470
Administrative		303,408,296	246,721,525
		1,194,978,797	1,077,843,763
Profit before finance income and costs		400,933,435	442,966,307
Finance income	18(a)	35,643,680	38,079,262
Finance costs	18(b)	(35,839,034)	(47,488,468)
Profit before taxation		400,738,081	433,557,101
Taxation credit	19	5,507,981	6,170,019
Profit for the year		$ 406,246,062	439,727,120
Earnings per stock unit	20	103.52¢	112.05¢

DOLPHIN COVE LIMITED

Group Statement of Comprehensive Income
Year ended December 31, 2015

	Notes	2015	2014
Profit for the year		406,246,062	439,727,120
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Surplus on revaluation of land and buildings	8	-	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	15	13,196,021	19,156,592
Fair value appreciation of available-for-sale investments	15	323,933	1,413,377
		13,519,954	20,569,969
Total other comprehensive income		13,519,954	950,803,237
Total comprehensive income		$419,766,016	1,390,530,357

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

DOLPHIN COVE LIMITED

Group Statement of Changes in Stockholders' Equity
Year ended December 31, 2015

	Share capital (note 14)	Capital reserves (note 15)	Retained earnings	Total
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 with owners of the company:				
Dividends (note 21)	-	-	(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
Total comprehensive income:				
Profit for the year	-	-	406,246,062	406,246,062
Other comprehensive income:				
Translation adjustment on consolidation of foreign subsidiaries	-	13,196,021	-	13,196,021
Fair value appreciation of available-for-sale investments	-	323,933	-	323,933
	-	13,519,954	406,246,062	419,766,016
Transactions with owners of the company:				
Dividends (note 21)	-	-	(176,591,871)	(176,591,871)
Balances as at December 31, 2015	$257,960,325	1,340,980,355	1,141,712,034	2,740,652,714

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

DOLPHIN COVE LIMITED

Group Statement of Cash Flows
Year ended December 31, 2015

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		406,246,062	439,727,120
Adjustments for:			
Depreciation and amortisation	8,9	84,512,778	59,709,206
Gain on disposal of property, plant and equipment		(628,232)	-
Live assets retired	9	12,995,357	32,487,173
Interest income	18(a)	(7,647,374)	(7,195,384)
Interest expense	18(b)	15,986,982	29,307,333
Impairment loss on trade receivables	4(c)	389,627	1,398,333
Taxation	19	(5,507,981)	(6,170,019)
		506,347,219	549,263,762
Changes in:			
Accounts receivable		(16,840,096)	(23,511,336)
Inventories		(1,974,081)	(5,807,049)
Accounts payable		(9,218,405)	11,714,396
Due from related parties		-	12,989,826
Cash generated from operations		478,314,637	544,649,599
Interest paid		(19,864,973)	(24,160,638)
Income tax paid		(1,447,412)	(1,637,891)
Net cash provided by operating activities		457,002,252	518,851,070
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		8,433,642	6,907,826
Securities purchased under resale agreements, net		(38,389,382)	(31,140,666)
Additions to property, plant and equipment	8	(112,535,558)	(115,064,611)
Proceeds from disposal of property, plant and equipment		4,051,565	-
Additions to live assets	9	(29,104,388)	(24,644,511)
Investments acquired		(2,647,177)	(16,737,424)
Net cash used by investing activities		(170,191,298)	(180,679,386)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term liabilities, net		(55,078,078)	(44,761,813)
Dividends paid		(235,455,828)	(176,591,871)
Net cash used by financing activities		(290,533,906)	(221,353,684)
Net (decrease)/increase in cash resources		(3,722,952)	116,818,000
Cash resources at beginning of the year		182,886,233	66,068,233
CASH RESOURCES AT END OF YEAR		$179,163,281	182,886,233
Comprising:			
Cash and cash equivalents		183,922,829	213,590,514
Bank overdrafts		(4,759,548)	(30,704,281)
		$179,163,281	182,886,233

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

DOLPHIN COVE LIMITED

Company Statement of Financial Position
December 31, 2015

	Notes	2015	2014
CURRENT ASSETS			
Cash and cash equivalents		183,922,829	174,204,166
Securities purchased under resale agreements		162,424,403	124,035,021
Investments	3(a)	32,219,794	31,880,096
Accounts receivable	4	180,916,111	165,251,910
Due from related parties	5(b)(i)	239,284	228,239
Taxation recoverable		7,767,962	7,767,962
Inventories	6	38,712,162	36,738,081
		606,202,545	540,105,475
NON-CURRENT ASSETS			
Investment in subsidiaries	7	33,248,714	33,248,714
Investments	3(b)	19,311,712	16,680,300
Property, plant and equipment	8	845,484,618	791,373,223
Live assets	9	329,806,035	344,846,119
Due from subsidiaries	5(b)(ii)	494,128,807	486,998,814
		1,721,979,886	1,673,147,170
TOTAL ASSETS		$2,328,182,431	2,213,252,645
CURRENT LIABILITIES			
Bank overdrafts	10	4,759,548	30,704,281
Accounts payable	11	120,495,045	130,175,636
Dividends payable		-	58,863,957
Due to subsidiaries	5(b)(i)	28,472	28,472
Current portion of long-term liabilities	13	95,127,504	96,707,504
Taxation payable		210,764	-
		220,621,333	316,479,850
NON-CURRENT LIABILITIES			
Deferred tax liability	12	75,941,494	83,107,651
Long-term liabilities	13	127,955,525	181,453,603
		203,897,019	264,561,254
STOCKHOLDERS' EQUITY			
Share capital	14	257,960,325	257,960,325
Capital reserves	15	475,575,422	475,251,489
Retained earnings		1,170,128,332	898,999,727
		1,903,664,079	1,632,211,541
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		$2,328,182,431	2,213,252,645

The financial statements on pages 3 to 50 were approved by the Board of Directors on February 29, 2016 and signed on its behalf by:

______________________ Director
Stafford Burrowes

______________________ Director
Eduardo Albor Villanueva

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

DOLPHIN COVE LIMITED

Company Statement of Profit or Loss
Year ended December 31, 2015

	Notes	2015	2014
OPERATING REVENUE			
Dolphin attraction revenue	16(a)	1,167,844,775	1,161,746,199
Less: Direct costs of dolphin attraction	17(a)	(72,867,274)	(79,266,238)
		1,094,977,501	1,082,479,961
Ancillary services revenue	16(b)	600,277,759	545,936,254
Less: Direct costs of ancillary services	17(b)	(87,814,172)	(76,353,512)
		512,463,587	469,582,742
Gross profit		1,607,441,088	1,552,062,703
Gain on disposal of property, plant and equipment		628,232	-
Live assets retired	9	(12,995,357)	(32,487,173)
Dividend income		-	100,000,000
Other income		838,269	1,234,540
		1,595,912,232	1,620,810,070
OPERATING EXPENSES	17(c)		
Selling		500,608,360	490,549,682
Other operations		382,050,266	328,825,144
Administrative		322,795,357	262,102,281
		1,205,453,983	1,081,477,107
Profit before finance income and costs		390,458,249	539,332,963
Finance income	18(a)	87,234,122	88,371,466
Finance costs	18(b)	(35,479,876)	(46,394,473)
Profit before taxation		442,212,495	581,309,956
Taxation credit/(charge)	19	5,507,981	1,809,876
Profit for the year		$ 447,720,476	583,119,832

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

DOLPHIN COVE LIMITED

Company Statement of Comprehensive Income
Year ended December 31, 2015

	Notes	2015	2014
Profit for the year		447,720,476	583,119,832
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Revaluation of land and buildings	8	-	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	323,933	1,413,377
Total other comprehensive income		323,933	325,144,065
Total comprehensive income		$448,044,409	908,263,897

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, 2015

	Share capital (note 14)	Capital reserves (note 15)	Retained earnings	Total
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 with owners of the company:				
Dividends (note 21)	-	-	(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
Total comprehensive income:				
Profit for the year	-	-	447,720,476	447,720,476
Other comprehensive income:				
Fair value appreciation of available-for-sale investments	-	323,933	-	323,933
Total comprehensive income	-	323,933	447,720,476	448,044,409
Transactions with owners of the company:				
Dividends (note 21)	-	-	(176,591,871)	(176,591,871)
Balances as at December 31, 2015	$257,960,325	475,575,422	1,170,128,332	1,903,664,079

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

DOLPHIN COVE LIMITED

Company Statement of Cash Flows
Year ended December 31, 2015

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		447,720,476	583,119,832
Adjustments for:			
Depreciation and amortisation	8,9	73,186,805	51,842,110
Live assets retired	9	12,995,357	32,487,173
Gain on disposal of property, plant and equipment		(628,232)	-
Dividend income		-	(100,000,000)
Interest income	18(a)	(37,077,977)	(29,781,396)
Interest expense	18(b)	15,627,824	29,307,333
Impairment loss on trade receivables	4(c)	389,627	203,942
Taxation	19	(5,507,981)	(1,809,876)
		506,705,899	565,369,118
Change in:			
Accounts receivable		(16,840,096)	(54,231,315)
Inventories		(1,974,081)	(13,387,271)
Accounts payable		(5,802,600)	19,863,248
Due from related parties		(11,045)	12,761,587
Cash generated from operations		482,078,077	530,375,367
Interest paid		(19,505,815)	(24,160,638)
Income tax withheld		(1,447,412)	(1,604,932)
Net cash provided by operating activities		461,124,850	504,609,797
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		37,864,245	29,493,838
Securities purchased under resale agreements, net		(38,389,382)	(31,140,666)
Additions to property, plant and equipment	8	(99,572,418)	(104,048,633)
Proceeds from disposal of property, plant and equipment		4,051,565	-
Additions to live assets	9	(29,104,388)	(24,644,511)
Dividends received		-	100,000,000
Due from subsidiaries		(7,129,993)	(123,805,354)
Investments acquired		(2,647,177)	(16,737,424)
Net cash used by investing activities		(134,927,548)	(170,882,750)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term liabilities, net		(55,078,078)	(44,761,813)
Dividends paid		(235,455,828)	(176,591,871)
Net cash used by financing activities		(290,533,906)	(221,353,684)
Net increase in cash resources		35,663,396	112,373,363
Cash resources at beginning of the year		143,499,885	31,126,522
CASH RESOURCES AT END OF YEAR		$179,163,281	143,499,885
Comprising:			
Cash and cash equivalents		183,922,829	174,204,166
Bank overdrafts		(4,759,548)	(30,704,281)
		$179,163,281	143,499,885

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

1. Corporate structure and principal activities

(a) 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 at several locations.

During the year, the company opened a new “Dolphinarium” at Moon Palace, Ocho Rios and now offers dune buggy tours at its Propect location since 2014 (see also description of reportable segments at note 22).

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

(b) The company and its wholly-owned subsidiaries, as listed below, are collectively referred to as “the group”.

(i) 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 the company. However, effective January 1, 2014, the company assumed its operations. Dolphin Cove (Negril) Limited continues to own the real estate in Hanover which is now leased to the company.

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

(iii) 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.

(iv) 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.

(v) 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 and purchased land in St. Lucia on which the group intends to develop an attraction.

(c) On November 18, 2015, World of Dolphins Inc. (“parent company”), incorporated in Barbados, acquired 229,610,218 shares in the company or 58.51% of its issued share capital, from a majority shareholder.

1. Corporate structure and principal activities (cont'd)

(d) World of Dolphins, Inc. is a subsidiary of Controladora Dolphin SA de C.V. (intermediate holding company), which is in turn a subsidiary of Dolphin Capital Company, S. de RL de C.V. (ultimate holding company), referred to as the "Dolphin Discovery Group". Both companies are incorporated in Mexico.

(e) On December 18, 2015, the parent company made a follow-up offer, expiring on January 8, 2016, to purchase all the remaining shares of the company, with the intention of not increasing its shareholdings beyond 79.99%. The offer was accepted by 110 shareholders tendering 48,815,711 ordinary shares or 12.44% of the issued share capital of the company. In addition, one of the lockout shareholders sold a further 35,475,929 shares to the parent company, at the offer price of US$0.1338 per share.

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:

Certain new, revised and amended standards and interpretations came into effect during the current financial year. Management has assessed that the following may have been relevant:

- *Improvements to* IFRS *2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations, the main amendments 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 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets.* The standards have been amended to clarify that, at the date of revaluation:

    (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortisation) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or;

    (ii) the accumulated depreciation (amortisation) is eliminated against the gross carrying amount of the asset.

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 that became effective during the year (cont'd):

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

  - 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.

The adoption of these amendments did not result in any change to the presentation and disclosures in these financial statements.

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

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the group has not early-adopted. The group has assessed the relevance of all such new standards, amendments and interpretations with respect to the group's operations and has determined that the following are likely to have an effect on the consolidated financial statements.

- IAS 1 *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:

  - specific single disclosures that are not material do not have to be presented even if they are the minimum requirement of a standard;
  - the order of notes to the financial statements is not prescribed;
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
  - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirement for the statement of profit or loss and OCI; and
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

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):

- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation,* are effective for accounting periods beginning on or after January 1, 2016.

  - The amendment to IAS 16 *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.

  - The amendment to IAS 38 *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

- Amendments to IAS 27 *Equity Method in Separate Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.

- Amendments to IFRS 10 *Consolidated Financial Statements,* and IAS 28 *Investments in Associates and Joint Ventures,* in respect of *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, are effective for accounting periods beginning on or after January 1, 2016. The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3 *Business Combinations*.

- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures*, effective for accounting periods beginning on or after January 1, 2016, have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.

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 *2012-2014* cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the group are as follows:

  - 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 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.

  - 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 (Amendment 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.

  - 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.

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):

- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*, effective for accounting periods beginning on or after January 1, 2016, require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value but previously held interests will not be re-measured.

- IFRS 15 *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes,* IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services.* It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

  The group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

  There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

- IFRS 9 *Financial Instruments,* which is effective for accounting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. 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.

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 16 *Leases,* which is effective for accounting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

  Early adoption is permitted if IFRS 15 *Revenue from Contracts with Customers* is also adopted.

The group is assessing the impact, if any, that the foregoing standards and amendments to standards will have on its financial statements when they are adopted.

(b) Basis of preparation and functional currency:

The financial statements are prepared on the historical cost basis, modified for the inclusion of land and buildings at valuation [note 2(d)(ii)] and available-for-sale investments at fair value [note 2(i)], 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.

(c) Going concern:

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.

(d) 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.

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

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

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

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) 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.

For further information in respect of the determination of fair values and the assumptions made see notes 8(a) and 24(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.

(e) Basis of consolidation:

The consolidated financial statements include the separate financial statements of the company and its subsidiaries (note 1), made up to December 31, 2015. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(i) Subsidiaries:

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.

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

(e) Basis of consolidation (cont'd):

(ii) Transactions eliminated on consolidation:

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

(f) 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.

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.

(g) 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.

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

(h) 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.

(i) 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.

(j) Accounts receivable:

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

(k) 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.

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

(k) Related parties (cont'd):

(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).

(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).

(c) 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.

(l) Inventories:

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

(m) 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)

(m) 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 group and its cost can be measured reliably.

The costs of 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
Dune buggies	3 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)

(n) 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.

(o) Accounts payable:

Trade and other payables are stated at amortised cost.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

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

(s) Impairment (cont'd):

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.

(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.

(t) Revenue recognition:

(i) Rendering of services:

Revenue from the provision of services is recognised when the service has been provided to customers.

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

(t) Revenue recognition (cont'd):

(ii) Sale of goods:

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.

(iii) 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.

(u) 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.

(v) Expenses:

(i) Expenses:

Expenses are recognised on the accrual basis.

(ii) Finance costs:

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

(iii) Operating lease payments:

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

(w) Income taxes:

(i) Current tax:

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.

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

(w) Income taxes (cont'd):

(ii) Deferred tax:

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.

(x) 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 Executive Chairman to make decisions about resources to be allocated to the segment and assess its performance. Segment results that are reported to the Executive Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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.

(y) 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.

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.

(z) 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.

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

(z) 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.

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.

3. Investments

	The Group and the Company	
	2015	2014
(a) Current:		
Available-for-sale:		
Scotia Investments Limited:		
Scotia Canadian Growth Fund		
[US$267,143 (2014: US$277,232)]	31,961,454	31,637,521
Loans and receivables:		
Fixed deposits		
[US$2,125 (2014: US$2,125)]	258,340	242,575
	$32,219,794	31,880,096

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

3. Investments (cont'd)

	The Group and the Company 2015	2014
(b) Non-current:		
Loans and receivables:		
Investment note 2016 [US$150,000 (2014: US$148,950]	$19,311,712	16,680,300

4. Accounts receivable

	The Group 2015	2014	The Company 2015	2014
Trade receivables (a)	158,728,793	174,429,107	151,138,761	166,839,074
Other receivables (b)	65,462,274	33,708,132	65,409,773	33,655,632
	224,191,067	208,137,239	216,548,534	200,494,706
Less: Allowance for impairment (c)	(43,222,456)	(42,832,829)	(35,632,423)	(35,242,796)
	$180,968,611	165,304,410	180,916,111	165,251,910

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

	The Group			
	2015		2014	
	Gross	Impairment	Gross	Impairment
Due 0-30 days	98,882,673	-	89,155,962	-
Past due 31-60 days	9,861,415	-	16,875,743	-
Past due 61–90 days	2,757,504	-	5,427,533	-
More than 90 days	47,227,201	43,222,456	62,969,869	42,832,829
Total	$158,728,793	43,222,456	174,429,107	42,832,829

	The Company			
	2015		2014	
	Gross	Impairment	Gross	Impairment
Due 0-30 days	98,882,673	-	89,155,962	-
Past due 31-60 days	9,861,415	-	16,875,743	-
Past due 61–90 days	2,757,504	-	5,427,533	-
More than 90 days	39,637,169	35,632,423	55,379,836	35,242,796
Total	$151,138,761	35,632,423	166,839,074	35,242,796

(b) Other receivables include:

(i) Amounts due from related parties aggregating $6,466,453 (2014: $Nil) for the group and the company.

(ii) Deposits of $24,100,000 (US$200,025) [2014: $Nil], for the group and the company, in respect of the acquisition of four (4) dolphins from its parent company [note 23(b)].

4. Accounts receivable (cont'd)

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

	The Group		The Company	
	2015	2014	2015	2014
Balance at beginning of year	42,832,829	41,434,496	35,242,796	35,038,854
Impairment loss recognised in profit or loss	389,627	1,398,333	389,627	203,942
Balance at end of year	$43,222,456	42,832,829	35,632,423	35,242,796

The creation and release of provisions for impaired receivables have been included in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

There were no financial assets other than those listed above that were individually impaired.

5. Related party balances and transactions

(a) Identity of related parties:

The company has related party relationships with its parent company, its holding companies, subsidiaries, fellow subsidiaries, its directors and key management personnel.

(b) The statement of financial position includes balances arising in the ordinary course of business with related parties as follows:

(i) Due from/to related parties/subsidiaries - current:

This comprises amounts due from/to subsidiaries which are unsecured, interest-free and repayable on demand.

(ii) Due from subsidiaries - non-current:

		The Company	
		2015	2014
Dolphin Cove (Negril) Limited: 10% US$ loan [US$1,544,551 (2014: US$1,877,996)]	(a)	184,793,039	214,315,547
DCTCI Limited: 3.5% US$ loan [US$1,695,943 (2014: US$1,540,882)]	(b)	203,008,769	175,844,407
Marine Adventure Park Limited 3.5% US$ loan [US$888,710 (2014: US$848,576)]	(b)	106,326,999	96,838,860
		$494,128,807	486,998,814

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

(b) (Cont'd):

(ii) Due from subsidiaries – non-current (cont'd):

(a) This loan bears interest at 10% per annum, is unsecured and has no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.

(b) 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 8(c)]. These loans, along with additional advances during the year, are unsecured, bear interest at 3.5% per annum and have no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.

Other related party balances are disclosed in notes 4(b) and 7.

(c) Profit or loss includes the following (income)/expense transactions with related parties in the ordinary course of business (not disclosed elsewhere).

	The Group		The Company	
	2015	2014	2015	2014
	$	$	$	$
Rental paid to a subsidiary	-	-	20,781,341	17,308,862
Inventory bought from a subsidiary	-	-	-	7,580,222
Interest earned from subsidiaries [note 5(b)]	-	-	29,430,603	22,692,327

Other related party transactions are disclosed in note (d) below and note 23(a).

(d) Key management personnel compensation:

	The Group and the Company	
	2015	2014
	$	$
Directors' emoluments:		
Fees	8,491,196	9,331,200
Management	39,167,566	25,679,659
Key management personnel compensation*	28,388,521	24,440,202

* Key management personnel compensation is included in staff costs [note 17(e)].

Directors of the company and entities under their control hold approximately 82% (2014: 82%) of the voting stock units of the company [see note 1(c)].

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

6. Inventories

	The Group and the Company	
	2015	2014
Items for resale	35,174,088	34,557,079
Dolphin food	4,872,140	3,494,438
	40,046,228	38,051,517
Less: Allowance for impairment	(1,334,066)	(1,313,436)
	$38,712,162	36,738,081
Inventories charged to expenses during the year	$31,453,369	31,150,254

7. Investment in subsidiaries

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

	2015	2014
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 & dune buggies	Capital work-in-progress	Total
Cost or valuation:						
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
Additions	23,136,940	6,988,938	53,602,372	15,690,362	13,116,946	112,535,558
Disposal	-	-	-	(9,593,660)	-	(9,593,660)
Translation adjustment	-	-	-	-	13,196,021	13,196,021
Transfer	-	273,594	15,653,746	-	(15,927,340)	-
December 31, 2015	1,742,697,445	10,659,850	273,681,173	60,728,585	292,274,908	2,380,041,961
Depreciation:						
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
Charge for the year	17,162,953	584,080	21,402,100	14,183,761	-	53,332,894
Eliminated on disposal	-	-	-	(6,170,327)	-	(6,170,327)
December 31, 2015	17,162,953	1,953,269	119,029,190	23,023,924	-	161,169,336
Net book values:						
December 31, 2015	$1,725,534,492	8,706,581	154,651,983	37,704,661	292,274,908	2,218,872,625
December 31, 2014	$1,719,560,505	2,028,129	106,797,965	39,621,393	281,889,281	2,149,897,273

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

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

	The Company					
	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles & dune buggies	Capital work-in-progress	Total
Cost or valuation:						
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
Additions	23,136,940	6,988,938	53,602,372	15,690,363	153,805	99,572,418
Disposal	-	-	-	(9,593,660)	-	(9,593,660)
Transfer	-	273,594	15,653,746	-	(15,927,340)	-
December 31, 2015	663,719,740	11,957,278	247,115,001	57,205,182	991,034	980,988,235
Depreciation:						
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	-	99,636,254
Charge for the year	9,145,184	584,080	18,594,452	13,713,974	-	42,037,690
Eliminated on disposals	-	-	-	(6,170,327)	-	(6,170,327)
December 31, 2015	9,145,184	1,953,269	104,904,644	19,500,520	-	135,503,617
Net book values:						
December 31, 2015	$654,574,556	10,004,009	142,210,357	37,704,662	991,034	845,484,618
December 31, 2014	$640,582,800	3,325,557	91,548,691	39,151,606	16,764,569	791,373,223

(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). The directors have determined that the estimated market value of these land and buildings as at the reporting date are not materially different from their carrying values.

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(d)(ii)].

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 (2014: $1,195,100,384) for the group and $290,000,000 (2014: $290,000,000) for the company.

(c) Capital work-in-progress includes land, at a cost of US$1,850,000 (2014: US$1,850,000), and related expenditure incurred in connection with the planned development of an attraction in the Turks and Caicos Islands and St. Lucia [note 1(b)(iii) and (v)].

In the prior year, this also included an asset, costing approximately $15 million, which was installed and brought into use during the current year.

(d) As at December 31, 2015, properties with a carrying value of approximately $1 billion (2014: $1 billion) were subject to registered mortgages and debentures that forms security for certain bank loans [see note 13(a)].

(e) During the year, management reviewed the estimated useful life of its dune buggies and determined that a decrease to 3 years from 5 years was necessary given their current usage. The effect on profit or loss for the year was an increase in depreciation charge of approximately $2.8 million.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

9. Live assets

	The Group		
	Dolphin costs	Other animals	Total
Cost:			
December 31, 2013	429,804,068	10,409,714	440,213,782
Additions	23,977,078	667,433	24,644,511
Disposals	(36,097,135)	-	(36,097,135)
December 31, 2014	417,684,011	11,077,147	428,761,158
Additions	25,520,000	3,584,388	29,104,388
Retirement	(15,310,173)	-	(15,310,173)
December 31, 2015	427,893,838	14,661,535	442,555,373
Amortisation:			
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
Charge for the year	30,437,643	742,241	31,179,884
Eliminated on retirement	(2,314,816)	-	(2,314,816)
December 31, 2015	105,964,812	6,458,625	112,423,437
Net book values:			
December 31, 2015	$321,929,026	8,202,910	330,131,936
December 31, 2014	$339,842,026	5,360,763	345,202,789

	The Company		
	Dolphins costs	Other animals	Total
At cost or deemed:			
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
Additions	25,520,000	3,584,388	29,104,388
Retirement	(15,310,173)	-	(15,310,173)
December 31, 2015	427,893,838	14,200,035	442,093,873
Amortisation:			
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
Charge for the year	30,437,643	711,472	31,149,115
Eliminated on retirement	(2,314,816)	-	(2,314,816)
December 31, 2015	105,964,812	6,323,026	112,287,838
Net book values:			
December 31, 2015	$321,929,026	7,877,009	329,806,035
December 31, 2014	$339,842,026	5,004,093	344,846,119

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

10. Bank overdrafts

The group has a $6.5 million overdraft facility, with The Bank of Nova Scotia Jamaica Limited at an interest rate of base rate plus 2%, which is secured by a hypothecation of cash deposits. 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.

The bank has also issued guarantees aggregating $15,180,928 (2014: $Nil) on behalf of the company in favor of the Collector of Customs.

11. Accounts payable

	The Group		The Company	
	2015	2014	2015	2014
Trade payables	61,200,638	60,365,037	56,851,824	51,909,114
Tax payable on dividends	-	23,152,960	-	23,152,960
Other payables and accruals	68,569,196	59,348,233	63,643,321	55,113,562
	$129,769,834	142,866,230	120,495,045	130,175,636

12. Deferred tax liability

Deferred tax is attributable to the following:

	The Group					
	Balance at December 31, 2013	Recognised in income (note 19)	Recognised in equity	Balance at December 31, 2014	Recognised in income (note 19)	Balance at December 31, 2015
Accounts receivable	-	-	-	-	46,306	46,306
Property, plant and equipment	(5,333,320)	(2,241,695)	51,776,896	44,201,881	(1,688,150)	42,513,731
Live assets	42,834,094	(3,928,324)	-	38,905,770	(3,844,626)	35,061,144
Accounts payable	-	-	-	-	(2,264,723)	(2,264,723)
Unrealised foreign exchange gains	-	-	-	-	585,036	585,036
	$37,500,774	(6,170,019)	51,776,896	83,107,651	(7,166,157)	75,941,494

	The Company					
	Balance at December 31, 2013	Recognised in income (note 19)	Recognised in equity	Balance at December 31, 2014	Recognised in income (note 19)	Balance at December 31, 2015
Accounts receivable	-	-	-	-	46,306	46,306
Property, plant and equipment	(9,693,463)	2,118,448	51,776,896	44,201,881	(1,688,150)	42,513,731
Live assets	42,834,094	(3,928,324)	-	38,905,770	(3,844,626)	35,061,144
Accounts payable	-	-	-	-	(2,264,723)	(2,264,723)
Unrealised foreign exchange gains	-	-	-	-	585,036	585,036
	$33,140,631	(1,809,876)	51,776,896	83,107,651	(7,166,157)	75,941,494

13. Long-term liabilities

		The Group and the Company	
		2015	2014
Long-term loans:			
Sagicor Bank Jamaica Limited loans:			
Loan A	(a)	28,101,282	37,121,208
Loan B	(b)	149,854,247	190,909,091
The Bank of Nova Scotia Jamaica Limited	(c)	-	5,003,308
Due to property vendor	(d)	45,127,500	45,127,500
		223,083,029	278,161,107
Less: Current portion		(95,127,504)	(96,707,504)
		$127,955,525	181,453,603

(a) This represents the balance on a $50,000,000 loan financed by Development Bank of Jamaica Limited in 2013, 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; and

- Debenture over the fixed and floating assets of Dolphin Cove Limited, stamped to cover $100 million.

(b) This represents a J$ loan equivalent to US$2,250,000 financed by Development Bank of Jamaica Limited, also in 2013. 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.

(c) This represented the balance on a J$ loan of $7,900,000 which bore interest at 9% per annum and repayable in sixty (60) months. The loan was fully settled during the year. The loan was 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 commencing in 2009 was repayable within four years. The second parcel of land was purchased with a loan of $15,000,000 in 2012, 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, 2015, the title has not yet been transferred. Interest was payable quarterly at a rate of 12% per annum on both loans. However, effective, March 3, 2014, interest accrual ceased.

14. Share capital

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

	2015	2014
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	
	2015	2014	2015	2014
Revaluation surplus arising on (note 8):				
Land	1,023,713,995	1,023,713,995	254,789,590	254,789,590
Buildings	329,979,067	329,979,067	284,930,065	284,930,065
	1,353,693,062	1,353,693,062	539,719,655	539,719,655
Deferred tax arising on revalued buildings (note 12)	(71,232,516)	(71,232,516)	(71,232,516)	(71,232,516)
Foreign currency translation reserve (a)	51,431,526	38,235,505	-	-
Investment revaluation reserve (b)	7,088,283	6,764,350	7,088,283	6,764,350
	$1,340,980,355	1,327,460,401	475,575,422	475,251,489

(a) Foreign currency translation reserve represents the exchange differences arising on translation of the financial statements of the company's foreign subsidiaries [note 1(b)], 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)(ii)].

(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(i) and 3(a)].

16. Operating revenue

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

(a) Dolphin attraction revenue represents programme fees from hotels, cruise ships and walk-in guests.

(b) Ancillary services revenue represents revenue from the operations of restaurants, gift shops, photo shops and other adventure tours.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

17. Disclosure of expenses

(a) Direct costs of dolphin attraction represent dolphin food, rental of dolphins, medication and veterinary services and other consumables.

(b) Direct costs of ancillary services represents operating costs of restaurants, gift shops, photo shops and other adventure tours.

(c) Operating expenses:

	The Group		The Company	
	2015	2014	2015	2014
Staff costs	436,471,124	390,594,210	436,471,124	390,594,210
Repairs and maintenance	25,784,247	23,893,143	25,784,247	23,834,937
Advertising, marketing and promotion	153,105,745	167,337,540	153,105,745	167,337,540
Guest transportation and tour charge	243,622,130	226,878,280	243,622,130	226,878,280
Travel and entertainment	35,332,078	33,987,623	35,332,078	33,987,623
Legal and professional fees	45,490,915	26,030,710	38,074,228	24,138,275
Rental, utilities and office expenses	66,603,075	58,592,015	87,384,416	75,697,857
Insurance	17,773,841	13,646,906	16,513,931	12,401,906
Security	30,551,610	28,962,115	30,551,610	28,962,115
Depreciation	84,512,778	59,709,206	73,186,805	51,842,110
Other	55,731,254	48,212,015	65,427,669	45,802,254
	$1,194,978,797	1,077,843,763	1,205,453,983	1,081,477,107

(d) Other required disclosure:

	The Group		The Company	
	2015	2014	2015	2014
	$	$	$	$
Auditors' remuneration	8,430,000	6,020,000	6,695,000	4,565,000

(e) Staff costs:

	The Group and the Company	
	2015	2014
Salaries and wages	360,161,821	325,150,922
Payroll taxes	37,527,725	34,156,587
Commission	14,092,208	11,855,502
Other benefits	24,689,370	19,431,199
	$436,471,124	390,594,210

18. Finance income/(costs)

	The Group		The Company	
	2015	2014	2015	2014
(a) Finance income:				
Net foreign exchange gains	27,996,306	30,883,878	50,156,145	58,590,070
Interest income	7,647,374	7,195,384	37,077,977	29,781,396
	$35,643,680	38,079,262	87,234,122	88,371,466
(b) Finance costs:				
Interest expense	(15,986,982)	(29,307,333)	(15,627,824)	(29,307,333)
Bank charges	(10,110,065)	(9,947,933)	(10,110,065)	(8,853,938)
Credit card charges	(9,741,987)	(8,233,202)	(9,741,987)	(8,233,202)
	$(35,839,034)	(47,488,468)	(35,479,876)	(46,394,473)

19. Taxation

	The Group		The Company	
	2015	2014	2015	2014
(a) Income tax charge:				
(i) Current tax at 25%	3,316,352	-	3,316,352	-
Remission at 50% of standard rate [note (c)]	(1,658,176)	-	(1,658,176)	-
	1,658,176	-	1,658,176	-
(ii) Deferred taxation: Origination of temporary differences (note 12)	(7,166,157)	(6,170,019)	(7,166,157)	(1,809,876)
	$(5,507,981)	(6,170,019)	(5,507,981)	(1,809,876)

(b) Reconciliation of actual tax credit:

	The Group		The Company	
	2015	2014	2015	2014
Profit before taxation	$400,738,081	433,557,101	442,212,495	581,309,956
Computed "expected" tax charge at the company's statutory rate of 25%	100,184,520	108,389,275	110,553,124	145,327,489
Tax effect of differences between treatment for financial statement and taxation purposes:				
Disallowed items, net	2,691,936	20,364,509	(7,676,668)	12,786,438
Exempt income	-	-	-	(25,000,000)
Tax remission [note (c)]	(108,384,437)	(134,923,803)	(108,384,437)	(134,923,803)
Actual tax credit recognised in profit for the year	$(5,507,981)	(6,170,019)	(5,507,981)	(1,809,876)

(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

19. Taxation (cont'd)

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

(e) In the prior year, the Government of Jamaica enacted new tax measures to change the tax incentive regimes applicable to various industries. One such measure is the employment tax credit. Businesses that are tax compliant with respect to statutory contributions (both employer and employee portions) are now able to claim such statutory contributions paid as a credit against and up to 30% of their income tax liability. Unused employment tax credit (ETC) cannot be carried forward or refunded and some or all of the ETC claimed may be clawed back out of future distributions to shareholders.

These new tax measures have resulted in changes in the income tax and capital allowances computations. However, given the current tax position of the company, as disclosed in note (c) above, they will not materially affect the group's tax position until the end of the tax remission period.

(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 in St. Lucia. However, the companies had not commenced operations as at the reporting date [note 1(e)].

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

(h) At December 31, 2015, 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 (2014: $50 million) for the group and Nil (2014: Nil) for the company. Tax losses may still be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of chargeable income for that year.

(i) A deferred tax asset of approximately $17 million (2014: $10.5 million) relating to available tax losses and timing differences has not been recognised at December 31, 2015, by a subsidiary as management considers that the financial and operational strategies initiated to utilise the benefits of the deferred tax asset are still to be initiated.

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.

	2015	2014
Profit for the year attributable to stockholders of the company	$406,246,062	439,727,120
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)	103.52¢	112.05¢

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

21. Dividends

	2015		2014	
	Dividend per ordinary stock unit	Dividends paid	Dividend per ordinary stock unit	Dividends paid
		$		$
First interim dividend:				
May 11, 2015 (2014: March 21, 2014)	15¢	58,863,957	15¢	58,863,957
Second interim dividend:				
August 26, 2015 (2014: June 12, 2014)	15¢	58,863,957	15¢	58,863,957
Third interim dividend:				
October 29, 2015 (2014: October 3, 2014)	15¢	58,863,957	15¢	58,863,957
Fourth interim dividend:				
None (2014: December 19, 2014)	-	-	15¢	58,863,957
	45¢	176,591,871	60¢	235,455,828

22. 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, Half Moon and Moon Palace locations. Operations in St. Lucia and the Turks & Caicos Islands have not yet commenced [see note 1(b)]. Only dolphin programmes are offered at the Half Moon location. Dune buggy, Horseback and plantation tours, which include camel rides, ostriches and a butterfly enclosure, are offered at the Prospect location. At the Moon Palace location, a gift shop is also operated and dolphin programmes are offered.

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

	2015			
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	$ 1,267,583,199	446,840,050	200,001,895	1,914,425,144
Finance income	$ 85,433,146	1,800,976	-	87,234,122
Finance costs	$(35,479,876)	(28,591,458)	-	(64,071,334)
Depreciation and amortisation	$(60,615,172)	(10,296,540)	(13,601,066)	(84,512,778)
Taxation	$ 5,507,981	-	-	5,507,981
Segment profit after tax	$ 266,173,039	121,646,424	49,802,511	437,621,974
Reportable segment assets	$ 2,520,848,451	768,661,239	412,465,214	3,701,974,904
Capital expenditure	$ 54,170,811	3,365,187	54,999,560	112,535,558
Reportable segment liabilities	$ 409,936,011	208,753,144	309,204,321	927,893,476

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2015

22. Segment results (cont'd)

	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

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

	2015	2014
Revenue		
Total revenue for reportable segments	1,914,425,144	1,846,971,359
Less other income	(838,269)	(1,234,540)
Elimination of inter-segment management fees	(31,200,000)	(31,200,000)
Elimination of inter-segment rental income	(114,264,341)	(106,854,366)
	$1,768,122,534	1,707,682,453
Finance income		
Total finance income for reportable segments	87,234,122	88,477,781
Translation adjustment on consolidation	(13,196,021)	(19,156,592)
Elimination of inter-company transactions	(38,394,421)	(31,241,927)
Consolidated finance income	$ 35,643,680	38,079,262
Finance costs		
Total finance costs for reportable segments	64,071,334	69,644,166
Elimination of inter-company transactions	(28,232,300)	(22,155,698)
Consolidated finance costs	$ 35,839,034	47,488,468
Assets		
Total assets for reportable segments	3,701,974,904	3,611,609,323
Elimination of investment in subsidiaries	(33,428,714)	(33,428,714)
Elimination of due from subsidiaries	(494,128,807)	(486,998,814)
Consolidated total assets	$3,174,417,383	3,091,181,795
Liabilities		
Total liabilities for reportable segments	927,893,476	1,080,702,040
Elimination of due to parent company	(494,128,807)	(486,998,814)
Consolidated total liabilities	$ 433,764,669	593,703,226
Profit after tax		
Segment profit after tax	437,621,974	572,293,942
Depreciation charge on consolidation	(8,017,770)	(4,324,002)
Elimination of inter-company dividends and interest	(10,162,121)	(109,086,228)
Translation adjustment on consolidation	(13,196,021)	(19,156,592)
Consolidated profit for the year	$ 406,246,062	439,727,120

23. 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(b)(i)].

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

	The Group		The Company	
	2015	2014	2015	2014
Within one year	14,449,800	13,759,284	35,761,810	34,052,852
Between one and five years	14,449,800	13,759,284	99,697,840	94,933,556
Over five years	-	-	316,128,149	301,021,258
	$28,899,600	27,518,568	451,587,799	430,007,666
Operating lease payments recognised in profit or loss	$14,070,000	12,230,000	34,851,341	29,538,862

(b) Capital commitments:

There were no capital commitments as at December 31, 2014. However, as at December 31, 2015 the company had an agreement to purchase dolphins from its parent company at a cost of US$349,050 of which US$200,025 was paid as a deposit [note 4(b)(ii)].

24. 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.

24. 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 11 (2014: 10) major customers for the group and the company who materially comprised trade receivables. As at December 31, 2015, amounts receivable from these customers aggregated $57,183,051 (2014: $83,701,200) for the group and the company. These represent 39% (2014: 50%) of trade receivables for the group and the company.

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.

24. 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	
	2015	2014	2015	2014
Fixed rate instruments:				
Financial assets	287,425,578	242,528,335	781,554,385	729,527,149
Financial liabilities	(223,083,029)	(278,161,107)	(223,083,029)	(278,161,107)
	$ 64,342,549	(35,632,772)	558,471,356	451,366,042
Variable rate instruments:				
Financial assets	68,196,231	101,288,053	68,196,231	101,288,053
Financial liabilities	(4,759,548)	(30,704,281)	(4,759,548)	(30,704,281)
	$ 63,436,683	70,583,772	63,436,683	70,583,772

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 and the Company			
	2015		2014	
	Increase 100bp	Decrease 150bp	Increase 250bp	Decrease 100bp
Effect on profit (decrease)/increase	$634,367	(951,550)	1,764,594	(705,838)

24. 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)

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

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	
	2015	2014	2015	2014
Cash and cash equivalents	1,136,312	1,261,348	1,136,312	931,518
Securities purchased under resale agreements	1,357,588	1,084,105	1,357,588	1,084,105
Investments	421,393	430,432	421,393	430,432
Accounts receivable	954,146	1,296,337	954,146	1,296,337
Due from related parties	-	-	4,129,204	4,267,454
Bank overdrafts	(5,845)	(203,238)	(5,845)	(203,238)
Accounts payable	(177,264)	(315,743)	(176,832)	(236,728)
	US$ 3,686,330	3,553,241	7,815,966	7,569,880
Equivalent to	J$441,032,521	405,495,863	935,102,412	863,874,706

24. 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, 2015: $119.64
At December 31, 2014: $114.12

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	
	2015	2014	2015	2014
	$	$	$	$
8% (2014: 10%) strengthening of the US$ against the J$	35,282,602	40,549,586	74,808,193	86,387,471
1% (2014: 1%) weakening of the US$ against the J$	(4,410,325)	(4,054,959)	(9,351,024)	(8,638,747)

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

(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					
	2015					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	4,759,548	4,759,548	4,759,548	-	-	-
Accounts payable	129,769,834	129,769,834	129,769,834	-	-	-
Long-term liabilities	223,083,029	311,315,284	33,881,200	77,862,080	124,974,413	74,597,591
Total financial liabilities	$357,612,411	445,844,666	168,410,582	77,862,080	124,974,413	74,597,591

24. Financial instruments (cont'd)

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

(iii) Liquidity risk (cont'd):

	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	-	-	-
Accounts payable	142,866,230	142,866,230	142,866,230	-	-	-
Dividends payable	58,863,957	58,863,957	58,863,957	-	-	-
Long-term liabilities	278,161,107	334,792,826	38,973,100	83,039,506	128,285,387	84,494,833
Total financial liabilities	$510,595,575	567,227,294	271,407,568	83,039,506	128,285,387	84,494,833

	The Company					
	2015					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	4,759,548	4,759,548	4,759,548	-	-	-
Accounts payable	120,495,045	120,495,045	120,495,045	-	-	-
Due to subsidiaries	28,472	28,472	28,472	-	-	-
Long-term liabilities	223,083,029	311,315,284	33,881,200	77,862,080	124,974,413	74,597,591
Total financial liabilities	$348,366,094	436,598,349	159,164,265	77,862,080	124,974,413	74,597,591

	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	-	-	-
Accounts payable	130,175,636	130,175,636	130,175,636	-	-	-
Due to subsidiaries	28,472	28,472	28,472	-	-	-
Dividends payable	58,863,957	58,863,957	58,863,957	-	-	-
Long-term liabilities	278,161,107	334,792,826	38,973,100	83,039,506	128,285,387	84,494,833
Total financial liabilities	$497,933,453	554,565,172	258,745,446	83,039,506	128,285,387	84,494,833

(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.

24. Financial instruments (cont'd)

(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 and accounts payable are assumed to approximate their carrying values due to their relatively short-term nature.

(ii) Amounts due from related parties are assumed to approximate their fair value due to their short-term nature and/or an ability to effect future set-offs in the amounts disclosed.

(iii) 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(i).

(iv) 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.