DOLPHIN COVE LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2010

KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
DOLPHIN COVE LIMITED

Report on the Financial Statements

We have audited the financial statements of Dolphin Cove Limited ("the company") and the consolidated financial statements of the company and its subsidiaries (collectively, "the group"), set out on pages 3 to 36, which comprise the group's and the company's statements of financial position as at December 31, 2010, the group's and the company's statements of 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 and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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.

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
DOLPHIN COVE LIMITED

Report on the Financial Statements, cont'd

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, 2010, and of their financial performance, changes in stockholders' equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Additional reporting requirements of 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 and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner so required.

KPMG

Chartered Accountants
Montego Bay, Jamaica

March 7, 2011

DOLPHIN COVE LIMITED

Group Statement of Financial Position
December 31, 2010

	Notes	2010	2009
CURRENT ASSETS			
Cash and cash equivalents		18,815,314	38,434,253
Securities purchased under resale agreements		203,424,623	69,254,100
Accounts receivable	3	124,635,189	104,119,409
Due from related parties	4(a)	2,397,907	54,172,509
Taxation recoverable		2,089,992	2,156,223
Inventories	5	25,319,369	19,465,021
		376,682,394	287,601,515
NON-CURRENT ASSETS			
Property, plant and equipment	7	793,153,307	659,236,008
Biological assets	8	117,440,052	126,896,152
Loan receivable	9	625,798	35,922,834
		911,219,157	822,054,994
TOTAL ASSETS		$1,287,901,551	1,109,656,509
CURRENT LIABILITIES			
Bank overdrafts	10	19,552,951	23,912,799
Accounts payable and provisions	11	62,554,622	60,644,529
Current portion of long-term loans	13	85,311,252	33,788,369
Taxation payable		6,499,376	23,910,792
		173,918,201	142,256,489
NON-CURRENT LIABILITIES			
Deferred tax liability	12	9,447,872	6,567,363
Long-term liabilities	13	248,338,046	129,779,915
		257,785,918	136,347,278
STOCKHOLDERS' EQUITY			
Share capital	14	258,217,124	39,053,297
Capital reserve	15	345,742,071	345,742,071
Retained earnings		252,238,237	446,257,374
		856,197,432	831,052,742
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		$1,287,901,551	1,109,656,509

The financial statements on pages 3 to 36 were approved by the Board of Directors on March 7, 2011 and signed on its behalf by:

Director
Stafford Burrowes, O.D.

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

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

DOLPHIN COVE LIMITED

Group Statement of Comprehensive Income
Year ended December 31, 2010

	Notes	2010	2009
OPERATING REVENUE	16		
Dolphin attraction revenue		619,843,889	556,308,654
Less: Direct costs of dolphin attraction		(101,168,676)	(93,171,686)
		518,675,213	463,136,968
Ancillary services revenue		259,795,037	276,329,597
Less: Direct costs of ancillary services		(47,313,516)	(50,905,857)
		212,481,521	225,423,740
Gross profit		731,156,734	688,560,708
Gain on disposal of property, plant and equipment		642,400	267,000
Other income		833,965	-
		732,633,099	688,827,708
OPERATING EXPENSES			
Selling		257,447,514	248,835,466
Other operations		210,468,108	192,914,012
Administrative		126,622,943	124,589,157
		594,538,565	566,338,635
Profit before finance income and costs		138,094,534	122,489,073
Finance income	17(a)	(1,910,952)	10,903,294
Finance costs	17(b)	(29,405,694)	(23,200,010)
Profit before taxation		106,777,888	110,192,357
Taxation	18	(37,608,375)	(5,466,727)
Profit for the year	19	69,169,513	104,725,630
OTHER COMPREHENSIVE INCOME			
Revaluation of land and buildings	7	-	371,682,898
Deferred tax arising on revalued buildings	12	-	(25,940,827)
		-	345,742,071
Total comprehensive income		$ 69,169,513	450,467,701
Earnings per stock unit	20	21.68¢	33.52¢

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, 2010

	Share capital (note 14)	Capital reserve (note 15)	Capital redemption reserve	Retained earnings	Total
Balances at December 31, 2008	39,053,297	-	27,538,000	313,993,744	380,585,041
Transactions recorded directly in equity:					
Transfer	-	-	(27,538,000)	27,538,000	-
Total comprehensive income:					
Profit for the year	-	-	-	104,725,630	104,725,630
Other comprehensive income:					
Revaluation of land and buildings	-	371,682,898	-	-	371,682,898
Deferred tax on revaluation	-	(25,940,827)	-	-	(25,940,827)
Total comprehensive income	-	345,742,071	-	104,725,630	450,467,701
Balances at December 31, 2009	39,053,297	345,742,071	-	446,257,374	831,052,742
Transactions recorded directly in equity:					
Issue of shares (note 14)	219,163,827	-	-	-	219,163,827
Dividends (note 22)	-	-	-	(263,188,650)	(263,188,650)
	219,163,827	-	-	(263,188,650)	(44,024,823)
Total comprehensive income:					
Profit for the year	-	-	-	69,169,513	69,169,513
Balances at December 31, 2010	$258,217,124	345,742,071	-	252,238,237	856,197,432

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

DOLPHIN COVE LIMITED

Group Statement of Cash Flows
Year ended December 31, 2010

	Notes	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		69,169,513	104,725,630
Adjustments for:			
Depreciation and amortisation	7,8	25,769,666	34,331,376
Interest income	17	(2,193,563)	(3,442,608)
Interest expense	17	21,743,943	15,783,464
Gain on disposal of property, plant and equipment		(642,400)	(267,000)
Tax expense	18	37,608,375	5,466,727
Operating profit before changes in working capital		151,455,534	156,597,589
Accounts receivable		(20,515,780)	(9,832,581)
Inventories		(5,854,348)	(2,793,332)
Accounts payable and provisions		24,943	(90,292)
Due from/to related parties, net		51,774,602	(28,882,198)
Cash generated from operations		176,884,951	114,999,186
Interest paid		(19,858,793)	(8,551,903)
Income tax paid		(52,073,051)	(1,023,669)
Net cash provided by operating activities		104,953,107	105,423,614
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,193,563	3,442,608
Securities purchased under resale agreements acquired, net		(134,170,523)	(68,855,381)
Additions to property, plant and equipment	7	(151,192,566)	(130,051,872)
Proceeds from disposal of property, plant and equipment		1,910,000	21,930,588
Additions to biological assets	8	(305,899)	(78,045,901)
Loan receivable		35,297,036	28,446,145
Net cash used by investing activities		(246,268,389)	(223,133,813)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term liabilities, net		170,081,014	102,506,890
Shares issued, net of expenses	14	219,163,827	-
Dividends paid	22	(263,188,650)	-
Net cash provided by financing activities		126,056,191	102,506,890
Net decrease in cash resources		(15,259,091)	(15,203,309)
Cash resources at beginning of the year		14,521,454	29,724,763
CASH RESOURCES AT END OF YEAR		$(737,637)	14,521,454
Comprising:			
Cash and cash equivalents		18,815,314	38,434,253
Bank overdrafts, unsecured		(19,552,951)	(23,912,799)
		$(737,637)	14,521,454

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

DOLPHIN COVE LIMITED

Company Statement of Financial Position
December 31, 2010

	Notes	2010	2009
CURRENT ASSETS			
Cash and cash equivalents		18,328,842	38,434,253
Securities purchased under resale agreements		203,424,623	69,254,100
Accounts receivable	3	112,220,925	104,119,409
Due from subsidiary	4(a)	-	2,158,356
Due from related parties	4(a)	2,397,907	54,028,061
Taxation recoverable		2,089,421	2,156,223
Inventories	5	19,158,718	19,465,021
		357,620,436	289,615,423
NON-CURRENT ASSETS			
Investment in subsidiaries	6	33,220,242	33,120,240
Property, plant and equipment	7	302,038,655	425,136,008
Biological assets	8	117,326,672	126,896,152
Loan receivable	9	625,798	35,922,834
Due from subsidiary	4(b)	278,529,425	-
		731,740,792	621,075,234
TOTAL ASSETS		$1,089,361,228	910,690,657
CURRENT LIABILITIES			
Bank overdrafts	10	18,246,565	23,912,799
Accounts payable and provisions	11	57,477,844	60,644,529
Current portion of long-term loans	13	85,311,252	33,788,369
Taxation payable		6,499,376	23,910,792
		167,535,037	142,256,489
NON-CURRENT LIABILITIES			
Deferred tax liability	12	4,838,202	6,567,363
Long term liabilities	13	248,338,046	129,779,915
		253,176,248	136,347,278
STOCKHOLDERS' EQUITY			
Share capital	14	258,217,124	39,053,297
Capital reserve	15	138,271,244	138,271,244
Retained earnings		272,161,575	454,762,349
		668,649,943	632,086,890
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		$1,089,361,228	910,690,657

The financial statements on pages 3 to 36 were approved by the Board of Directors on March 7, 2011 and signed on its behalf by:

_________________________ Director
Stafford Burrowes, O.D.

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

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

DOLPHIN COVE LIMITED

Company Statement of Comprehensive Income
Year ended December 31, 2010

	Notes	2010	2009
OPERATING REVENUE	16		
Dolphin attraction revenue		604,297,605	556,308,654
Less: Direct costs of dolphin attraction		(99,962,815)	(93,171,686)
		504,334,790	463,136,968
Ancillary services revenue		253,102,485	276,329,597
Less: Direct costs of ancillary services		(46,140,546)	(50,905,857)
		206,961,939	225,423,740
Gross profit		711,296,729	688,560,708
Gain on disposal of property, plant and equipment		642,400	267,000
		711,939,129	688,827,708
OPERATING EXPENSES			
Selling		257,713,384	248,835,466
Other operations		192,998,249	192,701,531
Administrative		124,884,353	124,589,157
		575,595,986	566,126,154
Profit before finance income and costs		136,343,143	122,701,554
Finance income	17(a)	7,647,373	10,888,545
Finance costs	17(b)	(30,403,935)	(23,200,010)
Profit before taxation		113,586,581	110,390,089
Taxation	18	(32,998,705)	(5,466,727)
Profit for the year	19	80,587,876	104,923,362
OTHER COMPREHENSIVE INCOME			
Revaluation of land and buildings	7	-	164,212,071
Deferred tax arising on revalued buildings	12	-	(25,940,827)
		-	138,271,244
Total comprehensive income		$ 80,587,876	243,194,606
Earnings per stock unit	20	25.26¢	33.58¢

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, 2010

	Share capital (note 14)	Capital reserve (note 15)	Capital redemption reserve	Retained earnings	Total
Balances at December 31, 2008	39,053,297	-	27,538,000	322,300,987	388,892,284
Transactions recorded directly in equity:					
Transfer	-	-	(27,538,000)	27,538,000	-
Total comprehensive income:					
Profit for the year	-	-	-	104,923,362	104,923,362
Other comprehensive income:					
Revaluation of land and buildings	-	164,212,071	-	-	164,212,071
Deferred tax on revaluation	-	(25,940,827)	-	-	(25,940,827)
Total comprehensive income	-	138,271,244	-	104,923,362	243,194,606
Balances at December 31, 2009	39,053,297	138,271,244	-	454,762,349	632,086,890
Transactions recorded directly in equity:					
Issue of shares (note 14)	219,163,827	-	-	-	219,163,827
Dividends (note 22)	-	-	-	(263,188,650)	(263,188,650)
	219,163,827	-	-	(263,188,650)	(44,024,823)
Total comprehensive income:					
Profit for the year	-	-	-	80,587,876	80,587,876
Balances at December 31, 2010	$258,217,124	138,271,244	-	272,161,575	668,649,943

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

DOLPHIN COVE LIMITED

Company Statement of Cash Flows
Year ended December 31, 2010

	Notes	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		80,587,876	104,923,362
Adjustments for:			
Depreciation and amortisation	7,8	22,985,493	34,118,895
Interest income	17	(11,751,888)	(3,442,608)
Interest expense	17	27,007,853	15,783,464
Gain on disposal of property, plant and equipment		(642,400)	(267,000)
Tax expense	18	32,998,705	5,466,727
Operating profit before changes in working capital		151,185,639	156,582,840
Accounts receivable		(8,101,516)	(9,832,581)
Inventories		306,303	(2,793,332)
Accounts payable and provisions		(5,051,835)	(90,292)
Due from subsidiary		2,158,356	-
Due from/to related parties, net		51,630,154	(28,867,449)
Cash generated from operations		192,127,101	114,999,186
Interest paid		(25,122,703)	(8,551,903)
Income tax paid		(52,072,480)	(1,023,669)
Net cash provided by operating activities		114,931,918	105,423,614
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		11,751,888	3,442,608
Securities purchased under resale agreements acquired, net		(134,170,523)	(68,855,381)
Additions to property, plant and equipment	7	(13,774,547)	(130,051,872)
Proceeds from disposal of property, plant and equipment		1,910,000	21,930,588
Additions to biological assets	8	(190,399)	(78,045,901)
Due from subsidiary		(120,327,907)	-
Loan receivable		(625,798)	28,446,145
Net cash used by investing activities		(255,427,286)	(223,133,813)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term liabilities, net		170,081,014	102,506,890
Shares issued, net of expenses	14	219,163,827	-
Dividends paid	22	(263,188,650)	-
Net cash provided by financing activities		126,056,191	102,506,890
Net decrease in cash resources		(14,439,177)	(15,203,309)
Cash resources at beginning of the year		14,521,454	29,724,763
CASH RESOURCES AT END OF YEAR		$ 82,277	14,521,454
Comprising:			
Cash and cash equivalents		18,328,842	38,434,253
Bank overdrafts, unsecured		(18,246,565)	(23,912,799)
		$ 82,277	14,521,454

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

1. Identification

Dolphin Cove Limited (the company) is incorporated and domiciled in Jamaica and its registered office and principal place of business is located at Belmont Road, Ocho Rios, St. Ann, Jamaica W.I. The company together with its two wholly-owned subsidiaries, Dolphin Cove (Negril) Limited and Too Cool Limited, are collectively referred to as "the group" (note 6).

- 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 offers dolphin programmes and ancillary operations similar to that of its parent company.

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

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

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

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.

Certain new IFRS and interpretations of, and amendments to, existing standards, which were in issue, came into effect for the current financial year. The adoption of these standards and amendments did not result in any change in accounting policies and did not have any effect on these financial statements.

At the date of authorisation of the financial statements, certain new standards, and amendments to and interpretations of existing standards, have been issued which are not yet effective 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 its operations and has determined that the following may be relevant to its operations and has concluded as follows:

- IFRS 9 *Financial Instruments* (effective from January 1, 2013) introduces new requirements for classifying financial assets. The standard also amends some of the requirements of IFRS 7 *Financial Instruments: Disclosures* including added disclosures about investments in equity instruments designated as fair value through other comprehensive income. Depending on the group's and company's investment pattern in the future, this standard may have an impact on the financial statements when the new standard becomes effective.

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

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

- Amendments to IAS 32 *Financial Instruments: Presentation* (effective from February 1, 2010) require that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This is not expected to have an impact on the group's 2011 financial statements.

- Amendments to IFRS 7 *Disclosures–Transfer of Financial Assets* (effective from July 1, 2011) requires disclosure of information that enable users of financial statements to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities and to evaluate the nature of and risks associated with, the entity's continuing involvement in these derecognised assets. The group is assessing the impact, if any, the amendment will have on the 2012 financial statements.

- IFRS 9 *Financial Instruments (2010)*. The revised IFRS supersedes the previous version of IFRS 9 issued in 2009 and is effective from January 1, 2013. The revised standard now includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities. The group is assessing the impact that the standard will have on the 2013 financial statements.

- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective from July 1, 2010) addresses the accounting by the debtor in a debt for equity swap transaction and specifically how the entity should measure the equity instruments issued to extinguish a financial liability. The group is assessing the impact that the standard will have on the 2011 financial statements.

- Revised IAS 24 *Related Party Disclosures* (effective January 1, 2011) introduces changes to related party disclosure requirements for government-related entities and amends the definitions of a related party. The standard also expands the list of transactions that require disclosure. This is not expected to have a significant impact on the group's 2011 financial statements.

- Improvements to IFRS 2010 contain amendments to six standards and to one interpretation and are effective for accounting periods beginning on or after July 1, 2010 or January 1, 2011. The main applicable amendments are as follows:

  - IFRS 7 *Financial Instruments: Disclosures* – The standard is amended to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial statements. Existing disclosures relating to maximum exposure to credit risk, financial effect of collateral held as security and other enhancements in respect of a financial instrument have been amended. Certain disclosures relating to carrying amount of financial assets that are not past due or are not impaired as a result of their terms having been renegotiated and description of collateral held as security for financial assets that are past due have been removed. The amendment is effective for accounting periods beginning on or after January 1, 2011.

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

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

- IAS 1 *Presentation of Financial Statements* – IAS 1 is amended to state that for each component of equity a reconciliation from opening to closing balances is required to be presented in the statement of changes in equity, showing separately changes arising from items recognised in profit or loss, in other comprehensive income and from transactions with owners acting in their capacity as owners. The amendment is effective for accounting periods beginning on or after January 1, 2011.

- IAS 27 *Consolidated and Separate Financial Statements* – The amendments added guidance about disposals of all or part of a foreign operation and about accounting for a loss of significant influence or joint control. The amendments are effective for accounting periods beginning on or after July 1, 2010.

- IAS 34 *Interim Financial Reporting* – the amendment has resulted in the addition of a number of examples of events or transactions that require disclosure. The amendment is effective for accounting periods beginning on or after January 1, 2011.

The group is assessing the impact, if any, that these amendments would have on its 2011 financial statements.

(b) Basis of preparation:

A "subsidiary" is an enterprise controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of a subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

These financial statements include the separate financial statements of the company and the consolidated financial statements of the company and its subsidiaries, made up to December 31, 2010 (note 1).

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

The financial statements are prepared on the historical cost basis, modified for the inclusion of land and buildings at valuation [note 2(h)], and are presented in Jamaica dollars ($), which is the functional currency of the company.

The significant accounting policies used in the preparation of these financial statements conform to IFRS and the Jamaican Companies Act in all material respects. The accounting policies have been consistently applied and presented in the financial statements.

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

(c) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the revenue and expenses for the period then ended. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year of the revision and future years, where applicable.

Judgements made by management in the application of IFRS that have 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 suggest there may be a measurable decrease in the estimated future cash flows from receivables, due to default or adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows.

(ii) Net realisable value of inventories:

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

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

(iii) Fair value of land and buildings:

Land and buildings reflect revalued amounts, based on market valuations done by external independent valuers. On the instructions of management, the valuers have used a direct sales comparison approach to determine fair market value.

This approach is based on the principle of substitution, whereby there is a purchaser with perfect knowledge of the property market who would pay no more for the property than the cost of acquiring an existing property, comparable with others of similar design and utility which were sold in the recent past.

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

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

(iii) Fair value of land and buildings (cont'd):

However, as no two properties are exactly alike, adjustments are made by the valuers 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.

(iv) Residual value and expected useful life of property, plant and equipment and biological assets:

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

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

(d) 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 and the company's cash management activities, are included as a component of net cash resources for the purpose of the statement of cash flows.

(e) 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.

(f) Accounts receivable:

Trade and other receivables are stated at amortised cost less impairment losses.

(g) Inventories:

Inventories are stated at the lower of cost, determined on the first-in first-out basis, and net realisable value.

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

(h) Property, plant and equipment:

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.

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 & equipment	10 years
Computers	5 years
Motor vehicles	5 years

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

(i) Biological assets:

This comprises the carrying value of dolphins and other live creatures capitalised. Biological assets are stated at cost less amortisation over periods not exceeding fifteen years.

(j) Accounts payable:

Trade and other payables are stated at amortised cost.

(k) Provisions:

A provision is recognised when the group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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.

(l) Related parties:

A party is related to the company, if:

(i) directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the company that gives it significant influence over the company; or
- has joint control over the company;

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

(l) Related parties (cont'd):

A party is related to the company, if (cont'd):

(ii) the party is an associate of the company;

(iii) the party is a joint venture in which the company is a venturer;

(iv) the party is a member of the key management personnel of the company;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(m) 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, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or group of operating assets exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amounts:

The recoverable amount of 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 the 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. Receivables with a short duration are not discounted. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the group of operating assets 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 is reversed if there has been a change in the estimate used to determine the recoverable amount. For financial assets measured at amortised cost, the reversal is recognised in profit or loss. For available-for-sale equity securities, the reversal is recognised directly in other comprehensive income.

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

(m) Impairment (cont'd):

(ii) Reversals of impairment (cont'd):

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.

(n) Foreign currencies:

Foreign currency balances at the reporting date are translated at the rates of exchange ruling on that date. Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

(o) Revenue recognition:

Revenue from services is recognised when the service has been provided to the customers. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(p) Employee benefits:

Employee benefits include current or short-term benefits such as salaries, statutory contributions paid, annual vacation and sick 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 when the employees become entitled to the leave.

(q) Finance income and costs:

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.

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

(r) Income taxes:

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

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

(r) Income taxes (cont'd):

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

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

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

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

(s) 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. An operating segment's operating results are reviewed regularly by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(t) 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, accounts receivable and related party receivables. Similarly, financial liabilities include bank overdrafts, accounts payable and provisions, long-term liabilities and related party payables.

(u) Determination of fair value:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Some financial instruments lack an available trading market. These instruments are valued using present value, or other generally accepted valuation techniques, and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

3. Accounts receivable

	The Group		The Company	
	2010	2009	2010	2009
Trade receivables	117,989,861	102,673,701	105,941,373	102,673,701
Other receivables	16,644,310	11,919,849	16,278,534	11,919,849
	134,634,171	114,593,550	122,219,907	114,593,550
Less: Allowance for impairment	(9,998,982)	(10,474,141)	(9,998,982)	(10,474,141)
	$124,635,189	104,119,409	112,220,925	104,119,409

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

	The Group			
	Gross 2010	Impairment 2010	Gross 2009	Impairment 2009
Due 0-30 days	37,372,378	-	40,111,023	-
Past due 31-60 days	27,607,300	-	20,855,342	-
Past due 61–90 days	29,260,689	-	9,324,548	1,252,790
More than 90 days	23,749,494	9,998,982	32,382,788	9,221,351
Total	$117,989,861	9,998,982	102,673,701	10,474,141

	The Company			
	Gross 2010	Impairment 2010	Gross 2009	Impairment 2009
Due 0-30 days	29,101,727	-	40,111,023	-
Past due 31-60 days	24,698,426	-	20,855,342	-
Past due 61–90 days	28,682,340	-	9,324,548	1,252,790
More than 90 days	23,458,880	9,998,982	32,382,788	9,221,351
Total	$105,941,373	9,998,982	102,673,701	10,474,141

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

	The Group		The Company	
	2010	2009	2010	2009
Balance at beginning of year	10,474,141	947,168	10,474,141	947,168
Impairment loss (reversed)/ recognised	(475,159)	9,526,973	(475,159)	9,526,973
Balance at end of year	$ 9,998,982	10,474,141	9,998,982	10,474,141

4. Due from related parties

	The Group 2010	The Group 2009	The Company 2010	The Company 2009
(a) Current:				
Due from subsidiary:				
Too Cool Limited	$ -	-	-	2,158,356
Due from related parties:				
Directors	2,397,907	24,120,646	2,397,907	23,976,198
Ventris Holdings Limited	-	30,051,863	-	30,051,863
	$2,397,907	54,172,509	2,397,907	54,028,061

(b) Non-current – Due from subsidiary:

This balance includes:

- A loan of US$2,374,424 to Dolphin Cove (Negril) Limited on terms and conditions that are based on the terms of the loan received by the company from the National Export Import Bank of Jamaica Limited.
- A loan of $96,250,000 to Dolphin Cove (Negril) Limited on terms and conditions that are based on the terms of the loan received by the company from the vendor for land acquired.

5. Inventories

	The Group 2010	The Group 2009	The Company 2010	The Company 2009
Items for resale	23,043,712	21,046,259	18,441,488	21,046,259
Dolphin food	3,803,628	888,490	2,245,201	888,490
	26,847,340	21,934,749	20,686,689	21,934,749
Less: Allowance for impairment	(1,527,971)	(2,469,728)	(1,527,971)	(2,469,728
	$25,319,369	19,465,021	19,158,718	19,465,021
Inventories expensed during the year	$15,768,885	14,500,469	15,321,359	14,500,469

6. Investment in subsidiaries

This represents the cost of the company's 100% interest in the shares of Too Cool Limited and Dolphin Cove (Negril) Limited (note 1).

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

7. Property, plant and equipment

	The Group					
	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles	Capital work-in-progress	Total
Cost or valuation:						
December 31, 2008	50,720,083	175,433,221	62,858,641	10,233,660	9,866,750	309,112,355
Additions	-	4,838,179	8,556,945	1,611,000	115,045,748	130,051,872
Disposals	(17,001,024)	(3,941,086)	(33,925)	(880,000)	(2,533,812)	(24,389,847)
Reclassification	173,368,790	(175,160,962)	1,792,172	-	-	-
Revaluation adjustment	282,912,151	-	-	-	-	282,912,151
December 31, 2009	490,000,000	1,169,352	73,173,833	10,964,660	122,378,686	697,686,531
Additions	113,389,106	122,159	32,057,897	5,623,404	-	151,192,566
Disposals	-	-	-	(2,261,000)	-	(2,261,000)
Transfers	122,366,186	-	12,500	-	(122,378,686)	-
December 31, 2010	725,755,292	1,291,511	105,244,230	14,327,064	-	846,618,097
Depreciation:						
December 31, 2008	1,062,405	73,009,730	23,340,743	5,609,242	-	103,022,120
Charge for the year	212,481	17,939,785	6,928,398	1,844,745	-	26,925,409
Eliminated on disposals	-	(1,988,334)	(33,925)	(704,000)	-	(2,726,259)
Reclassification	87,495,861	(88,371,622)	875,761	-	-	-
Revaluation adjustment	(88,770,747)	-	-	-	-	(88,770,747)
December 31, 2009	-	589,559	31,110,977	6,749,987	-	38,450,523
Charge for the year	5,334,352	116,935	8,641,622	1,914,758	-	16,007,667
Eliminated on disposals	-	-	-	(993,400)	-	(993,400)
December 31, 2010	5,334,352	706,494	39,752,599	7,671,345	-	53,464,790
Net book values:						
December 31, 2010	$720,420,940	585,017	65,491,631	6,655,719	-	793,153,307
December 31, 2009	$490,000,000	579,793	42,062,856	4,214,673	122,378,686	659,236,008

The group's land and buildings were valued on an open market value basis by Easton Douglas & Company (Chartered Surveyors and Property Consultants of Kingston, Jamaica) in 2009. The surpluses arising on revaluation are included in capital reserve (note 15).

Land and buildings include land at a valuation of $424,030,062 (2009: $320,000,000) for the group and $121,600,000 (2009: $121,600,000) for the company.

	The Company					
	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles	Capital work-in-progress	Total
Cost:						
December 31, 2008	22,816,024	175,433,221	62,858,641	10,233,660	9,866,750	281,208,296
Additions	-	4,838,179	8,556,945	1,611,000	115,045,748	130,051,872
Disposals	(17,001,024)	(3,941,086)	(33,925)	(880,000)	(2,533,812)	(24,389,847)
Reclassification	173,368,790	(175,160,962)	1,792,172	-	-	-
Revaluation adjustment	76,716,210	-	-	-	-	76,716,210
December 31, 2009	255,900,000	1,169,352	73,173,833	10,964,660	122,378,686	463,586,531
Additions	2,702,230	122,159	8,850,158	2,100,000	-	13,774,547
Disposals	-	-	-	(2,261,000)	-	(2,261,000)
Transfer to subsidiary	-	-	-	-	(122,378,686)	(122,378,686)
December 31, 2010	258,602,230	1,291,511	82,023,991	10,803,660	-	352,721,392

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

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

	The Company (cont'd)					
	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles	Capital work-in-progress	Total
Depreciation:						
December 31, 2008	-	73,009,730	23,340,743	5,609,242	-	101,959,715
Charge for the year	-	17,939,785	6,928,398	1,844,745	-	26,712,928
Eliminated on disposals	-	(1,988,334)	(33,925)	(704,000)	-	(2,726,259)
Reclassification	87,495,861	(88,371,622)	875,761	-	-	-
Revaluation adjustment	(87,495,861)	-	-	-	-	(87,495,861)
December 31, 2009	-	589,559	31,110,977	6,749,987	-	38,450,523
Charge for the year	3,392,482	116,935	8,036,332	1,679,865	-	13,225,614
Eliminated on disposals	-	-	-	(993,400)	-	(993,400)
December 31, 2010	3,392,482	706,494	39,147,309	7,436,452	-	50,682,737
Net book values:						
December 31, 2010	$255,209,748	585,017	42,876,682	3,367,208	-	302,038,655
December 31, 2009	$255,900,000	579,793	42,062,856	4,214,673	122,378,686	425,136,008

8. Biological assets

	The Group		
	Dolphins	Other biological assets	Total
Cost:			
December 31, 2008	54,447,149	13,048,497	67,495,646
Additions	77,958,901	87,000	78,045,901
December 31, 2009	132,406,050	13,135,497	145,541,547
Additions	136,398	169,501	305,899
December 31, 2010	132,542,448	13,304,998	145,847,446
Amortisation:			
December 31, 2008	9,049,926	2,189,502	11,239,428
Charge for the year	6,532,274	873,693	7,405,967
December 31, 2009	15,582,200	3,063,195	18,645,395
Charge for the year	8,835,847	926,152	9,761,999
December 31, 2010	24,418,047	3,989,347	28,407,394
Net book values:			
December 31, 2010	$108,124,401	9,315,651	117,440,052
December 31, 2009	$116,823,850	10,072,302	126,896,152

8. Biological assets (cont'd)

	The Company		
	Dolphins	Other biological assets	Total
Cost:			
December 31, 2008	54,447,149	13,048,497	67,495,646
Additions	77,958,901	87,000	78,045,901
December 31, 2009	132,406,050	13,135,497	145,541,547
Additions	136,399	54,000	190,399
December 31, 2010	132,542,449	13,189,497	145,731,946
Amortisation:			
December 31, 2008	9,049,926	2,189,502	11,239,428
Charge for the year	6,532,274	873,693	7,405,967
December 31, 2009	15,582,200	3,063,195	18,645,395
Charge for the year	8,835,847	924,032	9,759,879
December 31, 2010	24,418,047	3,987,227	28,405,274
Net book values:			
December 31, 2010	$108,124,402	9,202,270	117,326,672
December 31, 2009	$116,823,850	10,072,302	126,896,152

9. Loan receivable

This represents advances to Dolphin Cove (Cayman) Limited that are unsecured and interest free, with no fixed date of repayment (see also note 23).

10. Bank overdrafts

Bank overdrafts represent credit balances on the company's bank accounts arising from items in transit.

11. Accounts payable and provisions

	The Group		The Company	
	2010	2009	2010	2009
Trade payables	20,245,913	17,749,743	18,845,934	17,749,743
Other payables and provisions	42,308,709	42,894,786	38,631,910	42,894,786
	$62,554,622	60,644,529	57,477,844	60,644,529

Other payables and provisions for the group and the company include a provision for unused vacation leave amounting to $2,437,850 (2009: $2,920,552).

12. Deferred tax liability

Deferred tax is attributable to the following [see also note 18(c)]:

	The Group				
	Recognised in income (note 18)	Recognised in equity (note 15)	Balance at December 31, 2009	Recognised in income (note 18)	Balance at December 31, 2010
Property, plant and equipment	(30,725,665)	25,940,827	(4,784,838)	(600,048	(5,384,886)
Biological assets	14,132,584	-	14,132,584	700,174	14,832,758
Accounts payable and provisions	(3,384,037)	-	(3,384,037)	3,384,037	-
Unrealised gain on exchange	603,654	-	603,654	(603,654)	-
	$(19,373,464)	25,940,827	6,567,363	2,880,509	9,447,872

	The Company				
	Recognised in income (note 18)	Recognised in equity (note 15)	Balance at December 31, 2009	Recognised in income (note 18)	Balance at December 31, 2010
Property, plant and equipment	(30,725,665)	25,940,827	(4,784,838)	(5,184,764)	(9,969,602)
Biological assets	14,132,584	-	14,132,584	675,220	14,807,804
Accounts payable and provisions	(3,384,037)	-	(3,384,037)	3,384,037	-
Unrealised gain on exchange	603,654	-	603,654	(603,654)	-
	$(19,373,464)	25,940,827	6,567,363	(1,729,161)	4,838,202

13. Long-term liabilities

			The Group and the Company	
			2010	2009
(i)	Long term loans:			
	Pan Caribbean Merchant Bank Limited	(a)	-	1,850,821
	Pan Caribbean Merchant Bank Limited	(b)	23,111,504	30,050,801
	Pan Caribbean Merchant Bank Limited	(c)	10,416,663	35,416,662
	National Export Import Bank of Jamaica Limited	(d)	203,871,131	-
			237,399,298	67,318,284
	Less: Current portion		(85,311,252)	(33,788,369)
			152,088,046	33,529,915
(ii)	Due to property vendor		96,250,000	96,250,000
			$248,338,046	129,779,915

(i) Long-term loans:

(a) This loan was fully repaid in January 2010.

(b) This loan is due to be fully repaid in April 2014 and bears interest at 13% per annum.

(c) This loan is due to be fully repaid in May 2011 and bears interest at 10% per annum.

13. Long-term liabilities (cont'd)

(i) Long-term loans (cont'd):

(d) This loan is due to be fully repaid in December 2011 and bears interest at 7.5% per annum. It is secured by a guarantee from PanCaribbean Bank Limited in the amount of US$2,585,500.

Loans (a) to (c) are secured as follows:

- A first debenture over the fixed and floating assets of the company, stamped to cover US$467,000;
- A corporate guarantee of the company's subsidiary, Too Cool Limited, supported by mortgages over property owned by that company. The mortgages are stamped to cover US$467,000 and J$100,000,000;
- Keyman Insurance on the life of a director for J$50,000,000 and personal guarantee of a director for US$467,000; and
- Assignment of public liability insurance. Comprehensive all risk peril insurance including public liability insurance over the mortgaged property.

(ii) Due to property vendor:

This represents the balance of $94,000,000 plus the company's share of transaction costs in relation to the purchase of land in Hanover. Interest is payable quarterly at a rate of 12% per annum. The principal is payable within four years, in instalments, as specified in the agreement for sale. The company exercised its option to purchase the property on February 24, 2009 and entered into an agreement for sale on May 11, 2009.

14. Share capital

	2010	2009
Authorised:		
432,426,376 (2009: 39,053,297) ordinary shares of no par value		
Stated capital, issued and fully paid:		
39,053,297 ordinary shares of no par value	-	39,053,297
392,426,376 ordinary shares of no par value	279,053,297	-
Less: Transaction costs of share issue	(20,836,173)	-
	$258,217,124	39,053,297

On November 22, 2010, the company unanimously passed the following resolutions:

- That the authorised share capital of the company be increased from 39,053,297 to 54,053,297 shares;
- That each of the existing issued and unissued ordinary shares in the capital of the company be divided into 8 ordinary shares.

In December 2010 the company issued 80,000,000 new shares to the public and the shares were listed on the Junior Stock Market of The Jamaica Stock Exchange (note 1).

15. Capital reserve

	The Group		The Company	
	2010	2009	2010	2009
Revaluation surplus arising on (note 7):				
Land	268,788,836	268,788,836	86,389,590	86,389,590
Buildings	102,894,062	102,894,062	77,822,481	77,822,481
	371,682,898	371,682,898	164,212,071	164,212,071
Deferred tax arising on revalued buildings (note 12)	(25,940,827)	(25,940,827	(25,940,827)	(25,940,827)
	$345,742,071	345,742,071	138,271,244	138,271,244

16. Operating revenue

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

17. Finance income/(costs)

	The Group		The Company	
	2010	2009	2010	2009
(a) Finance income:				
Interest income	2,193,563	3,442,608	11,751,888	3,442,608
Net foreign exchange (losses)/gains	(4,104,515)	7,460,686	(4,104,515)	7,445,937
	(1,910,952)	10,903,294	7,647,373	10,888,545
(b) Finance costs:				
Interest expense	(21,743,943)	(15,783,464)	(27,007,853)	(15,783,464)
Bank charges	(3,909,063)	(3,373,064)	(3,837,633)	(3,373,064)
Credit card charges	(3,752,688)	(4,043,482)	(3,558,449)	(4,043,482)
	$(29,405,694)	(23,200,010)	(30,403,935)	(23,200,010)

18. Taxation

	The Group		The Company	
	2010	2009	2010	2009
(a) Income tax charge:				
(i) Current tax at 33⅓%				
Current year	36,284,792	24,771,408	36,284,792	24,771,408
Adjustment in respect of prior year	(1,556,926)	68,783	(1,556,926)	68,783
	34,727,866	24,840,191	34,727,866	24,840,191
(ii) Deferred taxation:				
Origination of temporary differences (note 12)	2,880,509	(19,373,464)	(1,729,161)	(19,373,464)
	$37,608,375	5,466,727	32,998,705	5,466,727

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

18. Taxation (cont'd)

(b) Reconciliation of actual tax expense:

	The Group 2010	The Group 2009	The Company 2010	The Company 2009
Profit before taxation	$106,777,888	110,192,357	113,586,581	110,390,089
Computed "expected" tax charge	35,592,629	36,730,786	37,862,194	36,796,697
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances	(614,390)	(18,644,369)	(2,730,574)	(18,710,280)
Unrealised exchange gains	950,291	3,718,386	950,291	3,718,386
Provision for unused vacation	(160,901)	-	(160,901)	(744,294)
Disallowed expenses	(342,787)	1,202,797	(23,752)	1,947,091
Capital income	(214,133)	(89,000)	(214,133)	(89,000)
Tax remission [note (c)]	(1,127,494)	-	(1,127,494)	-
Relief under Section 86 of the Income Tax Act	-	(17,520,656)	-	(17,520,656)
Tax losses unutilised	5,082,086	-	-	-
	39,165,301	5,397,944	34,555,631	5,397,944
Adjustment in respect of prior year	(1,556,926)	68,783	(1,556,926)	68,783
Actual tax charge recognised in profit for the year	$ 37,608,375	5,466,727	32,998,705	5,466,727

(c) The company's tax exemption, granted under Section 86 of the Income Tax Act, expired March 2009.

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:

- Year 1 to 5 100%
- Years 5 to 6 50%

19. Disclosure of expenses

Profit for the year is stated after charging:

	The Group 2010 $	The Group 2009 $	The Company 2010 $	The Company 2009 $
Directors' emoluments:				
Fees	2,059,800	1,620,000	2,059,800	1,620,000
Management	28,549,757	28,098,116	28,549,757	28,098,116
Auditors' remuneration:				
Current year	3,605,000	1,925,000	2,775,000	1,925,000
Prior year	1,025,000	-	883,500	-
Depreciation and amortisation	25,769,666	34,331,376	22,985,493	34,118,895
Staff costs [see also note 21(c)]	204,891,644	192,120,216	197,801,836	192,120,216

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 of 319,093,043 (2009: 312,426,376). The weighted average number of shares for both years reflects the 8:1 split in the number of shares in issue up to December 8, 2010.

	2010	2009
Issued ordinary shares at January 1	312,426,376	312,426,376
Effect of shares issued during the year	6,666,667	-
Weighted average number of ordinary shares held during the year	$319,093,043	312,426,376

21. Related party balances and transactions

(a) Identity of related parties:

The company has related party relationships with its subsidiaries, Too Cool Limited and Dolphin Cove (Negril) Limited, with Dolphin Cove (Cayman) Limited, Ventris Holdings Limited, its directors and key management personnel.

(b) The statement of financial position includes balances with related parties as stated at notes 4 and 9.

(c) The statement of comprehensive income includes the following income/(expense) transactions with related parties.

	The Group		The Company	
	2010	2009	2010	2009
	$	$	$	$
Interest earned from subsidiary [note 4(b)]	-	-	9,558,325	-
Commissions paid to a director	(2,765,762)	(4,621,285)	(2,765,762)	(4,621,285)
Key management compensation (included in staff costs) (note 19)	(30,609,557)	(29,718,116)	(30,609,557)	(29,718,116)

22. Dividends

On March 18, 2010, the company paid a dividend of $6.7392 per ordinary share held as of that date.

23. Contingency

The company has guaranteed loans made to a related company, Dolphin Cove (Cayman) Limited in 2008, aggregating US$900,000 and secured by a debenture over the fixed and floating assets of the company.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

24. Segment results

Segment information is presented in respect of the geographical locations of the group's strategic business segments.

The identification of business segments is based on the group's management and internal reporting structure. Segment results, assets and liabilities, 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.

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 comprises business at the Prospect and Half Moon locations. Only dolphin programmes are offered at the Half Moon location. Horseback tours and plantation tours, which include camel rides, ostriches and a butterfly enclosure, are offered at the Prospect location.

Segment information below represents the total for the group:

	2010			
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	$ 764,461,904	22,238,836	92,938,186	879,638,926
Finance income	$ 7,647,373	-	-	7,647,373
Finance costs	$(30,403,935)	(8,560,084)	-	(38,964,019)
Depreciation and amortisation	$ 21,856,360	1,891,673	2,021,633	25,769,666
Tax expense	$(31,388,433)	(4,609,670)	(1,610,272)	(37,608,375)
Segment profit/(loss) after tax	$ 80,509,889	(12,539,771)	1,199,395	69,169,513
Reportable segment assets	$1,297,975,594	277,082,490	24,593,134	1,599,651,218
Capital expenditure	$ 13,383,873	137,533,520	581,072	151,498,465
Reportable segment liabilities	$ 420,711,282	289,522,262	-	710,233,544

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

24. Segment results (cont'd)

Segment information below represents the total for the group (cont'd):

	2009		
	Ocho Rios	Other	Total
Gross revenue from external customers	$ 747,746,158	84,892,093	832,638,251
Finance income	$ 10,903,294	-	10,903,294
Finance costs	$(23,200,010)	-	(23,200,010)
Depreciation and amortisation	$ 32,594,841	1,736,535	34,331,376
Tax expense	$(4,363,804)	(1,102,923)	(5,466,727)
Segment profit after tax	$ 104,256,318	469,312	104,725,630
Reportable segment assets	$1,117,212,452	27,578,205	1,144,790,657
Capital expenditure	$ 203,194,844	4,902,929	208,097,773
Reportable segment liabilities	$ 278,603,767	-	278,603,767

Reconciliation of reportable segment finance income, finance costs, assets and liabilities:

	2010	2009
Finance income		
Total finance income for reportable segments	7,647,373	10,903,294
Elimination of inter-company transactions	(9,558,325)	-
Consolidated finance income	$(1,910,952)	10,903,294
Finance costs		
Total finance costs for reportable segments	(38,964,019)	(23,200,010)
Elimination of inter-company transactions	9,558,325	-
Consolidated finance costs	$(29,405,694)	(23,200,010)
Assets		
Total assets for reportable segments	1,599,651,218	1,144,790,657
Elimination of investment in subsidiaries	(33,220,242)	(33,120,240)
Elimination of due from subsidiary	(278,529,425)	(2,158,356)
Other assets	-	144,448
Consolidated total assets	$1,287,901,551	1,109,656,509
Liabilities		
Total liabilities for reportable segments	710,233,544	278,603,767
Elimination of due to parent company	(278,529,425)	-
Consolidated total liabilities	$ 431,704,119	278,603,767

25. Financial instruments

(a) Financial risk management:

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

(i) Credit risk:

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

The group generally does not require collateral in respect of financial assets. Management has a credit policy in place to minimise exposure to credit risk. Credit evaluations are performed on all customers requiring credit. Cash and cash equivalents and securities purchased under resale agreements are held with counterparties that management considers to present minimal risk of default.

The maximum exposure to credit risk at the reporting date is represented by the carrying amount of each financial asset as follows:

	Carrying amount			
	The Group		The Company	
	2010	2009	2010	2009
Cash and cash equivalents	18,815,314	38,434,253	18,328,842	38,434,253
Securities purchased under resale agreements	203,424,623	69,254,100	203,424,623	69,254,100
Accounts receivable	124,635,189	104,119,409	112,220,925	104,119,409
Due from subsidiary	-	-	278,529,425	2,158,356
Due from related parties	2,397,907	54,172,509	2,397,907	54,028,061
Loan receivable	625,798	35,922,834	625,798	35,922,834
	$349,898,831	301,903,105	615,527,520	303,917,013

There were no changes in the group's and the company'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 and the company's income or the value of its holdings of financial instruments.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2010

25. Financial instruments (cont'd)

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

(ii) Market risk (cont'd):

- Interest rate risk:

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

Subject to normal conditions, the group and the company materially contracts financial liabilities at fixed interest rates for the duration of the term. Financial instruments are subject to interest as follows:

	Carrying amount			
	The Group		The Company	
	2010	2009	2010	2009
Fixed rate instruments:				
Financial assets	-	-	300,121,131	-
Financial liabilities	(331,399,298)	(161,318,284)	(331,399,298)	(161,318,284)
	$(331,399,298)	(161,318,284)	(31,278,167)	(161,318,284)
Variable rate instruments:				
Financial assets	217,933,559	101,811,507	217,793,076	101,811,507
Financial liabilities	(19,552,951)	(23,912,799)	(18,246,565)	(23,912,799)
	$198,380,608	77,898,708	199,546,511	77,898,708

Cash flow sensitivity analysis for variable rate instruments

A change of 200 basis points in interest rates at the reporting date would have increased/decreased profit by $3,964,802 (2009: $1,557,974) for the group and $3,990,930 (2009: $1,557,974) for the company. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

Fair value sensitivity analysis for fixed rate instruments

The group and the company do not account for any fixed rate financial liabilities 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 and the company are denominated in United States dollars (US$).

25. Financial instruments (cont'd)

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

(ii) Market risk (cont'd):

- Foreign currency risk (cont'd):

The group's and the company's exposure to foreign currency risk was as follows:

	The Group		The Company	
	2010	2009	2010	2009
Cash and cash equivalents	142,242	385,165	109,364	385,165
Securities purchased under resale agreements	-	600,998	-	600,998
Accounts receivable	1,256,501	1,130,613	1,116,165	1,130,613
Due from subsidiary	-	-	2,374,424	-
Bank overdrafts	(88,541)	(100,717)	(88,541)	(100,717)
Accounts payable and provisions	(3,904)	(152,289)	(3,904)	(152,289)
Long-term loan	(2,374,424)	-	(2,374,424)	-
	$(1,068,126)	1,863,770	1,133,084	1,863,770

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	
	2010	2009	2010	2009
	$	$	$	$
5% strengthening/ weakening of the US$ against the J$	4,557,694	8,298,436	4,834,869	8,298,436

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

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

At December 31, 2009: $89.05
At December 31, 2010: $85.34

25. Financial instruments (cont'd)

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

(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 and the company can be required to pay:

	The Group						
	2010						
	Carrying amount $	Contractual cash flows $	6 months or less $	6-12 months $	1-2 years $	2-5 years $	More than 5 years $
Long-term liabilities	333,649,298	362,978,278	56,704,287	44,618,526	84,150,656	177,504,809	-
Bank overdrafts	19,552,951	19,552,951	19,552,951	-	-	-	-
Accounts payable	62,554,622	62,554,622	62,554,622	-	-	-	-
Total financial liabilities	415,756,871	445,085,851	138,811,860	44,618,526	84,150,656	177,504,809	-

	The Company						
	2010						
	Carrying amount $	Contractual cash flows $	6 months or less $	6-12 months $	1-2 years $	2-5 years $	More than 5 years $
Long-term liabilities	333,649,298	362,978,278	56,704,287	44,618,526	84,150,656	177,504,809	-
Bank overdrafts	18,246,565	18,246,565	18,246,565	-	-	-	-
Accounts payable	57,477,844	57,477,844	57,477,844	-	-	-	-
Total financial liabilities	409,373,707	438,702,687	132,428,696	44,618,526	84,150,656	177,504,809	-

	The Group and The Company						
	2009						
	Carrying amount $	Contractual cash flows $	6 months or less $	6-12 months $	1-2 years $	2-5 years $	More than 5 years $
Long-term liabilities	163,568,284	182,112,222	21,181,712	25,741,904	116,466,013	18,722,593	-
Bank overdrafts	23,912,799	23,912,799	23,912,799	-	-	-	-
Accounts payable	60,644,529	60,644,529	60,644,529	-	-	-	-
Total financial liabilities	248,125,612	266,669,550	105,739,040	25,741,904	116,466,013	18,722,593	-

25. Financial instruments (cont'd)

(b) Capital management:

The group manages the adequacy of capital by managing the returns on 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 and the company's approach to managing capital.

(c) Fair value disclosures:

The carrying values reflected in the financial statements for monetary assets and liabilities such as cash and cash equivalents, securities purchased under resale agreements, accounts receivable, bank overdrafts and accounts payable and provisions are assumed to approximate their carrying values due to their relatively short-term nature. Long-term liabilities are assumed to approximate fair value, as they are contracted at commercial rates. Amounts due from/to related parties, are considered to approximate their carrying value due to their short-term nature, and/or an ability to affect future set-offs in the amounts disclosed.