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INDEPENDENT AUDITORS' REPORT

To the Members of
DOLPHIN COVE LIMITED

Report on the Financial Statements

We have audited 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 47, which comprise the group's and the company's statements of financial position as at December 31, 2013, 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 and presentation 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 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 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 consolidated and separate financial positions of Dolphin Cove Limited as at December 31, 2013, and of the group's and company's 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.

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 26, 2014

DOLPHIN COVE LIMITED

Group Statement of Financial Position
December 31, 2013

	Notes	2013	2012
CURRENT ASSETS			
Cash and cash equivalents		83,950,984	59,263,625
Securities purchased under resale agreements		92,894,355	-
Investments	3	30,409,595	54,686,189
Accounts receivable	4	142,903,849	144,134,941
Due from related parties	5(a)	12,989,826	56,557,537
Taxation recoverable		6,215,420	5,663,025
Inventories	6	30,931,032	25,933,853
		400,295,061	346,239,170
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,063,478,805	899,384,545
Live assets	9	382,941,758	158,899,972
		1,446,420,563	1,058,284,517
TOTAL ASSETS		$1,846,715,624	1,404,523,687
CURRENT LIABILITIES			
Bank overdrafts	10	17,882,751	32,755,176
Short-term loan	11	-	10,000,000
Accounts payable	12	126,005,139	90,802,506
Current portion of long-term liabilities	14	71,580,004	56,219,347
		215,467,894	189,777,029
NON-CURRENT LIABILITIES			
Deferred tax liability	13	37,500,774	17,232,183
Long-term liabilities	14	251,342,916	45,127,500
		288,843,690	62,359,683
STOCKHOLDERS' EQUITY			
Share capital	15	257,960,325	257,960,325
Capital reserves	16	376,657,164	351,729,563
Retained earnings		707,786,551	542,697,087
		1,342,404,040	1,152,386,975
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		$1,846,715,624	1,404,523,687

The financial statements on pages 3 to 47 were approved by the Board of Directors on February 26, 2014 and signed on its behalf by:

_________________________ Director
Stafford Burrowes, O.D.

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

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

DOLPHIN COVE LIMITED

Group Statement of Profit or Loss
Year ended December 31, 2013

	Notes	2013	2012
OPERATING REVENUE	17		
Dolphin attraction revenue		968,212,303	857,136,803
Less: Direct costs of dolphin attraction		(87,041,667)	(91,869,922)
		881,170,636	765,266,881
Ancillary services revenue		533,997,136	429,502,069
Less: Direct costs of ancillary services		(73,629,323)	(65,740,017)
		460,367,813	363,762,052
Gross profit		1,341,538,449	1,129,028,933
Gain on disposal of property, plant and equipment		293,667	-
Live assets written off	9	(17,854,520)	-
Other income		2,450,641	924,285
		1,326,428,237	1,129,953,218
OPERATING EXPENSES			
Selling		442,699,851	357,293,695
Other operations		296,715,508	268,950,415
Administrative		239,484,244	228,871,729
		978,899,603	855,115,839
Profit before finance income and costs		347,528,634	274,837,379
Finance income	18(a)	35,107,069	20,405,967*
Finance costs	18(b)	(40,303,795)	(30,327,490)*
Profit before taxation		342,331,908	264,915,856
Taxation	19	(20,271,894)	(14,094,731)
Profit for the year	20	$ 322,060,014	250,821,125
Earnings per stock unit	21	82.07¢	63.92¢

*Reclassified [note18].

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

DOLPHIN COVE LIMITED

Group Statement of Comprehensive Income
Year ended December 31, 2013

	Notes	2013	2012
Profit for the year		322,060,014	250,821,125
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Deferred tax adjustment on revalued buildings	16	-	6,485,207
Items that are or may be reclassified to profit or loss:			
Translation adjustment on consolidation of foreign subsidiaries		19,078,913	-
Fair value appreciation of available-for-sale investments	16	5,848,688	278,449
		24,927,601	278,449
Total other comprehensive income		24,927,601	6,763,656
Total comprehensive income		$346,987,615	251,099,574

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, 2013

	Share capital (note 15)	Capital reserves (note 16)	Retained earnings	Total
Balances as at December 31, 2011	257,960,325	344,965,907	409,624,866	1,012,551,098
Transactions recorded directly in equity:				
Dividends (note 23)	-	-	(117,748,904)	(117,748,904)
Total comprehensive income:				
Profit for the year	-	-	250,821,125	250,821,125
Other comprehensive income:				
Deferred tax on revalued buildings	-	6,485,207	-	6,485,207
Fair value appreciation of available-for-sale investments	-	278,449	-	278,449
	-	6,763,656	250,821,125	257,584,781
Balances as at December 31, 2012	257,960,325	351,729,563	542,697,087	1,152,386,975
Transactions recorded directly in equity:				
Dividends (note 23)	-	-	(156,970,550)	(156,970,550)
Total comprehensive income:				
Profit for the year	-	-	322,060,014	322,060,014
Other comprehensive income:				
Translation adjustment on consolidation of foreign subsidiaries	-	19,078,913	-	19,078,913
Fair value appreciation of available-for-sale investments	-	5,848,688	-	5,848,688
	-	24,927,601	322,060,014	346,987,615
Balances as at December 31, 2013	$257,960,325	376,657,164	707,786,551	1,342,404,040

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

DOLPHIN COVE LIMITED

Group Statement of Cash Flows
Year ended December 31, 2013

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		322,060,014	250,821,125
Adjustments for:			
Depreciation and amortisation	8,9	48,032,325	33,942,762
Adjustment to property, plant and equipment	8	-	248,000
Gain on disposal of property, plant and equipment		(293,667)	-
Live assets written off	9	17,854,520	-
Interest income	18(a)	(2,750,117)	(3,892,443)
Interest expense	18(b)	20,318,062	18,942,673
Loss on disposal of investments	18(b)	41,104	-
Impairment loss on trade receivables	4(b)	12,355,478	9,435,155
Taxation	19	20,271,894	14,094,731
		437,889,613	323,592,003
Accounts receivable		(10,996,124)	10,772,758
Inventories		(4,997,179)	(939,275)
Accounts payable		37,608,854	19,218,191
Due from related parties		43,567,711	(50,678,912)
Cash generated from operations		503,072,875	301,964,765
Interest paid		(22,724,282)	(11,512,536)
Income tax paid		(555,699)	(883,815)
Net cash provided by operating activities		479,792,894	289,568,414
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,621,855	3,892,443
Securities purchased under resale agreements, net		(92,894,355)	63,558,935
Additions to property, plant and equipment	8	(172,940,058)	(103,882,361)
Proceeds from disposal of property, plant and equipment		2,157,000	-
Additions to live assets	9	(263,867,253)	(61,007,540)
Proceeds from the disposal of investments		30,554,897	-
Investments acquired		(470,719)	(13,202)
Net cash used by investing activities		(494,838,633)	(97,451,725)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term loan (repaid)/received	11	(10,000,000)	10,000,000
Long-term liabilities, net		221,576,073	(96,012,812)
Dividends paid	23	(156,970,550)	(117,748,904)
Net cash provided/(used) by financing activities		54,605,523	(203,761,716)
Net increase/(decrease) in cash resources		39,559,784	(11,645,027)
Cash resources at beginning of the year		26,508,449	38,153,476
CASH RESOURCES AT END OF YEAR		$ 66,068,233	26,508,449
Comprising:			
Cash and cash equivalents		83,950,984	59,263,625
Bank overdrafts		(17,882,751)	(32,755,176)
		$ 66,068,233	26,508,449

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

DOLPHIN COVE LIMITED

Company Statement of Financial Position
December 31, 2013

	Notes	2013	2012
CURRENT ASSETS			
Cash and cash equivalents		49,009,273	46,294,304
Securities purchased under resale agreements		92,894,355	-
Investments	3	30,409,595	54,686,189
Accounts receivable	4	110,936,979	113,172,071
Due from related parties	5(a)	12,989,826	53,507,205
Taxation recoverable		6,163,030	5,623,713
Inventories	6	23,350,810	22,244,185
		325,753,868	295,527,667
NON-CURRENT ASSETS			
Investment in subsidiaries	7	33,248,714	33,238,142
Property, plant and equipment	8	333,793,577	331,583,392
Live assets	9	382,554,320	158,527,766
Due from subsidiaries	5(b)	363,193,460	282,479,094
		1,112,790,071	805,828,394
TOTAL ASSETS		$1,438,543,939	1,101,356,061
CURRENT LIABILITIES			
Bank overdrafts	10	17,882,751	32,348,151
Short-term loan	11	-	10,000,000
Accounts payable	12	105,165,693	83,055,774
Due to subsidiaries	5(a)	28,472	17,900
Current portion of long-term liabilities	14	71,580,004	56,219,347
		194,656,920	181,641,172
NON-CURRENT LIABILITIES			
Deferred tax liability	13	33,140,631	12,455,033
Long term liabilities	14	251,342,916	45,127,500
		284,483,547	57,582,533
STOCKHOLDERS' EQUITY			
Share capital	15	257,960,325	257,960,325
Capital reserves	16	150,107,424	144,258,736
Retained earnings		551,335,723	459,913,295
		959,403,472	862,132,356
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		$1,438,543,939	1,101,356,061

The financial statements on pages 3 to 47 were approved by the Board of Directors on February 26, 2014 and signed on its behalf by:

________________________ Director
Stafford Burrowes, O.D.

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

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

DOLPHIN COVE LIMITED

Company Statement of Profit or Loss
Year ended December 31, 2013

	Notes	2013	2012
OPERATING REVENUE	17		
Dolphin attraction revenue		720,951,622	648,361,251
Less: Direct costs of dolphin attraction		(77,599,452)	(83,506,286)
		643,352,170	564,854,965
Ancillary services revenue		492,067,794	395,181,042*
Less: Direct costs of ancillary services		(63,165,060)	(56,525,708)
		428,902,734	338,655,334
Gross profit		1,072,254,904	903,510,299
Gain on disposal of property, plant and equipment		293,667	-
Live assets written off	9	(17,854,520)	-
Other income		32,336,208	4,279,249*
		1,087,030,259	907,789,548
OPERATING EXPENSES			
Selling		374,953,327	302,012,801
Other operations		248,486,547	221,748,022
Administrative		211,194,191	203,044,431
		834,634,065	726,805,254
Profit before finance income and costs		252,396,194	180,984,294
Finance income	18(a)	52,428,710	36,003,068*
Finance costs	18(b)	(35,746,328)	(27,503,069)*
Profit before taxation		269,078,576	189,484,293
Taxation	19	(20,685,598)	(13,764,372)
Profit for the year	20	$ 248,392,978	175,719,921

*Reclassified [notes 18 and 22(d)].
The accompanying notes form an integral part of the financial statements.

DOLPHIN COVE LIMITED

Company Statement of Comprehensive Income
Year ended December 31, 2013

	Notes	2013	2012
Profit for the year		248,392,978	175,719,921
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Deferred tax on revalued buildings	16	-	6,485,207
Items that are or may be reclassified to profit or loss:			
Fair value appreciation of available-for-sale investments	16	5,848,688	278,449
Total other comprehensive income		5,848,688	6,763,656
Total comprehensive income		$254,241,666	182,483,577

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, 2013

	Share capital (note 15)	Capital reserves (note 16)	Retained earnings	Total
Balances as at December 31, 2011	257,960,325	137,495,080	401,942,278	797,397,683
Total comprehensive income:				
Profit for the year	-	-	175,719,921	175,719,921
Other comprehensive income:				
Deferred tax on revalued buildings	-	6,485,207	-	6,485,207
Fair value appreciation of available-for-sale investments	-	278,449	-	278,449
Total comprehensive income	-	6,763,656	175,719,921	182,483,577
Transactions recorded directly in equity:				
Dividends (note 23)	-	-	(117,748,904)	(117,748,904)
Balances as at December 31, 2012	257,960,325	144,258,736	459,913,295	862,132,356
Total comprehensive income:				
Profit for the year	-	-	248,392,978	248,392,978
Other comprehensive income:				
Fair value appreciation of available-for-sale investments	-	5,848,688	-	5,848,688
Total comprehensive income	-	5,848,688	248,392,978	254,241,666
Transactions recorded directly in equity:				
Dividends (note 23)	-	-	(156,970,550)	(156,970,550)
Balances as at December 31, 2013	$257,960,325	150,107,424	551,335,723	959,403,472

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

DOLPHIN COVE LIMITED

Company Statement of Cash Flows
Year ended December 31, 2013

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		248,392,978	175,719,921
Adjustments for:			
Depreciation and amortisation	8,9	40,266,401	26,289,736
Live assets written off	9	17,854,520	-
Gain on disposal of property, plant and equipment		(293,667)	-
Interest income	18(a)	(8,123,340)	(22,627,713)
Interest expense	18(b)	20,310,564	18,942,673
Loss on disposal of investments	18(b)	41,104	
Impairment loss on trade receivables	4(b)	11,039,872	8,000,000
Taxation	19	20,685,598	13,764,372
		350,174,030	220,088,989
Accounts receivable		(8,676,518)	17,580,165
Inventories		(1,106,625)	(423,848)
Accounts payable		24,316,139	16,023,096
Due from related parties		40,717,379	(47,628,580)
Cash generated from operations		405,424,405	205,639,822
Interest paid		(22,716,784)	(7,697,709)
Income tax withheld		(539,317)	(846,090)
Net cash provided by operating activities		382,168,304	197,096,023
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		7,995,078	22,729,243
Securities purchased under resale agreements, net		(92,894,355)	63,558,935
Additions to property, plant and equipment	8	(22,398,740)	(23,406,764)
Proceeds from disposal of property, plant and equipment		2,157,000	-
Additions to live assets	9	(263,822,253)	(60,984,540)
Due from subsidiaries		(80,714,366)	(7,875,864)
Proceeds from disposal of investments		30,554,897	-
Investments acquired		(470,719)	(13,202)
Net cash used by investing activities		(419,593,458)	(5,992,192)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term loan (repaid)/received	11	(10,000,000)	10,000,000
Long-term liabilities, net		221,576,073	(96,012,812)
Dividends paid	23	(156,970,550)	(117,748,904)
Net cash provided/(used) by financing activities		54,605,523	(203,761,716)
Net increase/(decrease) in cash resources		17,180,369	(12,657,885)
Cash resources at beginning of the year		13,946,153	26,604,038
CASH RESOURCES AT END OF YEAR		$ 31,126,522	13,946,153
Comprising:			
Cash and cash equivalents		49,009,273	46,294,304
Bank overdrafts		(17,882,751)	(32,348,151)
		$ 31,126,522	13,946,153

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

1. Identification

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

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

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

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

- 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.

- 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.

- 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.

- 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 during the year and purchased land in St. Lucia on which the group intends to develop an attraction.

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

(a) Statement of compliance:

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

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:

The group has adopted certain new standards and amendments to standards, with a date of initial application of January 1, 2013. The nature and effects of the changes addressed within these financial statements are summarised below including changes that may be required to financial statements in the next accounting period should the group enter into such transactions:

(i) Presentation of items in other comprehensive income (OCI):

As a result of the amendments to IAS 1, the group has split its 'Statement of Comprehensive Income' into two statements, 'Statement of Profit or Loss and Statement of Comprehensive Income'. In addition, the group has modified the presentation of items in other comprehensive income in its statement of comprehensive income, to present separately items that will be reclassified to profit or loss from those that will never be. Comparative information has been re-presented accordingly.

(ii) Subsidiaries:

IFRS 10 introduces a new control model that focuses on whether the group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Hence, should the group own less than 50% of the voting power of an investee, it may be required to consolidate if it is determined that it has *de facto* control over the investee.

(iii) Joint arrangements:

IFRS 11 requires classification of interest in joint arrangements as either joint operations (if the group has rights to assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the group has rights only to the net assets of an arrangement). Hence, the group would have to consider the structure of any future joint arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances to determine an appropriate classification.

(iv) Fair value measurement:

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. As a result, the group has included additional disclosures in this regard in these financial statements [see notes 8(a) and 25(c)].

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):

(v) Annual improvements - 2009-2011 Cycle

- Amendments to IAS 1 *Presentation of Financial Statements* did not have any impact on these financial statements, as comparative amounts have not been restated. Certain reclassifications were deemed necessary to conform to current year's presentation and those considered material have been explained in these financial statements [note 18 and 22(d)].

- Aside from improvements to the policy note (g), amendments to IAS 16 *Property, Plant and Equipment* did not have any other impact on these financial statements.

- Amendments to IAS 32 *Financial Instruments* did not result in any changes to how income taxes in respect of distributions to shareholders were accounted for in these financial statements. In addition, there were no new ordinary shares issued during the year.

- The additional disc*losures* required as a result of the amendments to IAS 34 *Interim Financial Reporting* were not considered necessary as the measure of total assets and liabilities for particular segments is not regularly provided to the managing director nor were there any material changes in the amounts disclosed in the last annual financial statements for the reportable segments.

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

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

- Amendments to IAS 32 *Financial Instruments: Presentation* is effective for annual reporting periods beginning on or after January 1, 2014. The standard clarifies that an entity currently has a legally enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparties. In addition, it clarifies that gross settlement is only equivalent to net settlement if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risks, and process receivables and payables in a single settlement process or cycle.

- Amendments to IAS 36 *Impairment of Assets* is effective for annual reporting periods beginning on or after January 1, 2014. These amendments were issued to reverse the unintended requirement in IFRS 13 *Fair Value Measurement* to disclose the recoverable amount of *every* cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

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

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

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

- IFRS 9 *Financial Instruments* is effective for annual reporting periods beginning on or after January 1, 2015. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The standard includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities.

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

(b) Basis of preparation:

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

(c) Use of estimates and judgements:

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

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

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.

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

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

(ii) Net realisable value of inventories:

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

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

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

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

Measurement of fair values

A number of the group's accounting policies and disclosures require measurement of fair values. Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, management assesses the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy at which such valuations should be classified.

When measuring the fair value of an asset, the group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

(i) 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.

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

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

Measurement of fair values (cont'd)

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

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.

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

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

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

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

(d) Basis of consolidation:

(i) Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of a subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

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

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

(iv) The consolidated financial statements include the separate financial statements of the company and its subsidiaries (note 1), made up to December 31, 2013.

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

(e) 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, short-term loan, accounts payable, long-term liabilities and related party payables.

The group currently has no derivative financial instruments. Financial instruments in these financial statements refers to non-derivative financial instruments, unless otherwise stated.

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.

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.

Share capital

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Measurement of financial assets and liabilities

The group classifies financial assets into the following categories:

(i) Financial assets at fair value through profit or loss:

A financial asset is classified as fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

(ii) Held-to-maturity financial assets:

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

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

(e) Financial instruments (cont'd):

Measurement of financial assets and liabilities (cont'd)

The group classifies financial assets into the following categories (cont'd):

(iii) Loans and receivables:

Loans and receivables are those that have a fixed or determinable payment and which are not quoted in an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less impairment losses.

(iv) Available-for-sale financial assets:

These assets are initially recognised at fair value plus any directly attributable transaction costs, except where fair value cannot be reliably determined, in which case they are stated at cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Financial liabilities are classified into the other financial liabilities category. They are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Recognition and derecognition of financial assets and liabilities

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

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

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

(f) Inventories:

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

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

(g) 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.

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

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

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

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

(ii) Subsequent expenditure:

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

(iii) Depreciation:

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

The estimated useful lives are as follows:

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

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

(h) 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.

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

(i) 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.

(j) Related parties:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(k) Impairment:

Financial assets not classified as fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the group on terms that the group would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security; or
- Observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

In assessing impairment, the group uses historical information on the timing of recoveries and the amount of loss incurred, and makes adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of the impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise it is reversed through other comprehensive income.

Non-financial assets

At each reporting date, the group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such impairment exists, then the 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.

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

(k) Impairment (cont'd):

Non-financial assets (cont'd):

(i) Calculation of recoverable amounts:

The recoverable amount of assets is the greater of its value in use and its fair value less costs to sell. 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. 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 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.

(l) 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.

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

(m) Revenue recognition:

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

(n) 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.

(o) Expenses/income:

(i) 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.

(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.

(p) Income taxes:

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

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

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

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

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

(p) Income taxes (cont'd):

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.

(q) Segment reporting:

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

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.

3. Investments

	The Group and the Company	
	2013	2012
Available-for-sale:		
Pan Caribbean Financial Services Ltd.:		
Sigma Optima	-	30,154,088
Scotia Investments Limited:		
Scotia Canadian Growth Fund		
[US$285,529 (2012: US$264,097)]	30,185,133	24,336,445
	30,185,133	54,490,533
Loans and receivables:		
Fixed deposits		
[US$2,125 (2012: US$2,122)]	224,462	195,656
	$30,409,595	54,686,189

4. Accounts receivable

	The Group		The Company	
	2013	2012	2013	2012
Trade receivables	152,598,156	143,455,015	117,076,556	108,274,836
Other receivables	31,740,189	29,758,944	28,899,277	28,896,217
	184,338,345	173,213,959	145,975,833	137,171,053
Less: Allowance for impairment	(41,434,496)	(29,079,018)	(35,038,854)	(23,998,982)
	$142,903,849	144,134,941	110,936,979	113,172,071

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

	The Group			
	2013		2012	
	Gross	Impairment	Gross	Impairment
Due 0-30 days	58,076,451	-	64,994,258	-
Past due 31-60 days	8,505,867	-	13,708,922	-
Past due 61–90 days	2,680,618	-	4,794,685	-
More than 90 days	83,335,220	41,434,496	59,957,150	29,079,018
Total	$152,598,156	41,434,496	143,455,015	29,079,018

	The Company			
	2013		2012	
	Gross	Impairment	Gross	Impairment
Due 0-30 days	49,312,127	-	50,329,247	-
Past due 31-60 days	5,560,287	-	10,653,224	-
Past due 61–90 days	1,756,359	-	3,590,612	-
More than 90 days	60,447,783	35,038,854	43,701,753	23,998,982
Total	$117,076,556	35,038,854	108,274,836	23,998,982

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

	The Group		The Company	
	2013	2012	2013	2012
Balance at beginning of year	29,079,018	19,643,863	23,998,982	15,998,982
Impairment loss recognised	12,355,478	9,435,155	11,039,872	8,000,000
Balance at end of year	$41,434,496	29,079,018	35,038,854	23,998,982

5. Due from related parties

(a) Current:

This comprises amounts due to/from directors and affiliated entities, which are repayable within three months.

5. Due from related parties (cont'd)

(b) Due from subsidiaries (non-current):

		The Company	
		2013	2012
12% J$ loans	(i)	45,127,500	65,127,500
7.5% US$ loan [US$Nil(2012: US$389,549)]	(ii)	-	36,219,347
Total loans		45,127,500	101,346,847
Interest-free advances, net		84,411,235	114,840,334
Dolphin Cove (Negril) Limited		129,538,735	216,187,181
DCTCI Limited [US$1,424,460 (2012: US$752,897)]	(iii)	150,588,923	66,291,913
Marine Adventure Park Limited [US$785,741 (2012: US$Nil)]	(iii)	83,065,802	-
		$363,193,460	282,479,094

(i) This represents two loans for $15,150,000 and $96,250,000, including transaction costs of $2,250,000, received by Dolphin Cove Limited and on-lent to Dolphin Cove (Negril) Limited on terms and conditions agreed from time to time.

(ii) This loan of US$2,500,000 was received by Dolphin Cove Limited from the National Export Import Bank of Jamaica Limited and on-lent to Dolphin Cove (Negril) Limited on terms and conditions agreed from time to time.

(iii) These balances materially comprise advances for the purchase of property and expenses incurred so far in respect of the proposed developments in St. Lucia and the Turks & Caicos Islands (note 1). These amounts are interest-free and unsecured with no fixed repayment terms.

6. Inventories

	The Group		The Company	
	2013	2012	2013	2012
Items for resale	28,019,972	26,382,557	23,678,130	23,195,385
Dolphin food	4,773,259	2,461,246	1,534,879	1,958,750
	32,793,231	28,843,803	25,213,009	25,154,135
Less: Allowance for impairment	(1,862,199)	(2,909,950)	(1,862,199)	(2,909,950)
	$30,931,032	25,933,853	23,350,810	22,244,185
Inventories charged to expenses during the year	$26,671,880	19,354,443	19,620,913	12,863,991

7. Investment in subsidiaries

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

	2013	2012
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	-
	$33,248,714	33,238,142

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

8. Property, plant and equipment

The Group

	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles	Capital work-in-progress	Total
Cost or valuation:						
December 31, 2011	744,278,765	1,348,804	133,243,778	14,257,064	-	893,128,411
Additions	20,497,342	221,200	16,871,906	-	66,291,913	103,882,361
Adjustment	(248,000)	-	-	-	-	(248,000)
December 31, 2012	764,528,107	1,570,004	150,115,684	14,257,064	66,291,913	996,762,772
Additions	1,758,355	765,384	12,582,431	9,550,000	148,283,888	172,940,058
Translation adjustment	-	-	-	-	19,078,913	19,078,913
Disposals	-	-	-	(3,600,000)	-	(3,600,000)
December 31, 2013	766,286,462	2,335,388	162,698,115	20,207,064	233,654,714	1,185,181,743
Depreciation:						
December 31, 2011	13,071,954	839,670	50,820,634	8,844,091	-	73,576,349
Charge for the year	8,046,138	164,464	14,366,595	1,224,681	-	23,801,878
December 31, 2012	21,118,092	1,004,134	65,187,229	10,068,772	-	97,378,227
Charge for the year	8,152,931	170,985	15,383,614	2,353,848	-	26,061,378
Eliminated on disposals	-	-	-	(1,736,667)	-	(1,736,667)
December 31, 2013	29,271,023	1,175,119	80,570,843	10,685,953	-	121,702,938
Net book values:						
December 31, 2013	$737,015,439	1,160,269	82,127,272	9,521,111	233,654,714	1,063,478,805
December 31, 2012	$743,410,015	565,870	84,928,455	4,188,292	66,291,913	899,384,545

The Company

	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles	Total
Cost or valuation:					
December 31, 2011	267,304,545	1,348,804	108,309,620	10,733,660	387,696,629
Additions	6,870,592	221,200	16,314,972	-	23,406,764
December 31, 2012	274,175,137	1,570,004	124,624,592	10,733,660	411,103,393
Additions	576,005	765,384	11,507,351	9,550,000	22,398,740
Disposals	-	-	-	(3,600,000)	(3,600,000)
December 31, 2013	274,751,142	2,335,388	136,131,943	16,683,660	429,902,133
Depreciation:					
December 31, 2011	6,921,630	839,670	47,677,914	7,904,517	63,343,731
Charge for the year	3,781,261	164,464	11,710,545	520,000	16,176,270
December 31, 2012	10,702,891	1,004,134	59,388,459	8,424,517	79,520,001
Charge for the year	3,831,938	170,985	12,673,132	1,649,167	18,325,222
Eliminated on disposal	-	-	-	(1,736,667)	(1,736,667)
December 31, 2013	14,534,829	1,175,119	72,061,591	8,337,017	96,108,556
Net book values:					
December 31, 2013	$260,216,313	1,160,269	64,070,352	8,346,643	333,793,577
December 31, 2012	$263,472,246	565,870	65,236,133	2,309,143	331,583,392

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

(a) The group's land and buildings were revalued as at December 31, 2009 on an open market basis by Property Consultants Limited (an independent firm of registered real estate agents, appraisers, auctioneers and consultants of Kingston, Jamaica). Management intends to have a professional valuation done during 2014.

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(a)(iv)].

The surpluses arising on revaluation in previous years were recognised in other comprehensive income and included in revaluation reserves (note 16).

(b) Land and buildings include land at a valuation of $440,175,225 (2012: $439,354,062) for the group and $121,600,000 (2012: $121,600,000) for the company.

(c) Capital work-in-progress represents land and related expenditure incurred in connection with the planned development of an attraction in the Turks and Caicos Islands and St. Lucia [note 1(c)].

9. Live assets

	The Group		
	Dolphin costs	Other creatures	Total
Cost:			
December 31, 2011	132,542,448	13,629,998	146,172,446
Additions	60,745,010	262,530	61,007,540
December 31, 2012	193,287,458	13,892,528	207,179,986
Additions	263,633,353	233,900	263,867,253
Write-offs	(27,116,744)	(3,716,713)	(30,833,457)
December 31, 2013	429,804,067	10,409,715	440,213,782
Amortisation:			
December 31, 2011	33,254,661	4,884,469	38,139,130
Charge for the year	9,223,897	916,987	10,140,884
December 31, 2012	42,478,558	5,801,456	48,280,014
Charge for the year	21,034,072	936,875	21,970,947
Eliminated on write-off	(11,266,916)	(1,712,021)	(12,978,937)
December 31, 2013	52,245,714	5,026,310	57,272,024
Net book values:			
December 31, 2013	$377,558,353	5,383,405	382,941,758
December 31, 2012	$150,808,900	8,091,072	158,899,972

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

9. Live assets (cont'd)

	The Company		
	Dolphins costs	Other creatures	Total
Cost:			
December 31, 2011	132,542,449	13,236,497	145,778,946
Additions	60,745,010	239,530	60,984,540
December 31, 2012	193,287,459	13,476,027	206,763,486
Additions	263,633,353	188,900	263,822,253
Write-offs	(27,116,744)	(3,716,713)	(30,833,457)
December 31, 2013	429,804,068	9,948,214	439,752,282
Amortisation:			
December 31, 2011	33,254,661	4,867,593	38,122,254
Charge for the year	9,223,897	889,569	10,113,466
December 31, 2012	42,478,558	5,757,162	48,235,720
Charge for the year	21,034,072	907,107	21,941,179
Eliminated on write-off	(11,266,916)	(1,712,021)	(12,978,937)
December 31, 2013	52,245,714	4,952,248	57,197,962
Net book values:			
December 31, 2013	$377,558,354	4,995,966	382,554,320
December 31, 2012	$150,808,901	7,718,865	158,527,766

10. Bank overdrafts

In the prior year, the company had an overdraft facility in the amount of $4,060,000 which was secured by a savings balance of US$56,400. The facility attracted interest of 17.75% per annum. Bank overdraft, in the current and prior year, represent credit balances on the company's bank accounts arising from items in transit at the reporting date.

11. Short-term loan

This represents a short-term loan which was repaid during the year. The loan was unsecured and bore interest at 14.40% per annum.

12. Accounts payable

	The Group		The Company	
	2013	2012	2013	2012
Trade payables	61,311,809	42,227,782	52,354,024	37,696,976
Tax payable on dividends	9,577,172	-	9,577,172	-
Other payables and accruals	55,116,158	48,574,724	43,234,497	45,358,798
	$126,005,139	90,802,506	105,165,693	83,055,774

13. Deferred tax liability

Deferred tax is attributable to the following:

	The Group					
	Balance at December 31, 2011	Recognised in income (note 19)	Recognised in equity (note 16)	Balance at December 31, 2012	Recognised in income (note 19)	Balance at December 31, 2013
Property, plant and equipment	(6,033,602)	13,950,355	(6,485,207)	1,431,546	(6,764,866)	(5,333,320)
Live assets	14,907,359	893,278	-	15,800,637	27,033,457	42,834,094
	$ 8,873,757	14,843,633	(6,485,207)	17,232,183	20,268,591	37,500,774

	The Company					
	Balance at December 31, 2011	Recognised in income (note 19)	Recognised in equity (note 16)	Balance at December 31, 2012	Recognised in income (note 19)	Balance at December 31, 2013
Property, plant and equipment	(10,396,101)	13,535,704	(6,485,207)	(3,345,604)	(6,347,859)	(9,693,463)
Live assets	14,816,813	983,824	-	15,800,637	27,033,457	42,834,094
	$ 4,420,712	14,519,528	(6,485,207)	12,455,033	20,685,598	33,140,631

14. Long-term liabilities

		The Group and the Company	
		2013	2012
Long-term loans:			
National Export Import Bank of Jamaica Limited [US$Nil (2012: US$389,549)]	(a)	-	36,219,347
Sagicor Bank Jamaica Limited loans:			
Loan A	(b)	46,212,120	-
Loan B	(c)	225,000,000	-
The Bank of Nova Scotia Jamaica Limited	(d)	6,583,300	-
Due to property vendor	(e)	45,127,500	65,127,500
		322,922,920	101,346,847
Less: Current portion		(71,580,004)	(56,219,347)
		$251,342,916	45,127,500

(a) This loan bore interest at 7.5% per annum and was secured by a guarantee from Sagicor Bank Jamaica Limited (formerly PanCaribbean Bank Limited) in the amount of US$2,585,500. This loan was settled during the year.

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

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

14. Long-term liabilities (cont'd)

(b) (Continued)

The loan is materially secured as follows:

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

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

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

(d) This represents the balance on a J$ loan of $7,900,000 which is secured by a bill of sale over the motor vehicle purchased during the year. The loan is for sixty (60) months and bears interest at 9% per annum.

(e) This comprises two loans used to finance the acquisition of parcels of land in Hanover. The first represents the balance of an initial loan of $94,000,000 plus the company's share of transaction costs and is payable within four years. The second parcel of land was purchased with a loan of $15,000,000, against which payments of $2,272,500 were applied. The balance is payable upon exchange of the title to the property. Interest is payable quarterly at a rate of 12% per annum on both loans.

15. Share capital

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

	2013	2012
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.

16. Capital reserves

	The Group		The Company	
	2013	2012	2013	2012
Revaluation surplus arising on (note 8):				
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 13)	(19,455,620)	(19,455,620)	(19,455,620)	(19,455,620)
Foreign currency translation reserve (a)	19,078,913	-	-	-
Investment revaluation reserve (b)	5,350,973	(497,715)	5,350,973	(497,715)
	$376,657,164	351,729,563	150,107,424	144,258,736

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

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

17. Operating revenue

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

18. Finance income/(costs)

	The Group		The Company	
	2013	2012	2013	2012
(a) Finance income:				
Net foreign exchange gains	32,356,952	16,513,524*	44,305,370	13,375,355*
Interest income	2,750,117	3,892,443	8,123,340	22,627,713
	$35,107,069	20,405,967*	52,428,710	36,003,068*
(b) Finance costs:				
Interest expense	(20,318,062)	(18,942,673)	(20,310,564)	(18,942,673)
Bank charges	(8,987,878)	(5,700,719)	(6,497,326)	(4,555,752)
Loan processing fees	(4,017,533)	-	(4,017,534)	-
Loss on disposal of investments	(41,104)	-	(41,104)	-
Credit card charges	(6,939,218)	(5,684,098)	(4,879,800)	(4,004,644)
	$(40,303,795)	(30,327,490)*	(35,746,328)	(27,503,069)*

*Net foreign exchange gains previously shown in finance costs and have been reclassified to finance income.

19. Taxation

(a) Income tax charge:

	The Group 2013	The Group 2012	The Company 2013	The Company 2012
(i) Current tax at 28.75% (2012: 33⅓%):				
Current year	3,303	6,254	-	-
Adjustment in respect of prior year	-	(755,156)	-	(755,156)
	3,303	(748,902)	-	(755,156)
(ii) Deferred taxation:				
Origination of temporary differences (note 13)	20,268,591	14,843,633	20,685,598	14,519,528
	$20,271,894	14,094,731	20,685,598	13,764,372

(b) Reconciliation of actual tax expense:

	The Group 2013	The Group 2012	The Company 2013	The Company 2012
Profit before taxation	$342,331,908	264,915,856	269,078,576	189,484,293
Computed "expected" tax charge	91,239,272	88,305,285	67,269,644	63,161,431
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances, net	2,466,084	8,510,735	2,356,780	7,246,467
Exchange gains	(4,417,441)	(2,458,893)	(4,970,049)	(1,412,837)
Provision for unused vacation	607,874	349,029	260,417	321,696
Disallowed expenses	9,014,724	5,134,444	7,590,562	8,135,367
Tax remission [note (c)]	(51,821,756)	(62,932,596)	(51,821,756)	(62,932,596)
Relief under Section 86 of the Income Tax Act [note (d)]	(26,816,863)	(22,058,117)	-	-
	20,271,894	14,849,887	20,685,598	14,519,528
Adjustment in respect of prior year	-	(755,156)	-	(755,156)
Actual tax charge recognised in profit for the year	$20,271,894	14,094,731	20,685,598	13,764,372

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

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

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

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

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

20. Disclosure of expenses

Profit for the year is stated after charging:

	The Group		The Company	
	2013 $	2012 $	2013 $	2012 $
Auditors' remuneration	5,480,000	5,030,000	3,650,000	3,200,000
Depreciation and amortisation	48,032,325	33,942,762	40,266,401	26,289,736
Staff costs [see also note 22(c)]	325,764,677	315,946,105	279,294,125	269,798,589

Staff costs are broken down as follows:

Salaries and wages – administration	130,542,878	120,086,169	111,439,681	102,928,690
Salaries and wages – other operations	114,248,157	122,552,067	93,533,327	98,724,809
Salaries and wages – selling	80,973,642	73,307,869	74,321,117	68,145,090
	325,764,677	315,946,105	279,294,125	269,798,589

21. 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.

	2013	2012
Profit for the year attributable to stockholders of the company	$322,060,014	250,821,125
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)	82.07¢	63.92¢

22. Related party balances and transactions

(a) Identity of related parties:

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

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

(c) Transactions with key management personnel:

(i) Loan to a director:

During the year, an interest-free unsecured loan of $10,600,000 was advanced to a director. The loan is repayable within 12 months of the issue date. At December 31, 2013, the balance outstanding was $6,564,429.

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

(c) Transactions with key management personnel (cont'd):

(ii) Key management personnel compensation:

	The Group		The Company	
	2013	2012	2013	2012
	$	$	$	$
Directors' emoluments:				
Fees	8,896,392	9,080,000	6,396,396	6,636,300
Management	28,546,604	28,100,153	28,546,604	28,100,153
Key management personnel compensation*	41,476,912	40,526,459	38,976,916	38,082,759

* Key management personnel compensation is included in staff costs (note 20).

(iii) Key management personnel transactions:

Directors of the company and entities under their control hold 82% (2012: 83%) of the voting stock units of the company.

A number of key management personnel hold positions in other companies that result in them having control or significant influence over these companies. A number of these companies transacted business with the group during the year as disclosed in note 22(d) below. Balances due to these related parties as at December 31, 2013 aggregating $1,575,912 (2012: $442,490) are included in accounts payable (note 12).

During the year monies totaling $1,655,101 (2012: $Nil) were advanced on behalf of a related party owned by a director. Amounts due as at the reporting date and included in accounts receivable (note 4) amounted to $1,098,808 (2012: $Nil).

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

	The Group		The Company	
	2013	2012	2013	2012
	$	$	$	$
Interest earned from subsidiary [note 5(b)]	-	-	5,435,708	18,836,283
Boat rental paid to a director	(2,126,442)	(1,847,985)	(2,126,442)	(1,847,985)
Professional fees paid to a director	(1,281,812)	(594,130)	(1,281,812)	(594,130)
Mini-boat commissions paid to a director	(1,907,474)	(1,907,474)	(1,907,474)	(1,907,474)
Rental of dolphins and camels to subsidiary	-	-	64,774,633	57,218,400
Management fees charged to subsidiary	-	-	30,000,000	3,600,000*

*Management fees previously included in ancillary services revenue are now shown in other income.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

23. Dividends

	2013		2012	
	Dividend per ordinary stock unit	Dividends paid	Dividend per ordinary stock unit	Dividends paid
		$		$
First interim dividend: March 11, 2013 (2012: March 13, 2012)	10¢	39,242,637	4¢	15,697,056
Second interim dividend: May 20, 2013 (2012: July 9, 2012)	10¢	39,242,637	16¢	62,788,220
Third interim dividend: August 29, 2013 (2012: November 1, 2012)	10¢	39,242,638	10¢	39,263,628
Fourth interim dividend: November 15, 2013	10¢	39,242,638	-	-
	40¢	156,970,550	30¢	117,748,904

24. Segment results

The group's reportable segments are as follows:

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

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

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

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

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

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

24. Segment results (cont'd)

	2012			
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	$ 971,502,631	300,560,015	87,042,711	1,359,105,357
Finance income	$ 36,003,068	3,239,182	-	39,242,250
Finance costs	$(27,485,319)	(21,660,674)	(17,780)	(49,163,773)
Depreciation and amortisation	$(25,451,522)	(6,804,620)	(1,686,620)	(33,942,762)
Taxation	$(13,764,372)	(330,359)	-	(14,094,731)
Segment profit after tax	$ 171,952,687	75,949,633	2,918,805	250,821,125
Reportable segment assets	$1,297,772,891	321,104,070	101,542,962	1,720,419,923
Capital expenditure	$ 22,780,137	14,183,685	66,918,539	103,882,361
Reportable segment liabilities	$ 239,233,705	229,118,087	66,264,014	534,615,806

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

	2013	2012
Revenue		
Total revenue for reportable segments	1,611,583,213	1,359,105,357
Less other income	(2,450,641)	(924,285)
Elimination of inter-segment management fees	(31,200,000)	(4,800,000)
Elimination of inter-segment rental income	(75,723,133)	(66,742,200)
	$1,502,209,439	1,286,638,872
Finance income		
Total finance income for reportable segments	59,621,688	39,242,250
Translation adjustment on consolidation	(19,078,913)	-
Elimination of inter-company transactions	(5,435,706)	(18,836,283)
Consolidated finance income	$ 35,107,069	20,405,967
Finance costs		
Total finance costs for reportable segments	45,739,501	49,163,773
Elimination of inter-company transactions	(5,435,706)	(18,836,283)
Consolidated finance costs	$ 40,303,795	30,327,490
Assets		
Total assets for reportable segments	2,243,337,798	1,720,419,923
Elimination of investment in subsidiaries	(33,428,714)	(33,417,142)
Elimination of due from subsidiaries	(363,193,460)	(282,479,094)
Consolidated total assets	$1,846,715,624	1,404,523,687
Liabilities		
Total liabilities for reportable segments	867,505,044	534,615,806
Elimination of due to parent company	(363,193,460)	(282,479,094)
Consolidated total liabilities	$ 504,311,584	252,136,712
Profit after tax		
Segment profit after tax	341,138,927	250,821,125
Translation adjustment on consolidation	(19,078,913)	-
Consolidated profit for the year	$ 322,060,014	250,821,125

25. Financial instruments

(a) Financial risk management:

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

(i) Credit risk:

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

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

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

The group limits its exposure to credit risk by:

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

Accounts receivable

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has a credit policy in place under which each customer is analysed for credit worthiness prior to being offered credit. The group does not require collateral in respect of trade and other receivables. At the reporting date there were significant concentrations of credit risk in respect of 10 (2012: 10) major customers for the group and 7 (2012: 7) for the company who materially comprised trade receivables. As at December 31, 2013, amounts receivable from these customers aggregated $64,802,417 (2012: $66,068,242) for the group and $58,388,386 (2012: $52,422,505) for the company. These represent 42% (2012: 46%) and 50% (2012: 48%) of trade receivables for the group and the company, respectively.

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

Due from related parties

At the reporting date there were no significant concentrations in respect of amounts due from related parties. These related parties are considered to be solvent.

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

25. Financial instruments (cont'd)

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

(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.

- 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	
	2013	2012	2013	2012
Fixed rate instruments:				
Financial assets	138,021,855	-	138,021,855	282,479,094
Financial liabilities	(322,922,920)	(111,346,847)	(322,922,920)	(111,346,847)
	$(184,901,065)	(111,346,847)	(184,901,065)	171,132,247
Variable rate instruments:				
Financial assets	76,777,961	57,729,526	40,845,271	44,759,705
Financial liabilities	(17,882,751)	(32,755,176)	(17,882,751)	(32,348,151)
	$ 58,895,210	24,974,350	22,962,520	12,411,554

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			
	2013		2012	
	Increase 250bp	Decrease 100bp	Increase 100bp	Decrease 100bp
Effect on profit (Decrease)/increase	US$1,472,380	(588,952)	249,744	(249,744)

25. Financial instruments (cont'd)

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

(ii) Market risk (cont'd):

- Interest rate risk (cont'd):

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

	The Company			
	2013		2012	
	Increase 250bp	Decrease 100bp	Increase 100bp	Decrease 100bp
Effect on profit (decrease)/increase	US$574,063	(229,625)	124,116	124,116

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

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	
	2013	2012	2013	2012
Cash and cash equivalents	759,598	599,308	422,230	475,306
Securities purchased under resale agreements	905,691	-	905,691	-
Investments	287,652	266,220	287,652	266,220
Accounts receivable	1,186,276	1,870,713	967,293	1,452,931
Due from related parties	105,654	516,505	105,654	483,403
Bank overdrafts	(51,420)	(143,174)	(51,420)	(143,174)
Accounts payable	(281,868)	(282,130)	(258,064)	(251,690)
Long-term liabilities	-	(389,549)	-	(389,549)
	US$ 2,911,583	2,437,893	2,379,036	1,893,447
Equivalent to	$307,802,526	224,651,840	251,503,526	174,481,141

25. Financial instruments (cont'd)

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

(ii) Market risk (cont'd):

- Foreign currency risk (cont'd):

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

At December 31, 2013: $105.72
At December 31, 2012: $92.15

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	
	2013 $	2012 $	2013 $	2012 $
15% (2012: 4%) strengthening of the US$ against the J$	46,170,379	36,697,776	37,725,529	26,172,171
1% (2012: 1%) weakening of the US$ against the J$	(3,078,025)	(2,246,518)	(2,515,035)	(1,774,811)

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

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

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

25. Financial instruments (cont'd)

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

(iii) Liquidity risk (cont'd):

The Group (cont'd)

2012	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	32,755,176	32,755,176	32,755,176	-	-	-
Short-term loan	10,000,000	10,000,000	10,000,000	-	-	-
Long-term liabilities	101,346,847	114,038,377	32,691,530	36,219,347	45,127,500	-
Accounts payable	90,802,506	90,802,506	90,802,506	-	-	-
Total financial liabilities	$234,904,529	247,596,059	166,249,212	36,219,347	45,127,500	-

The Company

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

2012	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	32,348,151	32,348,151	32,348,151	-	-	-
Short-term loan	10,000,000	10,000,000	10,000,000	-	-	-
Due to subsidiaries	17,900	17,900	17,900	-	-	-
Long-term liabilities	101,346,847	114,038,386	32,691,530	36,219,347	45,127,500	-
Accounts payable	83,055,774	83,055,774	83,055,774	-	-	-
Total financial liabilities	$226,768,672	239,460,211	158,113,355	36,219,347	45,127,500	-

(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.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

25. Financial instruments (cont'd)

(c) Fair value disclosures:

The Group

2013

	Carrying amount					Fair value
	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Notes	Level 2
Financial assets:						
Cash and cash equivalents	83,950,984	-	-	83,950,984	(i)	-
Securities purchased under resale agreements	92,894,355	-	-	92,894,355	(i)	-
Investments	224,462	30,185,133	-	30,409,595	(i)&(ii)	30,185,133
Accounts receivable	142,903,849	-	-	142,903,849	(i)	-
Due from related parties	12,989,826	-	-	12,989,826	(i)	-
	$332,963,476	30,185,133	-	363,148,609		30,185,133
Financial liabilities:						
Bank overdrafts	-	-	(17,882,751)	(17,882,751)	(iii)	-
Accounts payable	-	-	(126,005,139)	(126,005,139)	(iii)	-
Long-term liabilities	-	-	(322,922,920)	(322,922,920)	(iv)	-
	$ -	-	(466,810,810)	(466,810,810)		-

2012

	Carrying amount					Fair value
	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Notes	Level 2
Financial assets:						
Cash and cash equivalents	59,263,625	-	-	59,263,625	(i)	-
Investments	195,656	54,490,533	-	54,686,189	(i)&(ii)	54,490,533
Accounts receivable	144,134,941	-	-	144,134,941	(i)	-
Due from related parties	56,557,537	-	-	56,557,537	(i)	-
	$260,151,759	54,490,533	-	314,642,292		54,490,533
Financial liabilities:						
Short-term loan	-	-	(10,000,000)	(10,000,000)	(iv)	-
Bank overdrafts	-	-	(32,755,176)	(32,755,176)	(iii)	-
Accounts payable	-	-	(90,802,506)	(90,802,506)	(iii)	-
Long-term liabilities	-	-	(101,346,847)	(101,346,847)	(iv)	-
	$ -	-	(234,904,529)	(234,904,529)		-

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
December 31, 2013

25. Financial instruments (cont'd)

(c) Fair value disclosures (cont'd):

The Company

2013

	Carrying amount					Fair value
	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Notes	Level 2
Financial assets:						
Cash and cash equivalents	49,009,273	-	-	49,009,273	(i)	-
Securities purchased under resale agreements	92,894,355	-	-	92,894,355	(i)	-
Investments	224,462	30,185,133	-	30,409,595	(i)&(ii)	30,185,133
Accounts receivable	110,936,979	-	-	110,936,979	(i)	-
Due from related parties	12,989,826	-	-	12,989,826	(i)	-
	$266,054,895	30,185,133	-	296,240,028		30,185,133
Financial liabilities:						
Bank overdrafts	-	-	(17,882,751)	(17,882,751)	(iii)	-
Accounts payable	-	-	(105,165,693)	(105,165,693)	(iii)	-
Long-term liabilities	-	-	(322,922,920)	(322,922,920)	(iv)	-
	$ -	-	(445,971,364)	(445,971,364)		-

2012

	Carrying amount					Fair value
	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Notes	Level 2
Financial assets:						
Cash and cash equivalents	46,294,304	-	-	46,294,304	(i)	-
Investments	195,656	54,490,533	-	54,686,189	(i)&(ii)	54,490,533
Accounts receivable	113,172,071	-	-	113,172,071	(i)	-
Due from related parties	5,623,713	-	-	5,623,713	(i)	-
	$165,285,744	54,490,533	-	219,776,277		54,490,533
Financial liabilities:						
Short-term loan	-	-	(32,348,151)	(32,348,151)	(iv)	-
Bank overdrafts	-	-	(32,755,176)	(32,755,176)	(iii)	-
Accounts payable	-	-	(83,055,774)	(83,055,774)	(iii)	-
Long-term liabilities	-	-	(101,346,847)	(101,346,847)	(iv)	-
	$ -	-	(249,505,948)	(249,505,948)		-

(i) The fair value of financial assets, classified as loans and receivables [note 2(e)], are assumed to be equal to their carrying values due to their short-term nature.

(ii) Fair values of available-for-sale investments are based on price quotes as published by managers of these instruments.

(iii) The fair value of these non-interest bearing financial liabilities approximates their carrying value as shown in the statement of financial position due to their short-term nature.

(iv) The carrying value of interest-bearing liabilities approximate fair value as the coupon rate is at market. In addition, the fair value of short-term loan equals to carrying value due to its short-term nature.

26. Commitments

(a) Operating lease commitments:

During the year the group entered into an agreement, with a third party for the rental of two (2) dolphins. Future payments under these leases relative to the reporting date are as follows:

	The Group and the Company	
	2013	2012
Within one year (US$120,000)	12,765,324	-
Between one and five years (US$240,000)	25,530,648	-
	$38,295,972	-
Operating lease payments recognised in profit or loss	$32,311,452	47,623,330

Operating lease payments recognised in profit, for the current and prior year, were incurred in respect of dolphins rented on a month by month basis without formalised long-term agreements. These rented dolphins were purchased during the year (note 9). Payments in respect of the lease agreement for new dolphins are scheduled to commence in January 2014.

(b) Capital commitments:

(i) At December 31, 2013, approximately US$600,000 was approved by the board, in respect of the proposed expansion work to be carried out at the Dolphin Cove Negril and Ocho Rios properties, for which no provision was made in the financial statements.

(ii) In the prior year, the company entered into an agreement to acquire property at a cost of US$750,000.

27. Subsequent event

The Government of Jamaica has enacted new tax measures to change the tax incentive regimes applicable to various industries, effective January 1, 2014. Given the current tax position of the company and its subsidiary, as disclosed in notes 19(c) and (d), these new tax measures will result in changes in the income tax and capital allowances computations but are not expected to materially affect the group's tax position until the end of the tax remission period.