DOLPHIN COVE LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2017

KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
DOLPHIN COVE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dolphin Cove Limited ("the company") comprising the separate financial statements of the company and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 7 to 52 which comprise the group's and company's statements of financial position as at December 31, 2017, the group's and company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at December 31, 2017, and of the group's and company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
DOLPHIN COVE LIMITED

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matters were addressed in our audit
1. Fair Value of Live Assets - Dolphins	
Live assets - Dolphins are measured at fair market value less amortization. The determination of fair value requires management to make certain assumptions relating to the estimated useful life and the market price of dolphins, which have a material bearing on the measurement (see note 9).	We challenged the estimated fair value of dolphins determined by management by: • Testing the reasonableness of the group's estimated fair value of dolphins by evaluating the key assumptions used in the valuation, such as the historical average purchase price of dolphins, the actual purchase price for similar dolphins in recent transactions, and considering the age of dolphins and remaining useful life; • Reviewing the purchase contract of dolphins acquired during the year to verify actual transaction prices used in the valuation; • Evaluating the assumptions and underlying data used in determining the fair value, including identification of similar transactions and listings, and corroborating discussions with the management within our understanding of the market environment; • Specific discussion with a qualified in-house veterinarian regarding the health of each dolphin in production and their remaining useful lives; and • Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
DOLPHIN COVE LIMITED

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Key Audit Matters	How the matters were addressed in our audit
2. *Recovery of debtors' balances*	
The Group has significant overdue balances with hotels and tour operators. There is significant judgement involved in determining the levels of allowance for impairment on these balances, because of the uncertainty involved in estimating the timing and amount of future collections (see note 4).	Our procedures in this area included: • Testing the manual and automated controls over recording and ageing receivables. Our testing of automated controls involved using our own Information Technology Audit specialists to test the design, implementation and operating effectiveness of automated controls; • Testing subsequent receipts for selected customers identified as overdue; • Evaluating the adequacy of the Group's provisions against trade receivables by assessing management's assumptions used and reperforming the calculation; and • Reviewing the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the provision.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS 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 from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

KPMG

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
DOLPHIN COVE LIMITED

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Those Charged with Governance for the Financial Statements (cont'd)

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 5-6, forms part of our auditors' report.

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.

The engagement partner on the audit resulting in this independent auditors' report is Rajan Trehan.

KPMG

Chartered Accountants
Montego Bay, Jamaica

March 1, 2018

To the Members of
DOLPHIN COVE LIMITED

Appendix to the Independent Auditors' report

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

To the Members of
DOLPHIN COVE LIMITED

Appendix to the Independent Auditors' report (cont'd)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

DOLPHIN COVE LIMITED

Group Statement of Financial Position
December 31, 2017
(Expressed in United States dollars)

	Notes	2017	2016
CURRENT ASSETS			
Cash and cash equivalents		850,676	1,223,530
Investments	3(a)	2,127	300,037
Accounts receivable	4	1,975,490	1,699,508
Taxation recoverable		28,896	28,268
Due from related companies	5(b)(ii)(a)	339,788	-
Inventories	6	376,059	343,703
		3,573,036	3,595,046
NON-CURRENT ASSETS			
Property, plant and equipment	8	20,931,448	20,292,633
Live assets	9	3,968,868	3,865,533
Due from related company	5(b)(ii)(b)	1,110,012	1,450,000
		26,010,328	25,608,166
TOTAL ASSETS		$29,583,364	29,203,212
CURRENT LIABILITIES			
Bank overdrafts	10	18,746	113,286
Accounts payable	11	1,576,306	1,340,354
Current portion of long-term liabilities	13	404,505	740,635
Taxation payable		35,928	1,641
Due to other related companies	5(b)(iii)	20,800	22,112
		2,056,285	2,218,028
NON-CURRENT LIABILITIES			
Deferred tax liability	12	856,916	936,916
Long-term liabilities	13	226,164	606,939
		1,083,080	1,543,855
STOCKHOLDERS' EQUITY			
Share capital	14	3,654,390	3,654,390
Capital reserves	15	10,560,310	10,655,913
Retained earnings		12,229,299	11,131,026
		26,443,999	25,441,329
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		$29,583,364	29,203,212

The financial statements on pages 7 to 52 were approved by the Board of Directors on March 1, 2018 and signed on its behalf by:

______________________ Director
Stafford Burrowes

TBURKE
JAM495
______________________ Director
Travis William Burke

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

DOLPHIN COVE LIMITED

Group Statement of Profit or Loss
Year ended December 31, 2017
(Expressed in United States dollars)

	Notes	2017	2016
OPERATING REVENUE			
Programmes revenue	16(a)	9,136,730	8,805,221
Ancillary service revenue	16(b)	7,496,406	6,459,613
Overall revenue		16,633,136	15,264,834
Less: Direct costs of sales	17(a)	(1,639,020)	(1,133,669)
Gross profit		14,994,116	14,131,165
Gain on disposal of property, plant and equipment		440	-
Other income		99	427
		14,994,655	14,131,592
OPERATING EXPENSES	17(b)		
Selling		(4,571,456)	(4,410,924)
Other operations		(3,679,140)	(3,767,635)
Administrative		(2,678,228)	(2,525,587)
		(10,928,824)	(10,704,146)
Profit before finance income and costs		4,065,831	3,427,446
Finance income	18(a)	43,279	172,394
Finance costs	18(b)	(277,141)	(307,943)
Gain on disposal of investments		105,126	-
Profit before taxation		3,937,095	3,291,897
Income tax expense	19	(405,000)	(431,737)
Profit for the year		$ 3,532,095	2,860,160
Earnings per stock unit	20	0.90¢	0.73¢

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

DOLPHIN COVE LIMITED

Group Statement of Other Comprehensive Income
Year ended December 31, 2017
(Expressed in United States dollars)

	Notes	2017	2016
Profit for the year		3,532,095	2,860,160
Other comprehensive income:			
Items that are or may be reclassified to profit or loss:			
Fair value appreciation of available-for-sale investments, being total other comprehensive income		9,523	30,646
Realised gain on disposal of available-for-sale investments recognised in statement of profit or loss		(105,126)	-
Total comprehensive income		$3,436,492	2,890,806

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, 2017
(Expressed in United States dollars)

	Share capital (note 14)	Capital reserves (note 15)	Retained earnings	Total
Balances as at December 31, 2015	3,654,390	10,625,267	10,148,076	24,427,733
Total comprehensive income:				
Profit for the year	-	-	2,860,160	2,860,160
Other comprehensive income:				
Fair value appreciation of available-for-sale investments	-	30,646	-	30,646
	-	30,646	2,860,160	2,890,806
Transactions with owners of the company:				
Dividends (note 21)	-	-	(1,877,210)	(1,877,210)
Balances as at December 31, 2016	3,654,390	10,655,913	11,131,026	25,441,329
Total comprehensive income:				
Profit for the year	-	-	3,532,095	3,532,095
Other comprehensive income:				
Fair value appreciation of available-for-sale investments	-	9,523	-	9,523
Realised gain on disposal of available-for-sale investments recognised in statement of profit or loss	-	(105,126)	-	(105,126)
	-	(95,603)	3,532,095	3,436,492
Transactions with owners of the company:				
Dividends (note 21)	-	-	(2,433,822)	(2,433,822)
Balances as at December 31, 2017	$3,654,390	10,560,310	12,229,299	26,443,999

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

DOLPHIN COVE LIMITED

Group Statement of Cash Flows
Year ended December 31, 2017
(Expressed in United States dollars)

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		3,532,095	2,860,160
Adjustments for:			
Depreciation and amortisation	8,9	1,071,037	1,008,016
Gain on disposal of property, plant and equipment		(440)	-
Gain on disposal of investments		(105,126)	-
Interest income	18(a)	(7,181)	(18,227)
Interest expense	18(b)	28,110	104,787
Impairment loss on trade receivables	4(c)	79,245	163,570
Taxation	19	405,000	431,737
		5,002,740	4,550,043
Changes in:			
Accounts receivable		(355,227)	(384,233)
Inventories		(32,356)	(14,004)
Accounts payable		325,908	447,721
Due to other related companies		(1,312)	22,112
Cash generated from operations		4,939,753	4,621,639
Interest paid		(118,066)	(290,695)
Income tax paid		(451,341)	(436,784)
Net cash provided by operating activities		4,370,346	3,894,160
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		7,181	51,968
Securities purchased under resale agreements, net		-	1,357,588
Additions to property, plant and equipment	8	(1,406,435)	(1,443,361)
Proceeds from disposal of property, plant and equipment		3,848	-
Additions to live assets	9	(410,160)	(576,932)
Due from related companies		200	(1,450,000)
Proceeds from sale of investments		307,433	161,323
Net cash used by investing activities		(1,497,933)	(1,899,414)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term liabilities, net		(716,905)	(505,044)
Dividends paid		(2,433,822)	(1,877,210)
Net cash used by financing activities		(3,150,727)	(2,382,254)
Net decrease in cash resources		(278,314)	(387,508)
Cash resources at beginning of the year		1,110,244	1,497,752
CASH RESOURCES AT END OF YEAR		$ 831,930	1,110,244
Comprising:			
Cash and cash equivalents		850,676	1,223,530
Bank overdrafts		(18,746)	(113,286)
		$ 831,930	1,110,244

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

DOLPHIN COVE LIMITED

Company Statement of Financial Position
December 31, 2017
(Expressed in United States dollars)

	Notes	2017	2016
CURRENT ASSETS			
Cash and cash equivalents		850,676	1,223,530
Investments	3(a)	2,127	300,037
Accounts receivable	4	1,975,030	1,699,096
Due from related companies	5(b)(ii)(a)	339,788	-
Taxation recoverable		-	27,598
Inventories	6	376,059	343,703
		3,543,680	3,593,964
NON-CURRENT ASSETS			
Investment in subsidiaries	7	314,539	314,539
Property, plant and equipment	8	9,039,128	8,448,504
Live assets	9	3,965,603	3,861,923
Due from subsidiaries	5(b)(i)	4,390,795	4,161,501
Due from related company	5(b)(ii)(b)	1,110,012	1,450,000
		18,820,077	18,236,467
TOTAL ASSETS		$22,363,757	21,830,431
CURRENT LIABILITIES			
Bank overdrafts	10	18,746	113,286
Accounts payable	11	1,574,542	1,270,613
Due to other related companies	5(b)(iii)	20,800	22,112
Due to subsidiaries	5(b)(iv)	300	300
Current portion of long-term liabilities	13	404,505	740,635
Taxation payable		35,928	1,641
		2,054,821	2,148,587
NON-CURRENT LIABILITIES			
Deferred tax liability	12	856,916	936,916
Long-term liabilities	13	226,164	606,939
		1,083,080	1,543,855
STOCKHOLDERS' EQUITY			
Share capital	14	3,654,390	3,654,390
Capital reserves	15	3,902,835	3,998,438
Retained earnings		11,668,631	10,485,161
		19,225,856	18,137,989
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		$22,363,757	21,830,431

The financial statements on pages 7 to 52 were approved by the Board of Directors on March 1, 2018 and signed on its behalf by:

Stafford Burrowes — Director

TBURKE

Travis William Burke — Director

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

DOLPHIN COVE LIMITED

Company Statement of Profit or Loss
Year ended December 31, 2017
(Expressed in United States dollars)

	Notes	2017	2016
OPERATING REVENUE			
Programmes revenue	16(a)	9,136,730	8,805,221
Ancillary services revenue	16(b)	7,496,406	6,459,613
Overall revenue		16,633,136	15,264,834
Less: Direct costs of sales	17(a)	(1,639,020)	(1,133,669)
Gross profit		14,994,116	14,131,165
Gain on disposal of property, plant and equipment		440	-
Other income		99	427
		14,994,655	14,131,592
OPERATING EXPENSES	17(b)		
Selling		(4,571,456)	(4,410,924)
Other operations		(3,593,558)	(3,696,519)
Administrative		(2,845,466)	(2,820,567)
		(11,010,480)	(10,928,010)
Profit before finance income and costs		3,984,175	3,203,582
Finance income	18(a)	282,442	528,076
Finance costs	18(b)	(349,451)	(303,401)
Gain on disposal of investment		105,126	-
Profit before taxation		4,022,292	3,428,257
Taxation expense	19	(405,000)	(431,737)
Profit for the year		$ 3,617,292	2,996,520

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

DOLPHIN COVE LIMITED

Company Statement of Other Comprehensive Income
Year ended December 31, 2017
(Expressed in United States dollars)

	Notes	2017	2016
Profit for the year		3,617,292	2,996,520
Other comprehensive income:			
Items that are or may be reclassified to profit or loss:			
Fair value appreciation of available-for-sale investments		9,523	30,646
Realised gain on disposal of available-for-sale investments recognised in statement of profit or loss		(105,126)	-
Total comprehensive income		$3,521,689	3,027,166

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, 2017
(Expressed in United States dollars)

	Share capital (note 14)	Capital reserves (note 15)	Retained earnings	Total
Balances as at December 31, 2015	3,654,390	3,967,792	9,365,851	16,988,033
Total comprehensive income:				
Profit for the year	-	-	2,996,520	2,996,520
Other comprehensive income:				
Fair value appreciation of available-for-sale investments	-	30,646	-	30,646
Total comprehensive income	-	30,646	2,996,520	3,027,166
Transactions with owners of the company:				
Dividends (note 21)	-	-	(1,877,210)	(1,877,210)
Balances as at December 31, 2016	3,654,390	3,998,438	10,485,161	18,137,989
Total comprehensive income:				
Profit for the year	-	-	3,617,292	3,617,292
Other comprehensive income:				
Fair value appreciation of available-for-sale investments	-	9,523	-	9,523
Realised gain on disposal of available-for-sale investments recognised in statement of profit or loss	-	(105,126)	-	(105,126)
Total comprehensive income	-	(95,603)	3,617,292	3,521,689
Transactions with owners of the company:				
Dividends (note 21)	-	-	(2,433,822)	(2,433,822)
Balances as at December 31, 2017	$3,654,390	3,902,835	11,668,631	19,225,856

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

DOLPHIN COVE LIMITED

Company Statement of Cash Flows
Year ended December 31, 2017
(Expressed in United States dollars)

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		3,617,292	2,996,520
Adjustments for:			
Depreciation and amortisation	8,9	996,562	948,010
Gain on disposal of property, plant and equipment		(440)	-
Gain on disposal of investment		(105,126)	-
Interest income	18(a)	(246,344)	(373,909)
Interest expense	18(b)	28,110	117,762
Impairment loss on trade receivables	4(c)	79,245	167,657
Taxation	19	405,000	431,737
		4,774,299	4,287,777
Change in:			
Accounts receivable		(355,179)	(357,702)
Inventories		(32,356)	(14,004)
Accounts payable		393,885	275,944
Due to other related companies		(1,312)	22,112
Cash generated from operations		4,779,337	4,214,127
Interest paid		(118,066)	(123,758)
Income tax paid		(423,115)	(436,827)
Net cash provided by operating activities		4,238,156	3,653,542
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		246,344	377,005
Securities purchased under resale agreements, net		-	1,357,587
Additions to property, plant and equipment	8	(1,284,114)	(1,497,483)
Proceeds from disposal of property, plant and equipment		3,848	-
Additions to live assets	9	(410,160)	(576,932)
Due from subsidiaries		(229,294)	(30,296)
Proceeds from sale of investments		307,433	161,323
Due from related companies		200	(1,450,000)
Net cash used by investing activities		(1,365,743)	(1,658,796)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term liabilities, net		(716,905)	(505,044)
Dividends paid		(2,433,822)	(1,877,210)
Net cash used by financing activities		(3,150,727)	(2,382,254)
Net decrease in cash resources		(278,314)	(387,508)
Cash resources at beginning of the year		1,110,244	1,497,752
CASH RESOURCES AT END OF YEAR		$ 831,930	1,110,244
Comprising:			
Cash and cash equivalents		850,676	1,223,530
Bank overdrafts		(18,746)	(113,286)
		$ 831,930	1,110,244

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

1. Corporate structure and principal activities

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

The principal activities of the company are the operation of a tourist attraction comprising dolphin programmes and ancillary operations such as restaurants, gift and video shops at several locations.

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

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

(i) Dolphin Cove (Negril) Limited was incorporated in Jamaica, on May 11, 2010, and commenced operations in September 2010. Its principal place of business is located at Point, Lucea, Hanover, Jamaica W.I. where it offered dolphin programmes and ancillary operations similar to that of the company. However, effective January 1, 2014, the company assumed its operations. Dolphin Cove (Negril) Limited continues to own the real estate in Hanover which is now leased to the company.

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

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

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

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

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

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

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

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

   (f) Effective January 8, 2016, World of Dolphins Inc. holds 79.99% of shares issued by Dolphin Cove Limited.

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

   (a) Statement of compliance:

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

   New and amended standards that became effective during the year:

   During the year, certain new standards and amendments to existing standards became effective. The adoption of those standards and amendments did not have a significant impact on the financial statements:

   - Amendments to IAS 7, *Statement of Cash Flows*, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

   - Amendments to IAS 12, *Income Taxes*, clarifies the following:
     - The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
     - A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
     - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
     - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.
     - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

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

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

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

New and amended standards not yet effective:

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

- IFRS 9 *Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

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

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

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

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

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

New and amended standards not yet effective (cont'd):

- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*, effective for annual reporting periods beginning on or after January 1, 2018, addresses how to determine the transaction date when an entity recognises a non-monetary asset or liability (e.g. non-refundable advance consideration in a foreign currency) before recognising the related asset, expense or income. It is not applicable when an entity measures the related asset, expense or income or initial recognition at fair value or at the fair value of the consideration paid or received at the date of initial recognition of the non-monetary asset or liability.

  An entity is not required to apply this interpretation to income taxes or insurance contracts that it issues or reinsurance contracts held.

  The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

- IFRIC 23 *Uncertainty Over Income Tax Treatments* is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities is to be applied in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

  An entity has to consider whether it is probable that the relevant tax authority would accept the tax treatment, or group of tax treatments, that is adopted in its income tax filing.

  If the entity concludes that it is probable that the tax authority will accept a particular tax treatment in the tax return, the entity will determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings and record the same amount in the financial statements. The entity will disclose uncertainty.

  If the entity concludes that it is not probable that a particular tax treatment will be accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better prediction of the resolution of the uncertainty.

  If facts and circumstances change, the entity is required to reassess the judgements and estimates applied.

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

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

New and amended standards that are not yet effective (cont'd):

- IFRIC 23 *Uncertainty Over Income Tax Treatments (cont'd)*

  IFRIC 23 reinforces the need to comply with existing disclosure requirements regarding:

  - judgements made in the process of applying accounting policy to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
  - assumptions and other estimates used; and
  - potential impact of uncertainties that are not reflected in the financial statements.

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

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

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

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

(b) Basis of preparation and functional currency:

The financial statements are presented in United States dollars ($), which is the functional currency of the company.

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

(c) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make 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.

(i) Allowance for impairment losses on receivables:

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

(ii) Fair value of land and buildings:

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

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

(iii) Fair value of dolphins:

All dolphins are carried at fair value. The fair values are determined based on the market price of dolphins of similar age and recent transactions relating to the purchase and sale of dolphins within the wider group.

For further information in respect of the determination of fair values and the assumptions made see also notes 8(a), 9 and 24(c).

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

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

(d) Basis of consolidation:

The consolidated financial statements include the separate financial statements of the company and its subsidiaries (note 1), made up to December 31, 2017. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(i) Subsidiaries:

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

(ii) Transactions eliminated on consolidation:

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

(e) Foreign currencies:

(i) Foreign currency transactions and balances:

Monetary assets and liabilities denominated in foreign currencies are translated to the United States dollar ($) 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.

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

(e) Foreign currencies (cont'd):

(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.

(f) 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.

(g) 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.

(h) Investments:

Investments are classified as loans and receivables or available-for-sale. Loans and receivables are those that have a fixed or determinable payment and which are not quoted in an active market. Loans and receivables investments are initially measured at cost and subsequently at amortised cost, calculated on the effective interest rate method, less impairment losses.

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

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

(h) Investments (cont'd):

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

Investments are recognised/derecognised on the trade date.

(i) Accounts receivable:

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

(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").

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

(viii) The entity, or any member of a group of which it is a part, provides key management services to the Group.

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

(j) Related parties (cont'd):

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

(k) Inventories:

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

(l) Property, plant and equipment:

(i) Recognition and measurement:

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

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

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

Cost includes expenditures that are attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefit embodied within the part will flow to the group and its cost can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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

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

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

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

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

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

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

(ii) Subsequent expenditure:

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

(iii) Depreciation:

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

The estimated useful lives are as follows:

Buildings	40 years
Leasehold improvements	10 years
Furniture, fixtures and equipment	10 years
Computers	5 years
Motor vehicles	5 years
Dune buggies	3 years

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

(m) Live assets:

This comprises the carrying value of dolphins and other marine life, as well as birds and animals capitalised. Dolphins are stated at valuation and are amortised over an estimated life span of thirty years. The remaining useful life of dolphins approaching an estimated useful life span of thirty years during production is reassessed and estimated by qualified professional based on health and other relevant factors. Other marine life, as well as birds and animals are stated at cost less amortisation over periods not exceeding fifteen years.

(n) Accounts payable:

Trade and other payables are stated at amortised cost.

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

(o) 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.

(p) Interest bearing borrowings:

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

(q) Share capital and dividends:

Ordinary shares are classified as equity and carried at cost. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(r) Impairment:

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

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

(i) Calculation of recoverable amounts:

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

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

(r) Impairment (cont'd):

(i) Calculation of recoverable amounts (cont'd):

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

(ii) Reversals of impairment:

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

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

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

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

(s) Revenue recognition:

(i) Rendering of services:

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

(ii) Sale of goods:

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

(iii) Finance income:

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

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

(t) Employee benefits:

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

(u) Expenses:

(i) Expenses:

Expenses are recognised on the accrual basis.

(ii) Finance costs:

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

(iii) Operating lease payments:

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

(v) Income taxes:

(i) Current tax:

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

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

(ii) Deferred tax:

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

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

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

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

(w) Segment reporting:

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. Each operating segment's operating results are reviewed regularly by the group's Chief Operating Decision Maker ("CODM"), to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The group has identified the Managing Director as its CODM.

During the year, a review of the operating segment was conducted. Based on the economic and operational similarities and the way the CODM monitors the operations, the group has concluded that its operating segments should be aggregated and that it has one operating segment.

(x) Financial instruments:

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

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

(y) Fair value measurement:

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

- Level 2 – Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

3. Investments

	The Group and the Company	
	2017	2016
(a) Current:		
Available-for-sale:		
Scotia Investments Limited:		
Scotia Canadian Growth Fund	-	297,789
Loans and receivables:		
Fixed deposits	2,127	2,248
	$2,127	300,037

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

(Expressed in United States dollars, unless otherwise stated)

4. Accounts receivable

	The Group		The Company	
	2017	2016	2017	2016
Trade receivables (a)	2,308,843	1,925,708	2,246,471	1,863,384
Other receivables (b)	273,699	301,607	273,287	301,195
	2,582,542	2,227,315	2,519,758	2,164,579
Less: Allowance for impairment (c)	(607,052)	(527,807)	(544,728)	(465,483)
	$1,975,490	1,699,508	1,975,030	1,699,096

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

	The Group			
	2017		2016	
	Gross	Impairment	Gross	Impairment
Due 0-30 days	985,863	-	884,993	-
Past due 31-60 days	87,132	-	137,199	-
Past due 61–90 days	135,033	-	41,244	-
More than 90 days	1,100,815	607,052	862,272	527,807
Total	$2,308,843	607,052	1,925,708	527,807

	The Company			
	2017		2016	
	Gross	Impairment	Gross	Impairment
Due 0-30 days	985,863	-	884,993	-
Past due 31-60 days	87,132	-	137,199	-
Past due 61–90 days	135,033	-	41,244	-
More than 90 days	1,038,443	544,728	799,948	465,483
Total	$2,246,471	544,728	1,863,384	465,483

(b) Other receivables include:

(i) Amounts due from related parties aggregating $92,254 (2016: $118,050) for the group and the company.

(Expressed in United States dollars, unless otherwise stated)

4. Accounts receivable (cont'd)

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

	The Group		The Company	
	2017	2016	2017	2016
Balance at beginning of year	527,807	364,237	465,483	297,826
Impairment loss recognised in profit or loss	79,245	163,570	79,245	167,657
Balance at end of year	$607,052	527,807	544,728	465,483

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

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

5. Related party balances and transactions

(a) Identity of related parties:

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

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

(i) Due from subsidiaries – non-current:

		The Company	
		2017	2016
Dolphin Cove (Negril) Limited: 10% US$ loan	(a)	1,545,111	1,429,636
DCTCI Limited: 3.5% US$ loan	(b)	1,872,199	1,805,867
Marine Adventure Park Limited 3.5% US$ loan	(c)	968,185	920,698
Dolphin Cove TCI Limited	(d)	1,550	1,550
SB Holdings	(e)	1,750	1,750
Cheshire Hall Limited	(f)	1,000	1,000
Balmoral Dolphins Limited	(g)	1,000	1,000
		$4,390,795	4,161,501

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

(Expressed in United States dollars, unless otherwise stated)

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

(b) (Continued)

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

(b) These balances materially comprise advances for the purchase of property and expenses incurred so far in respect of the proposed developments in St. Lucia and the Turks & Caicos Islands [note 8(c)]. These loans, along with additional advances during the year, are unsecured, bear interest at 3.5% per annum and have no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.

(c) This balance comprises professional fees and other expenses in respect of the expansion of the experience at Marine Adventure Park Limited. These loans, along with additional advances during the year, are unsecured, bear interest at 3.5% per annum and have no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.

(d) This balance comprises an advance for professional fees due from Dolphin Cove TCI Limited that is unsecured, interest free and repayable on demand.

(e) This balance comprises an advance for professional fees due from SB Holdings Ltd. that is unsecured, interest free and repayable on demand.

(f) This balance comprises an advance for professional fees due from Cheshire Hall Limited that is unsecured, interest free and repayable on demand.

(g) This balance comprises an advance for professional fees due from Balmoral Dolphins Limited that is unsecured, interest free and repayable on demand.

(ii) Due from related companies

	The Group and the Company	
	2017	2016
(a) Current:		
Dolphin Discovery Tortola BVI	34,347	-
Dtraveller Limited	224,683	-
Controladora Dolphin S.A. de C.V.	8,521	-
Viajero Cibernetico S.A.	72,237	-
	$ 339,788	-
(b) Non-current:		
Dolphin Discovery Inc.	$1,110,012	1,450,000

This amount is the initial deposit in respect of the construction of a new dolphin encounter park, to be located in St. Lucia. This deposit represents forty percent (40%) of the estimated amount of the aggregate park cost. [See note 23(b)].

(Expressed in United States dollars, unless otherwise stated)

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

(b) (Continued)

(iii) Amounts due to other related companies are interest free, unsecured and repayable on demand.

	The Group and the Company	
	2017	2016
Controladora Dolphin S.A. de C.V.	-	7,166
Dolphin Discovery Anguilla Limited	14,946	14,946
Dolphin Cove Cayman Limited	5,854	-
	$20,800	22,112

(iv) Amounts due to subsidaries are interest free, unsecured and repayable on demand.

	The Company	
	2017	2016
Due from Balmoral Dolphins	100	100
Due from Cheshire Hall Limited	100	100
Due from SB Holdings Limited	100	100
	$300	300

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

	The Group		The Company	
	2017	2016	2017	2016
	$	$	$	$
Management fees to parent	390,788	384,211	390,788	384,211
Rental paid to a subsidiary	-	-	176,988	176,988
Interest earned from subsidiaries [note 5(b)(i)(a)]	-	-	(238,821)	(355,682)
Commissions paid to related companies	180,000	-	180,000	-

Other related party transactions are disclosed in note (d) below, 4(b), 7 and note 23(a).

(d) Key management personnel compensation:

	The Group and the Company	
	2017	2016
	$	$
Directors' emoluments:		
Fees	20,216	20,216
Management	65,016	66,582
Key management personnel compensation*	237,179	220,697

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

Directors of the company and entities under their control hold approximately 82% (2016: 82%) of the voting stock units of the company [see note 1(c) and (e)].

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2017
(Expressed in United States dollars, unless otherwise stated)

6. Inventories

	The Group and the Company 2017	2016
Items for resale	337,545	307,968
Dolphin food	43,745	40,966
	381,290	348,934
Less: Allowance for impairment	(5,231)	(5,231)
	376,059	343,703
Inventories charged to expenses during the year	$351,947	256,267

7. Investment in subsidiaries

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

	The Company 2017	2016
Too Cool Limited	314,239	314,239
Cheshire Hall Limited	100	100
Balmoral Dolphins Limited	100	100
SB Holdings Limited	100	100
	$314,539	314,539

8. Property, plant and equipment

	The Group					
	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles & dune buggies	Capital work-in-progress	Total
Cost or valuation:						
December 31, 2015	15,161,433	108,646	3,045,131	624,241	2,593,334	21,532,785
Additions	113,397	107,775	714,013	211,901	296,275	1,443,361
December 31, 2016	15,274,830	216,421	3,759,144	836,142	2,889,609	22,976,146
Additions	167,444	382,937	494,501	119,854	241,699	1,406,435
Disposal	-	-	-	(9,920)	-	(9,920)
December 31, 2017	15,442,274	599,358	4,253,645	946,076	3,131,308	24,372,661
Depreciation:						
December 31, 2015	219,187	19,781	1,635,283	278,755	-	2,153,006
Charge for the year	117,553	12,908	256,848	143,198	-	530,507
December 31, 2016	336,740	32,689	1,892,131	421,953	-	2,683,513
Charge for the year	130,533	27,860	387,992	217,827	-	764,212
Eliminated on disposal	-	-	-	(6,512)	-	(6,512)
December 31, 2017	467,273	60,549	2,280,123	633,268	-	3,441,213
Net book values:						
December 31, 2017	$14,975,001	538,809	1,973,522	312,808	3,131,308	20,931,448
December 31, 2016	$14,938,090	183,732	1,867,013	414,189	2,889,609	20,292,633

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2017
(Expressed in United States dollars, unless otherwise stated)

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

	The Company					
	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles & dune buggies	Capital work-in-progress	Total
Cost or valuation:						
December 31, 2015	5,875,475	108,646	2,744,526	584,138	8,681	9,321,466
Additions	309,431	107,775	714,013	211,901	154,363	1,497,483
December 31, 2016	6,184,906	216,421	3,458,539	796,039	163,044	10,818,949
Additions	153,795	382,937	494,501	119,854	133,027	1,284,114
Disposal	-	-	-	(9,920)	-	(9,920)
December 31, 2017	6,338,701	599,358	3,953,040	905,973	296,071	12,093,143
Depreciation:						
December 31, 2015	143,005	19,781	1,494,002	242,920	-	1,899,708
Charge for the year	79,464	12,908	235,167	143,198	-	470,737
December 31, 2016	222,469	32,689	1,729,169	386,118	-	2,370,445
Charge for the year	92,442	27,860	356,223	213,557	-	690,082
Eliminated on disposal	-	-	-	(6,512)	-	(6,512)
December 31, 2017	314,911	60,549	2,085,392	593,163	-	3,054,015
Net book values:						
December 31, 2017	$6,023,790	538,809	1,867,648	312,810	296,071	9,039,128
December 31, 2016	$5,962,437	183,732	1,729,370	409,921	163,044	8,448,504

(a) The group's land and buildings were revalued as at December 31, 2014 on an open market basis by Easton Douglas & Company Limited (Chartered Valuation Surveyors and Real Estate Dealers of Kingston, Jamaica). The directors have determined that the estimated market value of these land and buildings as at the reporting date are not materially different from their carrying values.

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

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

(b) Land and buildings include land at a valuation of J$1,195,100,384 (2016: $1,195,100,384) for the group and J$290,000,000 (2016: J$290,000,000) for the company.

(c) Capital work-in-progress includes land, at a cost of $1,850,000 (2016: $1,850,000), and related expenditure incurred in connection with the planned development of an attraction in the Turks and Caicos Islands and St. Lucia [note 1(b)(iii) and (v)].

(d) As at December 31, 2017, properties with a carrying value of approximately J$1 billion billion (2016: J$1 billion) were subject to registered mortgages and debentures that form security for certain bank loans [see note 13(a)].

(Expressed in United States dollars, unless otherwise stated)

9. Live assets

	The Group		
	Dolphins costs	Other animals	Total
At cost/valuation:			
December 31, 2015	5,811,538	211,318	6,022,856
Additions	568,641	8,291	576,932
December 31, 2016	6,380,179	219,609	6,599,788
Additions	404,092	6,068	410,160
December 31, 2017	6,784,271	225,677	7,009,948
Amortisation:			
December 31, 2015	2,125,860	130,886	2,256,746
Charge for the year	471,351	6,158	477,509
December 31, 2016	2,597,211	137,044	2,734,255
Charge for the year	292,048	14,777	306,825
December 31, 2017	2,889,259	151,821	3,041,080
Net book values:			
December 31, 2017	$3,895,012	73,856	3,968,868
December 31, 2016	$3,782,968	82,565	3,865,533

	The Company		
	Dolphins costs	Other animals	Total
At cost/valuation:			
December 31, 2015	5,811,538	206,141	6,017,679
Additions	568,641	8,291	576,932
December 31, 2016	6,380,179	214,432	6,594,611
Additions	404,092	6,068	410,160
December 31, 2017	6,784,271	220,500	7,004,771
Amortisation:			
December 31, 2015	2,125,860	129,556	2,255,416
Charge for the year	471,351	5,921	477,272
December 31, 2016	2,597,211	135,477	2,732,688
Charge for the year	292,048	14,432	306,480
December 31, 2017	2,889,259	149,909	3,039,168
Net book values:			
December 31, 2017	$3,895,012	70,591	3,965,603
December 31, 2016	$3,782,968	78,955	3,861,923

The group's Dolphins were revalued as at December 31, 2017, by management on the basis of the market price of dolphins of similar age and recent transactions relating to the purchase and sale of dolphins within the wider group.

This fair value measurements for dolphins have been categorized as Level 2 fair values based on observable market data. The directors have determined that the market values of these dolphins as at the reporting date are not materially different from their carrying value.

During 2016, management reviewed the estimated useful life of its dolphins and determined an estimated useful life span of dolphins during production, to be thirty years. The effect on profit or loss for 2016 was an increase in depreciation charge of approximately $150,000.

(Expressed in United States dollars, unless otherwise stated)

10. Bank overdrafts

The group has a J$6.5 million overdraft facility, with The Bank of Nova Scotia Jamaica Limited at an interest rate of 17.75%, which is secured by a hypothecation of cash deposits. Bank overdraft, in the current and prior year, represent credit balances in the amount of $18,746 and $113,286 respectively, on the group's and company's bank accounts arising from items in transit at the reporting date.

The bank has also issued guarantees aggregating J$15.2 million (2016: J$10.2 million) on behalf of the company in favor of the Commissioner of Customs.

11. Accounts payable

	The Group		The Company	
	2017	2016	2017	2016
Trade payables	798,940	577,490	843,300	551,127
Statutory deductions payable	101,481	101,375	101,481	101,375
Accruals	354,937	456,943	308,813	413,565
Other payables	320,948	204,546	320,948	204,546
	$1,576,306	1,340,354	1,574,542	1,270,613

12. Deferred tax liability

Deferred tax is attributable to the following:

	The Group and the Company				
	Balance at December 31, 2015	Recognised in income (note 19)	Balance at December 31, 2016	Recognised in income (note 19)	Balance at December 31, 2017
Accounts receivable	390	(368)	22	25,200	25,222
Property, plant and equipment	473,975	(54,733)	419,242	(108,537)	310,705
Live assets	528,923	6,335	535,258	(5,865)	529,393
Accounts payable	(19,102)	1,496	(17,606)	9,202	(8,404)
Unrealised foreign exchange gains	(4,960)	4,960	-	-	-
	$979,226	(42,310)	936,916	(80,000)	856,916

(Expressed in United States dollars, unless otherwise stated)

13. Long-term liabilities

		The Group and the Company	
		2017	2016
Long-term loans:			
Sagicor Bank Jamaica Limited loans:			
Loan A J$9,919,464 (2016: J$19,010,373)	(a)	80,250	148,009
Loan B J$68,036,065 (2016: J$108,945,156)	(b)	550,419	848,216
Due to property vendor J$Nil (2016: J$45,127,500)	(c)	-	351,349
		630,669	1,347,574
Less: Current portion		(404,505)	(740,635)
		226,164	606,939

(a) This represents the balance on a Jamaica dollar J$50,000,000 loan financed by Development Bank of Jamaica Limited in 2013, which bears interest at a fixed rate of 9.5% per annum. The loan is for seventy-two (72) months with a moratorium of six (6) months on principal payments. Thereafter, the principal is repayable in sixty-six (66) equal monthly installments.

The loan is secured as follows:

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

(b) This represents a J$ loan equivalent to $2,250,000 financed by Development Bank of Jamaica Limited, also in 2013. This loan is for seventy-two (72) months and bears interest at a fixed rate of 9.5% per annum. There is a moratorium on principal payments of six (6) months. Thereafter, principal is repayable in sixty-six (66) equal monthly installments.

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

(Expressed in United States dollars, unless otherwise stated)

13. Long-term liabilities (cont'd)

(c) 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 J$94,000,000 plus the company's share of transaction costs and commencing in 2009 was repayable within four years. The second parcel of land was purchased with a loan of J$15,000,000 in 2012, against which payments of J$2,272,500 were applied. Interest was payable quarterly at a rate of 12%. The balance is payable upon exchange of the title to the property. The loan was fully repaid in August 2017.

14. Share capital

Authorised:
432,426,376 ordinary shares of no par value

	The Group and the Company 2017	The Group and the Company 2016
Stated capital, issued and fully paid:		
392,426,376 ordinary stock units of no par value	3,901,554	3,901,554
Less: Transaction costs of share issue	(247,164)	(247,164)
	$3,654,390	3,654,390

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

15. Capital reserves

	The Group		The Company	
	2017	2016	2017	2016
Revaluation surplus arising on (note 8):				
Land	8,280,573	8,280,573	2,154,728	2,154,728
Buildings	2,862,439	2,862,439	2,330,809	2,330,809
	11,143,012	11,143,012	4,485,537	4,485,537
Deferred tax arising on revalued buildings	(582,702)	(582,702)	(582,702)	(582,702)
Investment revaluation reserve (see note below)	-	95,603	-	95,603
	10,560,310	10,655,913	3,902,835	3,998,438

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(h) and 3(a)].

16. Operating revenue

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

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

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

(Expressed in United States dollars, unless otherwise stated)

17. Disclosure of expenses

(a) Direct cost of sales:

	The Group and the Company	
	2017	2016
Direct cost of programmes (i)	612,325	416,579
Direct cost of ancillary services (ii)	1,026,695	717,090
	1,639,020	1,133,669

(i) Direct costs of dolphin programmes represent dolphin food, medication and veterinary services and other consumables.

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

(b) Operating expenses:

	The Group		The Company	
	2017	2016	2017	2016
Staff costs	4,381,785	4,174,987	4,381,785	4,174,987
Repairs and maintenance	350,596	278,776	350,596	278,776
Advertising, marketing and promotion	955,125	1,005,027	955,125	1,005,027
Guest transportation and tour charge	2,023,117	1,856,451	2,023,117	1,856,451
Travel and entertainment	250,987	283,424	250,987	283,424
Legal and professional fees	100,338	197,756	96,888	197,756
Rental, utilities and office expenses	525,295	517,721	702,283	819,695
Insurance	101,372	157,397	90,264	146,291
Security	266,264	227,276	266,264	227,276
Management fees	390,788	384,211	390,788	384,211
Depreciation	1,071,037	1,008,017	996,563	948,010
Auditors' remuneration	67,440	69,600	61,140	69,600
Cleaning and sanitation	78,332	108,814	78,332	108,814
Bad debt	79,245	167,179	79,245	167,179
Donation and subscription	27,117	20,110	27,117	20,110
Other	259,986	247,400	259,986	240,403
	10,928,824	10,704,146	11,010,480	10,928,010

(c) Staff costs:

	The Group and the Company	
	2017	2016
Salaries and wages	3,088,486	3,019,404
Payroll taxes	367,049	340,116
Commission	478,601	374,619
Other benefits	447,649	440,848
	$4,381,785	4,174,987

(Expressed in United States dollars, unless otherwise stated)

18. Finance income/(costs)

	The Group		The Company	
	2017	2016	2017	2016
(a) Finance income:				
Net foreign exchange gains	36,098	154,167	36,098	154,167
Interest income	7,181	18,227	246,344	373,909
	$ 43,279	172,394	282,442	528,076
(b) Finance costs:				
Interest expense	(28,110)	(104,787)	(28,110)	(117,762)
Bank charges	(120,260)	(92,036)	(120,260)	(92,036)
Credit card charges	(109,764)	(93,603)	(109,764)	(93,603)
Net foreign exchange losses	(19,007)	(17,517)	(91,317)	-
	$(277,141)	(307,943)	(349,451)	(303,401)

19. Taxation

	The Group		The Company	
	2017	2016	2017	2016
(a) Income tax charge:				
(i) Current tax at 25%	485,000	474,047	485,000	474,047
(ii) Deferred taxation:				
Origination of temporary differences (note 12)	(80,000)	(42,310)	(80,000)	(42,310)
	$405,000	431,737	405,000	431,737

(b) Reconciliation of actual tax:

	The Group		The Company	
	2017	2016	2017	2016
Profit before taxation	$3,937,095	3,291,897	4,022,292	3,428,257
Computed "expected" tax charge at the company's statutory rate of 25%	984,274	822,974	1,005,573	857,064
Tax effect of differences between treatment for financial statement and taxation purposes:				
Disallowed items and other adjustments, net	(94,257)	89,840	(115,556)	55,750
Tax remission [note (c)]	(485,017)	(481,077)	(485,017)	(481,077)
Actual tax credit recognised in profit for the year	$ 405,000	431,737	405,000	431,737

(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

(Expressed in United States dollars, unless otherwise stated)

19. Taxation (cont'd)

(d) Approval granted under Section 86 of the Income Tax Act for Dolphin Cove (Negril) Limited for relief of income tax arising from operations expired in August 2015.

(e) In 2014, the Government of Jamaica enacted new tax measures to change the tax incentive regimes applicable to various industries. One such measure is the employment tax credit. Businesses that are tax compliant with respect to statutory contributions (both employer and employee portions) are now able to claim such statutory contributions paid as a credit against and up to 30% of their income tax liability. Unused employment tax credit (ETC) cannot be carried forward or refunded and some or all of the ETC claimed may be clawed back out of future distributions to shareholders.

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

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

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

(h) At December 31, 2017, unutilised tax losses available for set-off against future taxable profits, subject to agreement by the Commissioner General of Tax Administration Jamaica, amounted to approximately J$59 million (2016: J$38 million) for the group and J$Nil (2016: J$Nil) for the company. Tax losses may still be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of chargeable income for that year.

(i) A deferred tax asset of approximately J$12 million (2016: J$13 million) relating to available tax losses and timing differences has not been recognised at December 31, 2017, by a subsidiary as management considers that the financial and operational strategies initiated to utilise the benefits of the deferred tax asset are still to be initiated.

20. Earnings per stock unit

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

	2017	2016
Profit for the year attributable to stockholders of the company	3,532,095	2,860,160
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)	0.90¢	0.73¢

(Expressed in United States dollars, unless otherwise stated)

21. Dividends

	The Group and the Company			
	2017		2016	
	Dividend per ordinary stock unit	Dividends paid	Dividend per ordinary stock unit	Dividends paid
	J$	$	J$	$
First interim dividend:				
April 4, 2017 (2016: May 27, 2016)	20¢	609,987	20¢	633,657
Second interim dividend:				
May 30, 2017 (2016: July 26, 2016)	20¢	603,451	20¢	625,737
Third interim dividend:				
September 20, 2017 (2016: October 24, 2016)	20¢	598,314	20¢	627,816
Fourth interim dividend:				
December 7, 2017	20¢	622,070	-	-
	80¢	2,433,822	60¢	1,887,210

22. Segment information

The group maintains discrete financial information for each of its parks, which is used by the Chief Operating Decision Maker ("CODM"), identified as the group's Managing Director, as a basis for allocating resources. Each park has been identified as an operating segment and meets the criteria for aggregation under IFRS 8 due to similar economic characteristics and all of the parks provide similar products and services, share similar processes for delivering services and target the same type and class of customer.

Accordingly, based on these economic and operational similarities and the way the CODM monitors the operations, the group has concluded that its operating segments should be aggregated and that it has one operating segment.

Financial information related to the operating segment results for the year ending December 31, 2017, can be found in the Group income statement and related notes. There are no differences in the measurement of the reportable segment results and the group's results.

Details of the segment assets and liabilities for the year ended December 31, 2017 can be found in the group's statement of financial position and related notes. There are no differences in the measurement of the reportable segment assets and liabilities and the Group's assets and liabilities.

23. Commitments

(a) Operating lease commitments:

The company pays rent to Dolphin Cove (Negril) Limited [(note 1(b)(i)].

(Expressed in United States dollars, unless otherwise stated)

23. Commitments (cont'd)

(a) Operating lease commitments (cont'd):

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

	The Group		The Company	
	2017	2016	2017	2016
Within one year	118,000	20,000	294,988	176,988
Between one and five years	653,999	-	1,361,951	707,952
Over five years	603,446	-	2,727,302	2,271,346
	$1,375,445	20,000	4,384,241	3,156,286
Operating lease payments recognised in profit or loss	$ 106,626	137,538	288,706	314,526

(b) Capital commitments:

At December 31, 2017, commitments for capital expenditure in respect of the construction of a new encounter park in St. Lucia, for which no provision has been made in these financial statements is $3,500,000 (2016: $3,500,000) [see note 5(ii)(b)].

24. Financial instruments

(a) Financial risk management:

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

(i) Credit risk:

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

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

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.

24. Financial instruments (cont'd)

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

(i) Credit risk (cont'd):

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 5 (2016: 14) major customers for the group and the company who materially comprise trade receivables. As at December 31, 2017, amounts receivable from these customers aggregated $1,484,514 (2016: $962,766) for the group and the company. These represent 64% (2016: 50%) of trade receivables for the group and 66% (2016: 52%) for the company.

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

Due from related parties

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

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

(ii) Market risk:

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

- 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.

(Expressed in United States dollars, unless otherwise stated)

24. Financial instruments (cont'd)

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

(ii) Market risk (cont'd):

- Interest rate risk (cont'd):

Financial instruments are subject to interest as follows:

	Carrying amount			
	The Group		The Company	
	2017	2016	2017	2016
Fixed rate instruments:				
Financial assets	2,127	684,579	4,341,685	4,842,330
Financial liabilities	(630,669)	(1,347,574)	(630,669)	(1,347,576)
	$(628,542)	(662,995)	3,711,016	3,494,754
Variable rate instruments:				
Financial assets	886,368	814,248	886,368	814,248
Financial liabilities	(18,746)	(113,286)	(18,746)	(113,286)
	$867,622	700,962	867,622	700,962

Cash flow sensitivity analysis for variable rate instruments

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

	The Group and the Company			
	2017		2016	
	Increase 100bp	Decrease 100bp	Increase 100bp	Decrease 50bp
Effect on profit (decrease)/increase	$8,676	(8,676)	7,010	(3,505)

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

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.

(Expressed in United States dollars, unless otherwise stated)

24. Financial instruments (cont'd)

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

(ii) Market risk (cont'd):

- Foreign currency risk (cont'd):

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

Exposure to foreign currency risk arising mainly in respect of J$ denominated balances was as follows:

	The Group		The Company	
	2017	2016	2017	2016
Cash and cash equivalents	312,733	2,179,520	312,733	2,179,520
Accounts receivable	21,332,903	18,844,532	21,332,903	18,844,532
Bank overdrafts	(2,380,705)	(14,550,530)	(2,380,705)	(14,550,530)
Accounts payable	(100,037,445)	(128,686,192)	(99,909,565)	(123,525,711)
Long term loans	(77,955,529)	(173,083,030)	(77,955,529)	(173,083,030)
	(158,728,043)	(295,295,700)	(158,600,163)	(290,135,219)
Equivalent to	(1,286,077)	(2,297,855)	(1,285,043)	(2,257,677)

Exchange rates in terms of the United States dollar ($) were as follows:

At December 31, 2017: J$123.61
At December 31, 2016: J$128.44

Sensitivity analysis

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

	Increase/(decrease) in profit for the year			
	The Group		The Company	
	2017	2016	2017	2016
	$	$	$	$
4% (2016: 6%) strengthening of the $ against the J$	51,443	137,871	51,402	135,461
2% (2016: 1%) weakening of the $ against the J$	(25,722)	(22,979)	(25,701)	(22,577)

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

(Expressed in United States dollars, unless otherwise stated)

24. Financial instruments (cont'd)

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

(iii) Liquidity risk:

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

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

	The Group 2017					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	18,746	18,746	18,746	-	-	-
Accounts payable	1,576,306	1,576,306	1,576,306	-	-	-
Due to other related companies	20,800	20,800	20,800	-	-	-
Long-term liabilities	630,669	681,085	227,892	218,710	234,483	-
Total financial liabilities	$2,246,521	2,296,937	1,843,744	218,710	234,483	-

	The Group 2016					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	113,286	113,286	113,286	-	-	-
Accounts payable	1,340,354	1,340,354	1,340,354	-	-	-
Due to other related companies	22,112	22,112	22,112	-	-	-
Long-term liabilities	1,347,574	1,442,215	204,632	261,322	417,651	558,610
Total financial liabilities	$2,823,326	2,917,967	1,680,384	261,322	417,651	558,610

	The Company 2017					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	18,746	18,746	18,746	-	-	-
Accounts payable	1,574,542	1,574,542	1,574,542	-	-	-
Due to subsidiaries	300	300	300	-	-	-
Due to other related companies	20,800	20,800	20,800	-	-	-
Long-term liabilities	630,669	681,085	227,892	218,710	234,483	-
Total financial liabilities	$2,245,057	2,295,473	1,842,280	218,710	234,483	-

(Expressed in United States dollars, unless otherwise stated)

24. Financial instruments (cont'd)

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

(iii) Liquidity risk (cont'd):

	The Company					
	2016					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	113,286	113,286	113,286	-	-	-
Accounts payable	1,270,613	1,270,613	1,270,613	-	-	-
Due to subsidiaries	300	300	300	-	-	-
Due to other related companies	22,112	22,112	22,112	-	-	-
Long-term liabilities	1,347,574	1,442,215	204,632	261,322	417,651	591,988
Total financial liabilities	$2,753,885	2,848,526	1,610,943	261,322	417,651	591,988

(b) Capital management:

The group manages the adequacy of capital by managing the returns on equity and borrowed funds to protect against losses on its business activities so as to be able to generate an adequate level of return for its stockholders.

As a condition of its long term loans, the company is required to have positive stockholders' equity.

There are no other externally imposed capital requirements and there have been no changes in the group's approach to managing capital during the year.

(c) Fair values:

The following methods and assumptions have been used:

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

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

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

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