DOLPHIN COVE

ANNUAL REPORT

2016

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present, on behalf of the Board of Directors, the annual report of Dolphin Cove Limited for the year ended December 31, 2016.

In 2016 we decided to adopt the United States dollar as our functional currency instead of the Jamaican dollar given the orientation of our business. This has resulted in Dolphin Cove showing real growth rates instead of the growth that was shown in Jamaican dollars in the past. Also as a result of this change our quality of earnings is enhanced by showing all comparative information in a more constant unit of measurement and having depreciation of fixed assets including livestock charged to profits that more closely reflect their replacement values than depreciation based on historical Jamaican dollar costs at the dates of acquisition. We therefore show earnings that provide adequately for us to replace productive assets at the end of their useful lives.

The results of 2016 compared to 2015 are satisfactory considering that we have been pursuing new initiatives and that we began two new parks: Moon Palace and Yaa man, in Jamaica this year. We have also made great progress in moving the St. Lucia project forward and you will note the capital spending in respect of this project when you read the financial statements. We easily have the ability to fund the project.

In 2016 we paid higher dividends than ever, at US$1,877,210 compared to US$1,503,976 in 2015 on the same number of issued shares. All of our shareholders may request to have their dividends paid in US dollars.

As you will recall, on December 18 2015 Dolphin Discovery made an offer to the shareholders which was recommended by your directors, all of whom themselves participated in the successful offer. I have retained a substantial shareholding still, and remain on your board, now as an independent director. I am happy to affirm that our relationship with Dolphin Discovery has proven to be very rewarding in terms of the technical know-how that they have brought to the group. Projects undertaken last year have resulted in improved quality of our offerings that we believe will benefit future periods when our markets become familiar with them. We are working closely with their design team on the St. Lucia project which is at an advanced stage of planning.

It bears repeating to our sharehlolders that the health and welfare of our Atlantic Bottlenose dolphins, which are considered to be the most desirable in the industry is a critical factor for our success and we spare no effort or expense to maintain our excellent record of ensuring their happiness.

For the sixth consecutive year Dolphin Cove was awarded The Caribbean Leading Adventure Tourist attraction from the World Travel Awards. We were also given Top ratings on Viator / Trip Advisor.

The outlook remains very positive as we will continue to benefit from the construction of new hotel rooms. There are presently over 1,300 hotel rooms been built in Montego Bay and Negril which will be completed in 2017. This does not include the Palmyra, one of the largest investments in the Hotel industry in Jamaica, which is being rebranded and reopened as the Jewel Grand.

We look forward to the coming year with confidence, knowing that our association with Dolphin Discovery will enable us to achieve great success.

Stafford Burrowes, OD
Chairman and Chief Executive Officer
April 28, 2017

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER (CEO), DOLPHIN DISCOVERY GROUP

Dear Shareholders,

2016 was a year of transition for Dolphin Cove. A year in which Dolphin Cove became part of the largest Dolphin Family in the world and for both companies, Dolphin Cove and Dolphin Discovery, it was a year full of learning and new experiences.

And Jamaica is the destination where our organization made its largest single capital expenditure, more than US$2,000,000 in improvements for our parks in Jamaica.

Part of these investments was the relaunching of Prospect Park as Yaaman, an Adventure and Cultural Park in Ocho Rios now offering an all-inclusive adventure with many experiences in one single place.

The year also presented challenging moments, such as Hurricane Matthew in the first week of October which thankfully did not impact directly but caused some damage in our aquatic structure and land installations in Ocho Rios. Fortunately, nothing beyond material damages was suffered and our team and Dolphins were not affected. The spirit of collaboration and teamwork made it possible to reopen our gates less than a week after the Hurricane which was an amazing comeback!

During 2016, two Dolphins were born in Jamaica and joined the Dolphin Cove family, one male and one female, an irrefutable sign of health and love in our Dolphin Family in Jamaica.

We are very pleased with our achievements this year yet even more excited of the future to come. Much of our learning and investments in 2016 was designed to bear fruit in 2017 and 2018 accompanied by improvements on our balance sheet and profit and loss statements. We target 2017 with an increase in revenues and EBITDA with a similar US$2,000,000 in capital expenditures, preparing our Dolphin Parks to become the most exciting experiences in Jamaica.

Your confidence in Dolphin Cove creates a commitment on our part to outperform the market and your expectations. On behalf of the Board of Directors of Dolphin Cove and the 350 associates who contribute daily to the success of our organization, thank you very much for your confidence in Dolphin Cove and your investment in our organization. You may rest assured we will not let you down. May the Lord bring health and blessings to all of you and your beloved, every single day of 2017.

Eduardo Albor Villanueva
CEO, Dolphin Discovery Group

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Dolphin Cove Limited will be held at The Courtleigh Hotel & Suites, 85 Knutsford Boulevard, Kingston 5, on Monday, 26 June 2017 at 2:30 pm for the following purposes:

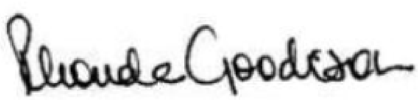
1. To receive the report of the Directors and Financial Statements for the year ended 31 December 2016 and the report of the Auditors thereon.

2. To re-elect the retiring Directors and to fix the remuneration of the Directors. The Directors retiring by rotation pursuant to article 97 of the Company's Articles of Incorporation is Messrs Eduardo Albor and William McConnell, who, being eligible, offer themselves for re-election.

To consider and, if thought fit, pass the following resolutions:
(a) THAT retiring Director Mr. Eduardo Albor be and is hereby re-elected as a Director of the Company.
(b) THAT retiring Director, Mr. William McConnell be and is hereby reelected as a Director of the Company.

3. To authorise the Directors to fix the remuneration of the Auditors for the ensuing year. The Auditors, Messrs KPMG, Chartered Accountants, have signified their willingness to continue in office pursuant to Section 154 of the Companies Act.

Dated this 24th day of April 2017
BY ORDER OF THE BOARD



Rhonda Goodison
Secretary

REGISTERED OFFICE
Belmont, Ocho Rios, St Ann

NOTES:
1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A suitable form of proxy is enclosed. It must be lodged at the Company's registered office at least forty-eight hours before the time appointed for holding the meeting. The proxy form shall bear stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the persons executing the proxy.

2. Pursuant the articles of incorporation, a corporate shareholder (member) may by resolution of its Directors appoint a person (not a proxy) to attend and vote at the meeting.

DIRECTORS' REPORT

The directors have pleasure in presenting their report for the year ended 31 December 2016, together with the audited financial statements as at that date.

Financial Results for the Year	US$
Retained earnings at 1 January 2016	10,148,076
Dividends	(1,877,210)
Profit before taxation	3,291,897
Income tax expense	(431,737)
Profit after taxation	2,860,160
Retained earnings at 31 December 2016	11,131,026
Earnings per stock unit (expressed in US cents per share)	0.73 cents

Directors

In accordance with clause 97 of the Articles of Incorporation, Messrs Eduardo Albor and William McConnell retire by rotation, and being eligible, offer themselves for re-election.

Auditors

The auditors, Messrs KPMG, Chartered Accountants, have indicated their willingness to continue in office pursuant to section 154 of the Companies Act.

Employees

The directors wish to thank the management and staff of the company for their performance during the year under review.

Customers

The directors wish to thank our valued customers for their support and contribution to the company's performance during the year under review, and look forward to their continued support of the Group.

Dated this 24th day of April 2017

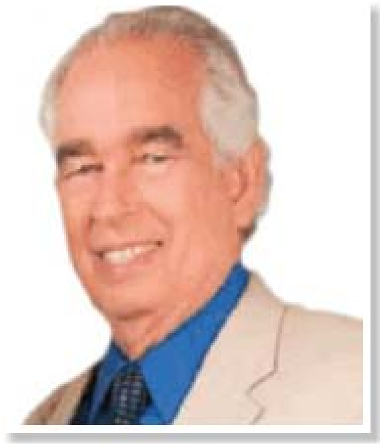
By Order of the Board

Rhonda Goodison

Rhonda Goodison

Secretary

BOARD OF DIRECTORS



Stafford Burrowes, O.D.
(appointed September 1998)
Chairman

Stafford Burrowes, the Chairman of the Company, is the entrepreneur who conceived and developed the business idea that became the first Dolphin Cove marine park in Jamaica. Since then, he planned and executed its expansion and the development of another Dolphin Cove location in Point, Lucea, Hanover.

Eduardo Albor Villanueva,
(appointed November 2015)
Non Executive Director

Eduardo Albor Villanueva is a law graduate from the Universidad de Mayab and has a Masters Degree – Corporate Law from the Universidad Anahuac.

From inception, his work has been at the corporate level beginning as the General Counsel for the Royal Resorts chain and as the Founding Partner of the law firm, Camara y Albor. In January 1999, Mr. Albor became the CEO of Grupo Dolphin Discovery, the number one Swim with the Dolphins company in the world. A company steeped in history operating with responsibility, respect and ecological awareness that offers a natural environment in which guests participate in the unforgettable experience of swimming with Dolphins, Sea lions, Manatees and Whale watching in Los Cabos. Today he is the Chairman of the Board and a Partner and the key player in the spectacular growth of this company as well as other Units such as Parque Garrafon and Aquatours Marina.

He is also Chairman of the Board of Grupo Editorial Latitud 21, an important media company in Cancun with three brands detailing social, political and charitable news of the region.

Mr. Albor is active in the International Association of Amusement Parks and Attractions (IAAPA.org) and serves on the Latin American Advisory Board.

He is also one of the principal promoters of Social Responsibility initiatives in the state of Quintana Roo and serves as President of the Fundacion Dolphin Discovery, which is in the process of developing, funding and building the new Cancun-Chetumal Archdiocese.

BOARD OF DIRECTORS

The Hon. W.A. McConnell,
OJ, CD, JP, FCA, Hon. LLD
(appointed September 2010)
Non Executive Director

Mr. McConnell, a Chartered Accountant and a member of the Institute of Chartered Accountants of Jamaica, is the Chairman of St. Elizabeth Holdings Limited. He was conferred with the Order of Distinction with the rank of Commander for his services to Jamaica in the development of commerce and export and with the Order of Jamaica for distinguished leadership in Business and the Export Industry, and has been awarded an honorary doctorate of laws (LLD) by the University of the West Indies.

Mr. McConnell is also the Chairman of IronRock Insurance Company Limited, Sugar Manufacturing Corporation of Jamaica Limited and is a Director of Jamaica Cane Products Sales Limited, Jamaica Observer Limited. In addition, Mr. McConnell has served the Private Sector Organization of Jamaica as either Vice President or Honourary Secretary for 20 Continuous years. In 2011 Mr. McConnell retired as Managing Director of both Lascelles de Mercado & Co. Limited and Wray & Nephew Group after 38 years of continuous service to that group. His public service includes serving as a Director and later Chairman of both the Petroleum Corporation of Jamaica and Petrojam Limited and as a Director of the Sugar Industry Authority.

Noel D. Levy
(appointed September 2006)
Non Executive Director

Noel D. Levy, member of the Jamaica Bar Association and the Law Society of England and Wales in the United Kingdom, is a consultant attorney -at- law at the firm of Myers Fletcher & Gordon and former senior partner of that firm, specializing in commercial law.

He has served on the boards of several private commercial companies including banking, life and general insurance companies. Mr. Levy is currently a member of the board of directors of ICWI Group Limited, The Insurance Company of the West Indies Limited and I.G.L. Limited. He served for several years as a Commissioner of the Jamaica Racing Commission and the Betting Gaming and Lotteries Commission. He is currently serving as a member of the Council of the University of the West Indies, Mona where he is Chairman of the Audit Committee.

BOARD OF DIRECTORS

Concepcion Esteban Manchado
(Resigned April 2016)
Non Executive Director

Ms. Esteban has served as General Counsel for Grupo Dolphin Discovery since January 2011 and has been with the Group since January 2000 where she began as Corporate Legal Manager as well as Director of Human Resources.

She has extensive experience in corporate and environmental law, within her current position at Grupo Dolphin Discovery's Corporate Office, her main responsibilities are the direction in everything the company requires in legal matters, such as legal obligations to comply with the law, plan and conduct corporate legal procedures necessary for the Societies comply with regulations for particular facts or legal situations, monitor judicial and extrajudicial processes, employment cases, review and approve legal contracts, and other documents related to commercial, financial and operational matters, provide legal advice to the executive board of the company.

Before joining Grupo Dolphin Discovery, she worked as Corporate Counsel in companies like Andersons Group and law firms as well as public notaries and brokers. Concepción acts as Public Broker No. 6 in the state of Quintana Roo since August 1999, from 2010 to 2014 she occupied the Chair of the Public Corridors College and was Director of the same College from 2012 to 2014.

She has a Degree in Law from the Universidad Intercontinental. She has a Master's Degree in Corporate Law from the Universidad del Mayab, Specialization in business law from the Universidad Anáhuac Cancún, and Specialization in Property Valuation with orientation from the Universidad Autonoma de Zacatecas.

Travis Burke
(appointed December 2015)
Non Executive Director

Travis William Burke focuses on the strategic vision for Grupo Dolphin Discovery based on three fundamental pillars: assuring the health and wellbeing of the Marine Mammals under our care, fostering innovation in the education and entertainment mission of the Group and implementing the latest technology to strengthen the guest experience.

Travis has been part of the Dolphin Discovery team since 1999 and is proud to serve Mr. Albor, Mr. Burrowes and the Dolphin Cove family in retaining its place amongst Jamaican parks and expanding this wonderful company.

Travis is currently Vice-Chair of the Board of Directors at the Alliance of Marine Mammal Parks & Aquariums and serves on two Committees at IAAPA – the Zoo & Aquarium Committee and the Brass Rings Committee.

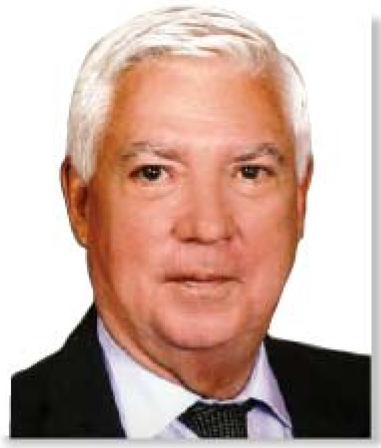
He has worked in the Parks & Entertainment industry for 23 years beginning as a lifeguard at waterparks in Texas and then moving on to construction and management of facilities at Texas A&M University and other Parks in Mexico and the Caribbean.
Travis is a graduate of Texas A&M University with a Bachelor of Business Administration in Accounting.

BOARD OF DIRECTORS

Lorenzo Camara
(appointed April 2016)
Non Executive Director

Mr. Camara joined Grupo Dolphin Discovery in 1996 and currently serves as Director of Operations. He has extensive experience not only in operations but in sales, engineering, construction and launching of new projects and is responsible for the operation of all 23 Dolphin Parks plus Aquaventuras in Vallarta, Garrafon in Isla Mujeres and Dolphin Discovery's Marina Aquatours in Cancun.

MENTOR



Richard Downer, CD, FCA
(appointed December 2010)
Mentor

Mr. Downer, a former Senior Partner of PricewaterhouseCoopers in Jamaica, currently serves as a director on the board of Sagicor Group Jamaica Limited. He is also a member of the Rating Committee of cariCRIS Limited and the mentor of tTech Limited.

He has served in several roles in the public sector including as Executive Director of the Bureau of Management Support in the Office of the Prime Minister of Jamaica and as Temporary Manager for several troubled financial institutions and directorships of government entities. At PricewaterhouseCoopers, he specialized in corporate finance and corporate recovery. He has also served on the boards of a number of companies in the private sector from time to time.

He was awarded the Order of Distinction with the rank of Commander (CD) by Jamaica in 1986 for services to Accountancy and being a Pioneer in Privatization and the Distinguished Member Award of the Institute of Chartered Accountants in 2012.

Since December 2010, Mr. Downer has been the Mentor appointed by Dolphin Cove Limited under the rules of the Junior Stock Exchange in which capacity he advises on matters of corporate governance and compliance with the rules of the stock exchange. He has been a member of the Group's Audit Committee since 2010 and the Remuneration Committee since 2012.

CORPORATE GOVERNANCE AND ACCOUNTABILITY

The Board of Directors is the highest governing authority with respect to the management of the Group. In overseeing the operations of the Group, the Board establishes broad policies and objectives and ensures that sufficient resources are available to meet those objectives. The Board is chaired by the Group's founder, Mr. Stafford Burrowes, and meets regularly to discuss and review the performance of the Group and to ensure that the objectives are satisfactorily pursued giving regard to the social and regulatory environment and the risks that may exist within the relevant markets.

The directors are experienced in their respective fields and collectively bring a wide range of professional and commercial expertise to the management of the Group.

The Board has established an Audit Committee and a Compensation Committee and the members include at least two independent non executive Directors.

The Audit Committee functions as an advisor to the Board and provides assurance in the areas of financial reporting, internal control, risk management, compliance with legal and regulatory requirements, internal and external audit, and matters relating to corporate governance. The audit Committee comprises: The Chairman, Mr. W.A. McConnell, and three other non-executive members of the Board. The Group engaged PricewaterhouseCoopers (PWC) to provide internal audit services. The Internal Audit Plan is reviewed and approved by the Audit Committee and periodic reports are received by the Audit Committee which monitors the implementation of recommendations.

The Compensation Committee recommends appropriate compensation for executive members, within the context of current market rates and best practices, and ensures that the compensation structure is sufficient to attract, retain and motivate highly ranked executive members.

The following table outlines the Director's attendance at Board Meetings for the 12 months ended December 31, 2016:

Director's Attendance at Board Meetings Year ended December 31, 2016	
Budgeted Number of meetings for the year	**7**
Actual Number of Meetings held	**7**
Stafford Burrowes	7
Noel D. Levy	7
William McConnell	7
Eduardo Albor Villanueva	6
Travis Burke	6
Concepcion Esteban (*)	3
Lorenzo Camara	2
Note: *[1] – Resigned: April 2016	

MANAGEMENT TEAM

Stafford Burrowes, O.D.
Managing Director

Mr. Stafford Burrowes is responsible for all aspects of Dolphin Cove's operations, including conceiving of and implementing initiatives that are in keeping with the company's mission. He is in charge of setting the overall strategy and vision and building a work culture and environment where high performers thrive.

Educated at Jamaica College in St. Andrew, Mr. Burrowes previously opened and operated a chain of six flower shops named Gaylord's Flowers Ltd in Canada and was Managing Director for Dunn's River Videos Ltd, Global Telecom Ltd and Jamaica Floral Export Ltd.

Alejandro Raygoza
Regional Director – Jamaica

Alejandro Raygoza recently joined the Dolphin Cove team with the primary responsibility of overseeing the smooth operations of all the parks in Jamaica, which includes ensuring that the overall service delivery, the physical infrastructure, staffing and the guest experience are consistent with best practices and the company's mandate of being the largest dolphin company in the world. Mr. Raygoza has strong participation in the commercialization of the company's products via the various channels coupled with ensuring that utmost efficiency is deployed consistent with the company's profit maximizing objective.

Mr. Raygoza has over thirteen (13) years experience in the management of dolphin facilities in different countries and his past roles include, inter alia, Corporate Manager for Cruise Ships and Caribbean Sales, Projection Manager and Operations, and Corporate Coordinator at the Grupo Dolphin Discovery's corporate office.

Alejandro is multilingual and has to his credit a Bachelor's Degree in Management and Tourism and is also pursuing a Master's Degree in business Administration.

Alexander Debuono
General Manager – Ocho Rios Park

Mr. Alex Debouno worked as an entrepreneur, specializing in product development, before he joined the Dolphin Cove team in 2012 as General Manager at our park located in Prospect, St. Mary. There he pioneered the creation of additional products which served to increase the revenue and profitability at that location.

While at Prospect, Mr. Debuono also supervised the ground operations and special projects at the Ocho Rios Park and most recently was appointed as General Manager of the Ocho Rios Park, where he now serves on a full-time basis. As General Manager, he has overall responsibility for the smooth operations of the park, paying particular attention to its physical infrastructure, staff deployment, etc. in addition to ensuring that all targets, including financial, are met.

Mauricio Cortez
General Manager – Negril and Half Moon Parks

Mauricio Cortez recently joined the team at Dolphin Cove - Jamaica and has responsibility for the overall operations at our Negril and Half Moon parks.

Prior to the above appointment, he served as general manager, over a period spanning nine (9) years, in various dolphin parks, a theme park and Yatch Club and was also the Corporate Manager of Operations at Dolphin Discovery. Mr. Cortez holds a Master's Degree in Biological Science and has been working with dolphins for the past seventeen (17) years.

MANAGEMENT TEAM

Trudane Hardware
General Manager – Moon Palace Park

Trudane Hardware is the General Manager for the Dolphin Cove Dolphinarium in operations at Moon Palace in Ocho Rios. He joined the team in July 2013 and served as Park Manager at the Negril Park prior to his promotion to General Manager. He is a graduate of the University College of the Caribbean where he earned a Diploma in Management studies, Certificate in Financial Securities and most recently a Bachelor of Science in Tourism and Hospitality Management.

Mr. Hardware has over 15 years of experience in the Tourism Industry and had previously worked at Sandal Resorts International and had operations and sales management experience including reservations, sales, public relations, accounting and loyalty management.

Alexander Sale
Acting General Manager – Prospect Park

Mr. Alexander Sale joined the company in 2012 having direct responsibility for the Sea Trek operations at the Ocho Rios Park. A year later, he was promoted to Operations Manager of the Park at Prospect where he assisted the then General Manager in executing the daily operations and ensuring that the guest experience is a memorable one.

In 2016, he was promoted to the position of General Manager (Acting) with the chief responsibility of managing the Park's operations while ensuring that key performance (financial and otherwise) targets are achieved.

Mr. Sale is also a trained and experienced rescue diver.

Raul Novelo
General Manager of Animal Care and Training

Raul Novelo is one of the recent additions to the Dolphin Cove family and is the General Manager of Animal Care and Training. He has over 18 years experience in training and caring for dolphins and other animals and has held several titles including Regional Manager of Grupo Dolphin Discovery's Caribbean operations where he has extended oversight for its facilities in the British Virgin Island, Anguilla, Grand Cayman, Punta Cana, and St. Kitts. Among his many areas of expertise is the development of protocols and manuals for animal well being as well as leading teams of dolphin trainers in different countries.

Mr. Novelo is the holder of a degree in Business Administration and is also a certified rescue diver.

Dr. Mishka Stennett, D.V.M., M.Sc
Staff Veterinarian

Dr. Stennett is Dolphin Cove's staff veterinarian. She trained at the University of London School of Veterinary Medicine and at the University of the West Indies School of Veterinary Medicine and is the holder of a Master's degree in Science (M.Sc.) in Veterinary Epidemiology and Public Health at University of London, by distance learning. She was voted the Young Scientist of the Year (2004) by special award of the Scientific Research Council jointly with the Bureau of Standards. Dr. Stennett has been with the Group since May 2005 and she is responsible for the health and wellbeing of the dolphins, sharks, reptiles, and the large and small animals at its marine parks in addition to Prospect Adventure Park.

MANAGEMENT TEAM

Dr. Ravidya Burrowes, Ph.D
Consultant Compliance Advisor on Environmental Matters

Dr. Burrowes has been practicing as an environmental consultant and project manager for almost 20 years and she has been the compliance advisor to the company since its inception. Dr. Burrowes holds a doctorate in Geology (2000, Postgraduate Scholarship, University of the West Indies), a Master of Science Degree in Physical Geography (1992, Overseas Development Administration Scholarship, University of London) and a Bachelor of Science Degree in Physical Geography and Geology (1991, Trinidad and Tobago National Scholarship, University of West Indies). She has been the principal investigator on environmental assessments in many countries in the Caribbean including Jamaica, Trinidad and Tobago, St. Kitts, St. Lucia, Guyana, Antigua & Barbuda, the Cayman Islands, Anguilla, the British Virgin Islands, Montserrat and Haiti. She has also managed multi-disciplinary technical teams on a wide range of environmental assessments for industrial estates, offshore oil and gas projects, housing complexes, resort developments and airport and port expansions.

Dr. Burrowes is the Managing Director of Environmental Management Consultants (Caribbean) Limited.

Marilyn Burrowes
Vice President of Marketing

Marilyn Burrowes is the Director of Marketing of the company and is responsible for advertising and public relations matters to do with the marine parks and its subsidiary. She also has oversight of merchandising at the marine park gift shops.
Mrs. Burrowes is responsible for the company's community affairs initiatives and its sponsorship of the Steer Town Basic School; Friends of St. Ann's Bay Hospital and support to Teen Challenge Ocho Rios, St. Ann.
Mrs. Burrowes has served eight years on the Board of the Tourism Product Development Company Limited (TPDCo) and is the chairperson of the Attractions Development sub-committee. She is the President of the Jamaica Attraction Association where she is now in her fourth term; A Director of the St. Ann Chamber of Commerce and is a Vice President of the Jamaica Hotel and Tourist Association.

Emmanuel Islas
Financial Controller

Emmanuel Islas joined the team in March 2017 as the company's Financial Controller of Dolphin Cove Ltd and its subsidiaries.
Mr. Islas is a graduate of the Universidad Anahuac Cancun with a degree in Accounting and Finance also has a bachelor's degree in Management, and a Diploma in Effective Communication and Personnel Management. He has more than 10 years of experience in the field of accounting and finance in the Tourism Sector including Hotel Industry, Travel Agencies, Vacation Clubs, Destination Management Companies and 5 years in the Dolphin industry.

Nicola Campbell, FCCA
Chief Accountant

Nicola Campbell is a Chartered Accountant and a member of the Institute of Chartered Accountants of Jamaica. She has been the chief accountant for the Group for the past decade.
Ms. Campbell is a graduate of the University of Technology and was previously employed to Guardsman Communications and the Students' Loan Bureau.

David Alexander Russell, B.S.BA
Vice President of Sales

David “Alexei” Russell has the responsibility of maximizing all land-based sales for Dolphin Cove in Jamaica. His duties also include promoting the brand and fostering and facilitating positive relationships with sales partners island wide. Alexei Russell is a graduate of Boston University where he graduated Cum Laude with a Bachelors of Science in Business Administration. His minor was in Marketing.

MANAGEMENT TEAM

Dacordie L. Vickers
Sales &Marketing Manager, Negril

Dacordie serves in the capacity of Sales and Marketing Manager charged with the responsibility of promoting Dolphin Cove to the Negril market.

He has over fourteen (14) years experience in the tourism industry spanning areas including night audit, front office, sales and customer service.

Paul Norman
Sales & Marketing Manager, Ocho Rios

Paul Norman is responsible for marketing Dolphin Cove and Prospect Plantation to the Jamaican market inclusive of schools, churches and the corporate sector. He is also charged with selling Dolphin Cove as a location for weddings and other events.

Previously, Mr. Norman worked in managerial positions in various companies and has over 21 years of experience in Operations and Sales. His former posts include Operations Supervisor at Tourwise Limited and Sales Manager at both Sandals Resorts International and Chukka Caribbean.

Mr. Norman was appointed to his current post in March 2012.

COMPANY DATA

Board of Directors

Stafford Burrowes, O.D., (Chairman)
Eduardo Albor
Noel D. Levy
The Hon. William A. McConnell, OJ, CD, JP, FCA, Hon. LLD
Travis Burke
Concepcion Esteban
Lorenzo Camara

Mentor

Richard Downer, CD, FCA

Audit Committee

The Hon. William A. McConnell
(Committee Chairman) (Non Executive Director)

Noel D. Levy
(Member) (Non Executive Director)

Richard Downer
(Member) (Mentor)

Remuneration Committee

Noel D. Levy
(Member) (Non Executive Director)

The Hon. William A. McConnell
(Member) (Non Executive Director)

Stafford Burrowes
(Member) (Executive Officer)

Richard Downer
(Member) (Mentor)

Company Secretary

Rhonda A. Goodison

Registered Office

Belmont, Ocho Rios, St. Ann

Telecommunications

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Fax: (876) 974-9208
Website: www.dolphincoveja.com
Email: info@dolphincoveja.com

Registrar & Transfer Agent

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston

External Auditors

KPMG, Chartered Accountants
Unit #14 Fairview Office Park
Alice Eldemire Drive
Montego Bay, St. James

Attorneys-at-Law

Myers Fletcher and Gordon
21 East Street
Kingston

Bankers

Sagicor Bank Limited
Bank of Nova Scotia Jamaica Limited

DISCLOSURE OF SHAREHOLDINGS

MAJOR STOCK HOLDERS	Shares Held
1. World of Dolphins Inc	313,901,858
2. Garden House Holdings Limited	37,491,168
3. Stafford Burrowes	7,876,770
4. JCSD Trustees Services Ltd. A/C #76579-02	3,315,729
5. ATL Group Pension Fund Trustees NOM Ltd	2,222,530
6. NCB Insurance Co. Ltd. A/C WT040	2,070,761
7. SJIML A/C 831	2,028,678
8. NCB Insurance Co. Ltd. A/C WT160	1,652,357
9. SJIML A/C 2884	1,303,798
10. Lorna Allison Myers	1,245,972

Total ordinary stocks in issue - 392,426,376
Total number of stockholders – 505

STOCKHOLDINGS OF DIRECTORS AND CONNECTED PERSONS

DIRECTORS	STOCKHOLDING	CONNECTED PERSONS	STOCKHOLDING
Stafford Burrowes	7,876,770	Garden House Holdings Ltd	37,491,168
Noel D. Levy	200,000	Nil	Nil
Richard L. Downer	14,000	Nil	Nil

STOCKHOLDINGS OF SENIOR MANAGEMENT AND CONNECTED PERSONS

SENIOR MANAGEMENT	STOCKHOLDING	CONNECTED PERSONS	STOCKHOLDING
Stafford Burrowes	7,876,770	Garden House Holdings Ltd	37,491,168
Mishka Stennett	3,000	Nil	Nil
Marilyn Burrowes	1,000,000	Stafford Burrowes	7,876,770

MANAGEMENT DISCUSSION & ANALYSIS OF THE GROUP RESULTS

General Business Conditions

In 2016, the Jamaican tourism sector experienced an increase in stop over and cruise ship arrivals a reflexing of the growth of this sector since the last 10 years, reports are that the 2017 tourism has had a good start as the Montego Bay airport has seen some increase in arrivals so far, however, since the end of 2016 there was a significant decrease in the number of visitors travelling from Canada which is expected to affect the first quarter of 2017 as well.

Although business conditions for our industry are excellent as we continue to see an expansion in the number of visitors to Jamaica however there has been an increased level of competition in terms of the number and quality of attractions.

Management has focused on improving the park's infrastructure as well as the services offered in an effort to increase the options for our guests and maintain our product in the line of excellence that characterizes our company and by extension increasing revenue.

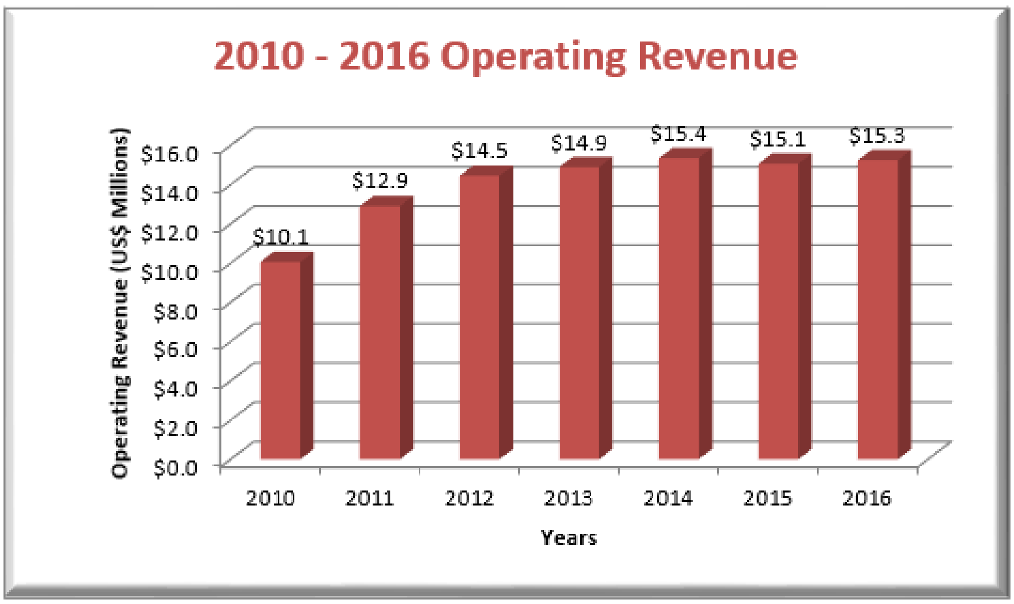
Group Financial Highlights – Audited Financial Statements: Year ended December 31, 2016

Statement of Profit & Loss & Other Comprehensive Income

REVENUE:

The company continues to earn most of its income in United States dollars. Revenue from Dolphin Attractions is the primary revenue generating activity and involves the sale of dolphin, stingray and shark interaction programmes. The Group's sales also includes revenue from "Ancillary Services" which includes the sale of souvenirs, photographs, food and beverages and the use of its beach cabanas and tours such as kayaks, boat, and the Yaa man park opened this year featuring attractions including dune buggy, horse, camel and Segway rides. The mix of revenues is changing as part of a deliberate strategy to diversify our offering.

Overall, sales for the year ended December 31, 2016 increased by 1.4% to US$15.3 million – highlighted by a 26.4% growth in Ancillary services revenue.



The increase in Ancillary Revenue is mainly due to the introduction of new products as well as new sale strategies which served to boost sales.

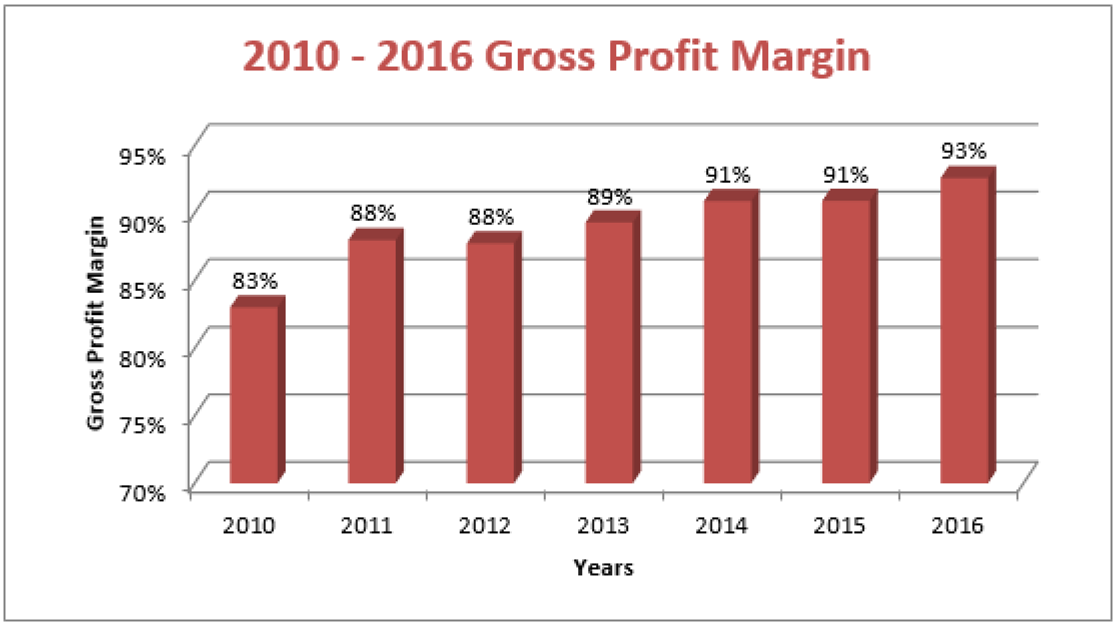
MANAGEMENT DISCUSSION & ANALYSIS OF THE GROUP RESULTS

The decline in net profit of US$457,000 this year is primarily due to the imposition of income tax for the first time since listing on the stock exchange which had an adverse impact of US$474,000.

COST OF OPERATING REVENUE:

The direct cost of dolphin attraction fell by 32.9% due to a better management of the supplies and materials used in the operation. Also the direct cost of Ancillary Services fell by 4.1% due to a better agreements in terms of prices with some of the suppliers.

Highlight: *As a result of the decrease in the direct costs, Dolphin Cove ended with a Gross profit margin of 92.6%, compared to 90.9% in the prior year, an increase of US$441,000.*



OPERATING EXPENSES:

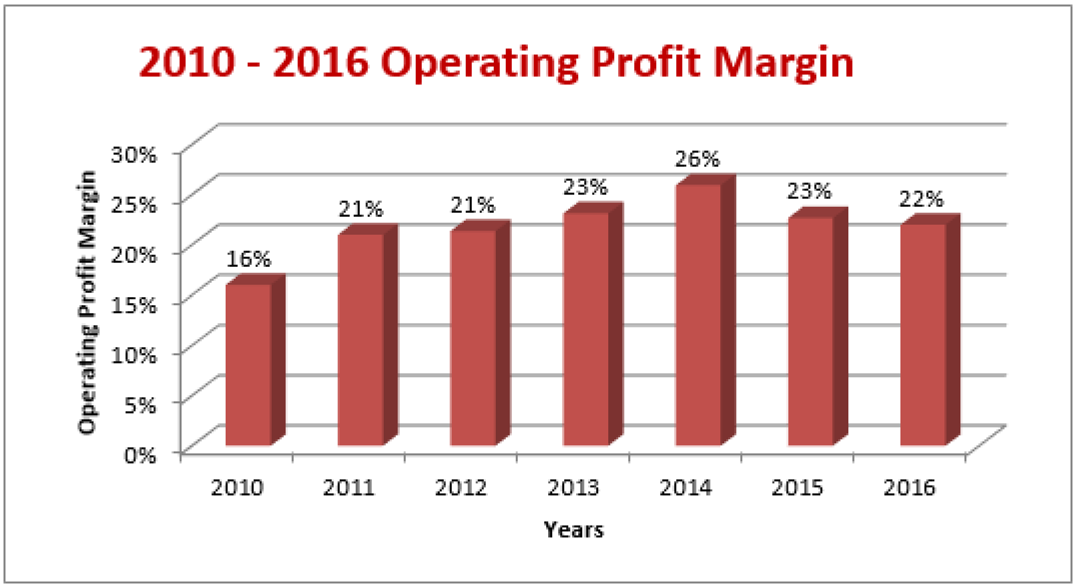
The operating expenses increased by US$ 492,000 (4.6%) over 2015 mainly due to the following:

Staff costs increased due to increased commissions and benefits being paid in 2016. Depreciation, a non-cash expense, increased by US$338,000 of which US$212,000 was as a result of revaluing dolphins and additional depreciation for dune buggies for the new Yaa man attraction.

In 2016 management fees were incurred for the first time in accordance with an agreement approved by a committee of our independent directors.

Though there was an overall increase in this expenditure, most of the operating expenses maintained a downward trend during 2016.

MANAGEMENT DISCUSSION & ANALYSIS OF THE GROUP RESULTS



Statement of Financial Position & Cash flow

Significant Highlights:

Shareholders net worth increased from US$24.4 million to US$25.4 million after paying dividends of US$1.9 million.

Cash provided by operations remained stable at US$3.9 million but cash and securities purchased under resale agreements declined by US$1.7 million and net current assets declined by US$1.8 million after taking into account capital expenditure including live assets of US$2.1 million and the repayment of long-term debt of US$505,000 as well as the dividends.

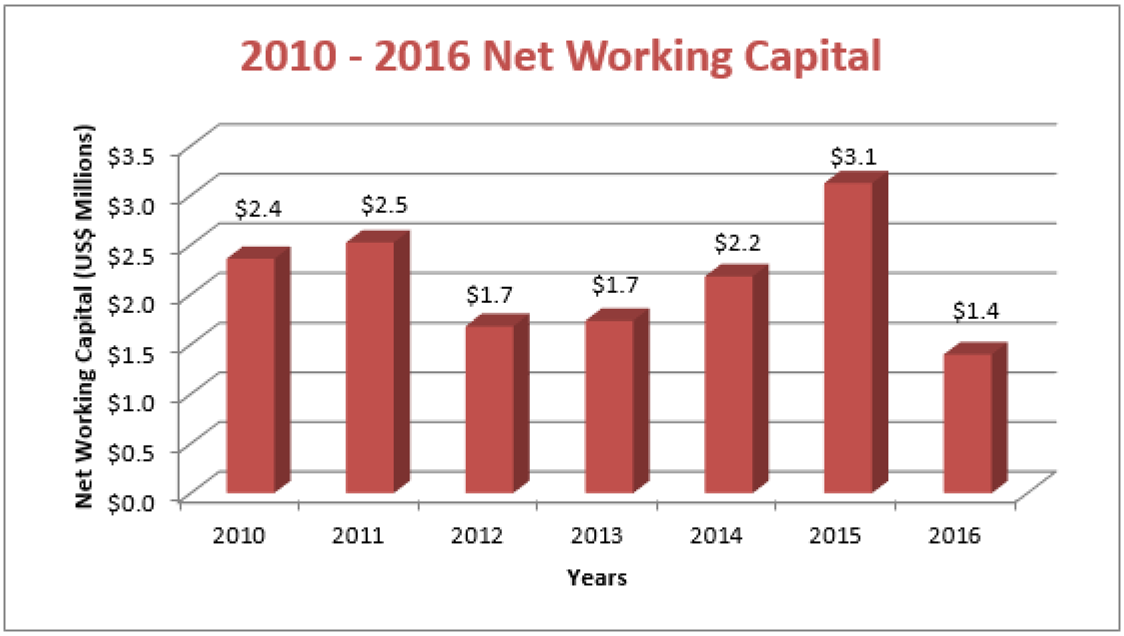
Included in current assets is the sum of US$1.45 million which is committed for work on the St. Lucia park. The total cost of the project approved by the directors including this sum is US$3.5 million. This amount of US$1.45 million will not remain a current asset when applied to the St. Lucia project by our parent company on our behalf.

In 2016 the group's debt-equity level was 5.3% or 1:19. Whilst the group has the ability to complete the St. Lucia project out of operating cash flow and still maintain a high dividend, it has the ability to lever its investment with debt given its low debt-equity relationship.

The group reported profits for the year of US$2.8 million.

Property, plant & equipment of the group grew by 4.7% due to the improvements and renovations in the facilities

MANAGEMENT DISCUSSION & ANALYSIS OF THE GROUP RESULTS



SEVEN YEAR STATISTICAL SUMMARY

SEVEN YEAR STATISTICAL SUMMARY							
	2010*	2011*	2012*	2013*	2014*	2015*	2016
OPERATING RATIOS							
Operating Revenue (US$ millions)	$10.1	$12.9	$14.5	$14.9	$15.4	$15.1	$15.3
Gross Profit Margin	83%	88%	88%	89%	91%	91%	93%
Operating Profit Margin	16%	21%	21%	23%	26%	23%	22%
Pre-tax Profit Margin	12.1%	18.3%	21%	23%	25%	23%	22%
Pre-tax Return On Equity	12.5%	20.1%	23%	26%	17%	13%	13%
Interest Coverage (times)	6.4	10.2	14.5	17.1	15.1	25.1	31.8
BALANCE SHEET RATIOS							
Current Ratio	2.2	2.5	1.8	1.9	1.8	2.6	1.6
Net Working Capital (US$ millions)	$2.4	$2.5	$1.7	$1.7	$2.2	$3.1	$1.4
Debt to Equity	0.4	0.2	0.1	0.2	0.1	0.1	0.1
(*) Restated							

AUDITORS' REPORT & FINANCIAL STATEMENTS

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DOLPHIN COVE LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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 separate financial statements of Dolphin Cove Limited ("the company") and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 31 to 79 which comprise the group's and company's statements of financial position as at December 31, 2016, the group's and company's statements of profit or loss, 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, 2016, 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.

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.

1. Change in functional currency

Key Audit Matter	**How the matter was addressed in our audit**
During the year, management at the direction of the Board of Directors, conducted a review of the accounting policies, which included a reassessment of the functional currency of the group, and concluded that the criteria outlined in IAS 21, *The Effects of Changes in Foreign Exchange Rates,* indicated that the appropriate functional currency is the United States dollar (US$). Based on the nature of the group's operations, and the industry in which it operates, the choice of functional currency is subject to significant judgement. The change was accounted for retrospectively, in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.* [See note 2(b)].	Our audit procedures included the following: • Reviewing management's assessment of the factors that resulted in the change in functional currency by assessing these against the criteria outlined in IAS 21 and the firm's technical accounting guidance on the matter. • Involving our own technical accounting specialists in testing the robustness of management's assessment, considering the Group's economic exposure to the United States dollar and the use of that currency in management's financial reporting and decision making process. • Reviewing the restatement computations and supporting documentations prepared by management to verify whether the conversion and translation of account balances from Jamaica dollars to United States dollars was performed in accordance with IAS 8. • Evaluating the adequacy of the financial statements disclosures in accordance with IAS 8.

To the Members of
DOLPHIN COVE LIMITED

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

Key Audit Matters (cont'd)

2. Change in the useful life of Live Assets - dolphins

Key Audit Matter	How the matter was addressed in our audit
Dolphins were previously amortised over a fifteen (15) year period. Management, in keeping with the accounting policies and existing experience of its controlling shareholder, the "Dolphin Discovery Group", as well as other external factors within the industry, has re-assessed and revised the estimated useful life of dolphins to be 30 years (from birth).	Our audit procedures were designed to challenge the reasonableness of the group's policy for the change in estimated useful life and included: • Reviewing a scientific study conducted by management's expert and other reliable sources in the industry, supporting the life expectancy of similar dolphins within the wider "Dolphin Discovery Group" and confirming whether the revised estimated useful life was consistent with the study; • Checking that the estimated life span of 30 years is adequately supported, by reviewing a certified veterinarian report on the estimated life of dolphins within the group; and • Evaluating the independence and qualification of management's expert and other sources to determine that useful life was determined with appropriate independence and free of management bias.

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)

3. Fair Value of Live Assets - Dolphins

Key Audit Matter	**How the matter was addressed in our audit**
Live assets - Dolphins were measured at cost less amortization. During the year, the company adopted the policy to measure dolphins at fair market value less amortization. The determination of fair value requires management to make certain assumptions on the estimated useful life and the market price of dolphins, which have a material bearing on the measurement.	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 evaluationg 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, corroborating discussions with the management, within our understanding of the market environment; and • Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.

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

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.

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 7-8, forms part of our auditors' report.

To the Members of
DOLPHIN COVE LIMITED

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

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 14, 2017

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, 2016
(The comparatives for 2015 and 2014 have been restated [note 2(b)])

	Notes	2016	2015	2014
CURRENT ASSETS				
Cash and cash equivalents		1,223,530	1,537,278	1,910,132
Securities purchased under resale agreements		-	1,357,588	1,084,105
Investments	3(a)	300,037	269,302	279,356
Accounts receivable	4	1,699,508	1,512,586	1,448,482
Taxation recoverable		28,268	65,640	68,817
Inventories	6	343,703	329,699	333,141
		3,595,046	5,072,093	5,124,033
NON-CURRENT ASSETS				
Investments	3(b)	-	161,412	146,165
Property, plant and equipment	8	20,292,633	19,379,779	18,915,113
Live assets	9	3,865,533	3,766,111	3,902,272
Due from related company	5(b)(iii)	1,450,000	-	-
		25,608,166	23,307,302	22,963,550
TOTAL ASSETS		US$29,203,212	28,379,395	28,087,583
CURRENT LIABILITIES				
Bank overdrafts	10	113,286	39,526	267,785
Accounts payable	11	1,340,354	1,078,542	1,249,159
Dividends payable		-	-	513,378
Current portion of long-term liabilities	13	740,635	789,997	843,428
Taxation payable		1,641	1,750	-
Due to other related companies	5(b)(iv)	22,112	-	-
		2,218,028	1,909,815	2,873,750
NON-CURRENT LIABILITIES				
Deferred tax liability	12	936,916	979,226	1,019,424
Long-term liabilities	13	606,939	1,062,621	1,582,536
		1,543,855	2,041,847	2,601,960
STOCKHOLDERS' EQUITY				
Share capital	14	3,654,390	3,654,390	3,654,390
Capital reserves	15	10,655,913	10,625,267	10,622,492
Retained earnings		11,131,026	10,148,076	8,334,991
		25,441,329	24,427,733	22,611,873
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		US$29,203,212	28,379,395	28,087,583

The financial statements on pages 31 to 79 were approved by the Board of Directors on March 14, 2017 and signed on its behalf by:

_________________________ Director
Stafford Burrowes

_________________________ Director
Eduardo Albor Villanueva

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

DOLPHIN COVE LIMITED

Group Statement of Profit or Loss
Year ended December 31, 2016
(The comparatives for 2015 have been restated [note 2(b)])

	Notes	2016	2015
OPERATING REVENUE			
Dolphin attraction revenue	16(a)	8,805,221	9,946,160
Less: Direct costs of dolphin attraction	17(a)	(416,579)	(620,587)
		8,388,642	9,325,573
Ancillary services revenue	16(b)	6,459,613	5,112,373
Less: Direct costs of ancillary services	17(b)	(717,090)	(747,885)
		5,742,523	4,364,488
Gross profit		14,131,165	13,690,061
Gain on disposal of property, plant and equipment		-	5,350
Effect of live assets eliminated	9	-	(110,756)
Other income		427	7,139
		14,131,592	13,591,794
OPERATING EXPENSES	17(c)		
Selling		(4,410,924)	(4,266,548)
Other operations		(3,767,635)	(3,359,409)
Administrative		(2,525,587)	(2,585,851)
		(10,704,146)	(10,211,808)
Profit before finance income and costs		3,427,446	3,379,986
Finance income	18(a)	172,394	222,364
Finance costs	18(b)	(307,943)	(311,716)
Profit before taxation		3,291,897	3,290,634
Income tax (expense)/credit	19	(431,737)	26,427
Profit for the year		US$ 2,860,160	3,317,061
Earnings per stock unit	20	0.73¢	0.85¢

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

DOLPHIN COVE LIMITED

Group Statement of Other Comprehensive Income
Year ended December 31, 2016
(The comparatives for 2015 have been restated [note 2(b)])

	Notes	2016	2015
Profit for the year		2,860,160	3,317,061
Other comprehensive income:			
Items that are or may be reclassified to profit or loss:			
Fair value appreciation of available-for-sale investments		30,646	2,775
Total other comprehensive income		30,646	2,775
Total comprehensive income		US$2,890,806	3,319,836

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, 2016
(The comparatives for 2015 and 2014 have been restated [note 2(b)])

	Share capital (note 14)	Capital reserves (note 15)	Retained earnings	Total
Balances as at December 31, 2014	3,654,390	10,622,492	8,334,991	22,611,873
Total comprehensive income:				
Profit for the year	-	-	3,317,061	3,317,061
Other comprehensive income: Fair value appreciation of available-for-sale investments	-	2,775	-	2,775
	-	2,775	3,317,061	3,319,836
Transactions with owners of the company:				
Dividends (note 21)	-	-	(1,503,976)	(1,503,976)
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	US$3,654,390	10,655,913	11,131,026	25,441,329

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

DOLPHIN COVE LIMITED

Group Statement of Cash Flows
Year ended December 31, 2016
(The comparatives for 2015 have been restated [note 2(b)])

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		2,860,160	3,317,061
Adjustments for:			
Depreciation and amortisation	8,9	1,008,017	728,142
Gain on disposal of property, plant and equipment		-	(5,350)
Live assets retired	9	-	110,756
Interest income	18(a)	(48,872)	(65,355)
Interest expense	18(b)	104,787	133,097
Impairment loss on trade receivables	4(c)	163,570	6,233
Taxation	19	431,737	(26,427)
		4,519,399	4,198,157
Changes in:			
Accounts receivable		(353,589)	(77,077)
Inventories		(14,004)	3,442
Accounts payable		447,719	(131,979)
Due to other related companies		22,112	-
Cash generated from operations		4,621,637	3,992,543
Interest paid		(290,695)	(171,734)
Income tax paid		(436,784)	(8,844)
Net cash provided by operating activities		3,894,158	3,811,965
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		51,968	72,095
Securities purchased under resale agreements, net		1,357,588	(273,483)
Additions to property, plant and equipment	8	(1,443,361)	(947,816)
Proceeds from disposal of property, plant and equipment		-	33,781
Additions to live assets	9	(576,932)	(248,019)
Due from related company		(1,450,000)	-
Disposal/(acquisition) of investments		161,323	(2,418)
Net cash used by investing activities		(1,899,412)	(1,365,860)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term liabilities, net		(505,044)	(573,346)
Dividends paid		(1,877,210)	(2,017,354)
Net cash used by financing activities		(2,382,254)	(2,590,700)
Net decrease in cash resources		(387,508)	(144,595)
Cash resources at beginning of the year		1,497,752	1,642,347
CASH RESOURCES AT END OF YEAR		US$1,110,244	1,497,752
Comprising:			
Cash and cash equivalents		1,223,530	1,537,278
Bank overdrafts		(113,286)	(39,526)
		US$1,110,244	1,497,752

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

DOLPHIN COVE LIMITED

Company Statement of Financial Position
December 31, 2016
(The comparatives for 2015 and 2014 have been restated [note 2(b)])

	Notes	2016	2015	2014
CURRENT ASSETS				
Cash and cash equivalents		1,223,530	1,537,278	1,526,509
Securities purchased under resale agreements		-	1,357,587	1,084,105
Investments	3(a)	300,037	269,302	279,356
Accounts receivable	4	1,699,096	1,512,147	1,448,022
Due from related parties	5(b)(i)	2,000	2,000	2,000
Taxation recoverable		27,598	64,927	68,069
Inventories	6	343,703	329,699	333,141
		3,595,964	5,072,940	4,741,202
NON-CURRENT ASSETS				
Investment in subsidiaries	7	314,539	314,539	314,539
Investments	3(b)	-	161,412	146,165
Property, plant and equipment	8	8,448,504	7,421,758	6,993,860
Live assets	9	3,861,923	3,762,264	3,898,162
Due from subsidiaries	5(b)(ii)	4,159,501	4,129,205	4,267,454
Due from related company	5(b)(iii)	1,450,000	-	-
		18,234,467	15,789,178	15,620,180
TOTAL ASSETS		US$21,830,431	20,862,118	20,361,382
CURRENT LIABILITIES				
Bank overdrafts	10	113,286	39,526	267,785
Accounts payable	11	1,270,613	1,000,665	1,135,319
Dividends payable		-	-	513,378
Due to other related companies	5(b)(iv)	22,112	-	-
Due to subsidiaries	5(b)(i)	300	300	300
Current portion of long-term liabilities	13	740,635	789,997	843,428
Taxation payable		1,641	1,750	-
		2,148,587	1,832,238	2,760,210
NON-CURRENT LIABILITIES				
Deferred tax liability	12	936,916	979,226	1,019,424
Long-term liabilities	13	606,939	1,062,621	1,582,536
		1,543,855	2,041,847	2,601,960
STOCKHOLDERS' EQUITY				
Share capital	14	3,654,390	3,654,390	3,654,390
Capital reserves	15	3,998,438	3,967,792	3,965,017
Retained earnings		10,485,161	9,365,851	7,379,805
		18,137,989	16,988,033	14,999,212
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		US$21,830,431	20,862,118	20,361,382

The financial statements on pages 31 to 79 were approved by the Board of Directors on March 14, 2017 and signed on its behalf by:

Director
Stafford Burrowes

Director
Eduardo Albor Villanueva

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

DOLPHIN COVE LIMITED

Company Statement of Profit or Loss
Year ended December 31, 2016
(The comparatives for 2015 have been restated [note 2(b)])

	Notes	2016	2015
OPERATING REVENUE			
Dolphin attraction revenue	16(a)	8,805,221	9,946,160
Less: Direct costs of dolphin attraction	17(a)	(416,579)	(620,587)
		8,388,642	9,325,573
Ancillary services revenue	16(b)	6,459,613	5,112,373
Less: Direct costs of ancillary services	17(b)	(717,090)	(747,885)
		5,742,523	4,364,488
Gross profit		14,131,165	13,690,061
Gain on disposal of property, plant and equipment		-	5,350
Live assets retired	9	-	(110,756)
Dividend income		-	-
Other income		427	7,139
		14,131,592	13,591,794
OPERATING EXPENSES	17(c)		
Selling		(4,410,924)	(4,263,522)
Other operations		(3,696,519)	(3,280,689)
Administrative		(2,820,567)	(2,754,832)
		(10,928,010)	(10,299,043)
Profit before finance income and costs		3,203,582	3,292,751
Finance income	18(a)	528,076	473,015
Finance costs	18(b)	(303,401)	(302,171)
Profit before taxation		3,428,257	3,463,595
Taxation (expense)/credit	19	(431,737)	26,427
Profit for the year		US$ 2,996,520	3,490,022

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

DOLPHIN COVE LIMITED

Company Statement of Other Comprehensive Income
Year ended December 31, 2016
(The comparatives for 2015 have been restated [note 2(b)])

	Notes	2016	2015
Profit for the year		2,996,520	3,490,022
Other comprehensive income:			
Items that are or may be reclassified to profit or loss:			
Fair value appreciation of available-for-sale investments	15	30,646	2,775
Total other comprehensive income		30,646	2,775
Total comprehensive income		US$3,027,166	3,492,797

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, 2016
(The comparatives for 2015 and 2014 have been restated [note 2(b)])

	Share capital (note 14)	Capital reserves (note 15)	Retained earnings	Total
Restated Balances as at December 31, 2014	3,654,390	3,965,017	7,379,805	14,999,212
Total comprehensive income:				
Profit for the year	-	-	3,490,022	3,490,022
Other comprehensive income:				
Fair value appreciation of available-for-sale investments	-	2,775	-	2,775
Total comprehensive income	-	2,775	3,490,022	3,492,797
Transactions with owners of the company:				
Dividends (note 21)	-	-	(1,503,976)	(1,503,976)
Restated 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	US$3,654,390	3,998,438	10,485,161	18,137,989

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

DOLPHIN COVE LIMITED

Company Statement of Cash Flows
Year ended December 31, 2016
(The comparatives for 2015 have been restated [note 2(b)])

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		2,996,520	3,490,022
Adjustments for:			
Depreciation and amortisation	8,9	948,010	655,886
Live assets retired	9	-	110,756
Gain on disposal of property, plant and equipment		-	(5,350)
Interest income	18(a)	(373,909)	(316,006)
Interest expense	18(b)	117,762	133,097
Impairment loss on trade receivables	4(c)	167,657	3,257
Taxation	19	431,737	(26,427)
		4,287,777	4,045,235
Change in:			
Accounts receivable		(357,702)	(74,122)
Inventories		(14,004)	3,442
Accounts payable		275,944	(96,017)
Due to other related companies		22,112	-
Cash generated from operations		4,214,127	3,878,538
Interest paid		(123,758)	(171,734)
Income tax paid		(436,827)	(8,879)
Net cash provided by operating activities		3,653,542	3,697,925
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		377,005	322,746
Securities purchased under resale agreements, net		1,357,587	(273,483)
Additions to property, plant and equipment	8	(1,497,483)	(839,052)
Proceeds from disposal of property, plant and equipment		-	33,780
Additions to live assets	9	(576,932)	(248,019)
Due from subsidiaries		(30,296)	138,249
Investments acquired		161,323	(2,418)
Due from related company		(1,450,000)	-
Net cash used by investing activities		(1,658,796)	(868,197)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term liabilities, net		(505,044)	(573,346)
Dividends paid		(1,877,210)	(2,017,354)
Net cash used by financing activities		(2,382,254)	(2,590,700)
Net (decrease) increase in cash resources		(387,508)	239,028
Cash resources at beginning of the year		1,497,752	1,258,724
CASH RESOURCES AT END OF YEAR		US$1,110,244	1,497,752
Comprising:			
Cash and cash equivalents		1,223,530	1,537,278
Bank overdrafts		(113,286)	(39,526)
		US$1,110,244	1,497,752

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

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

(c) In the prior year (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 US$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, revised and amended standards and interpretations that became effective during the year:

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements:

- IAS 1, *Presentation of Financial Statements* has been amended to clarify or state the following:

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

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

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

New, revised and amended standards and interpretations that became effective during the year (cont'd):

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*:

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

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

- Amendments to IAS 27, *Equity Method in Separate Financial Statements* allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.

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

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

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

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

New, revised and amended standards and interpretations that became effective during the year (cont'd):

- *Improvements to* IFRS *2012-2014* Cycle contain amendments to certain standards and interpretations applicable to the Group as follows:

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

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

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

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

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, revised and amended standards and interpretations not yet effective:

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

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, 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*, effective for accounting periods beginning on or after January 1, 2017, 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.

- 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 though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

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

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

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

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

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

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

- IFRS 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. Entities 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.

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

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

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

New, revised and amended standards and interpretations 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.

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 (US$), which is the functional currency of the company.

During the last quarter of the financial year under review, management at the direction of the Board of Directors, conducted a review of the accounting policies, which included a reassessment of the functional currency of the group, and concluded that the criteria outlined in IAS 21, *The Effects of Changes in Foreign Exchange Rates,* indicated that the appropriate functional currency is the United States dollar (US$).

The change was accounted for retrospectively, in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors,* and summarised as follows:

- Each foreign currency transaction is recorded in the company's functional currency at the rate of exchange at the date of the transaction, or at rates that approximate the actual exchange rates in cases where the exchange rates did not fluctuate significantly.

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

(b) Basis of preparation and functional currency (cont'd):

- At the end of each reporting period, assets and liabilities denominated in a currency other than the company's functional currency were translated as follows:

  - monetary items were translated at the exchange rate at the end of each relevant reporting period;
  - non-monetary items measured at historical cost were not re-translated, they remained at the exchange rate at the date of the initial transactions; and
  - non-monetary items measured at fair value were translated at the exchange rate on the date when these fair values were determined.

This retrospective restatement resulted in the adjustment of the opening balances of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented. Hence, the comparative figures for the year ended December 31, 2015 were restated along with the statement of financial position as at December 31, 2014.

The restated figures for prior years were based on balances that were previously audited using the Jamaica dollar (J$) as functional currency.

(c) Going concern:

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

(d) Use of estimates and judgements:

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

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

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

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

Judgements

Information about judgements made by management in the application of IAS 21 *The Effects of Changes in Foreign Exchange rates* that have a significant effect on these financial statements are disclosed in note 2(b) above.

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

(i) Allowance for impairment losses on receivables:

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

(ii) Fair value of land and buildings:

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

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

(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 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)

(e) Basis of consolidation:

The consolidated financial statements include the separate financial statements of the company and its subsidiaries (note 1), made up to December 31, 2016. 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.

(f) Foreign currencies:

(i) Foreign currency transactions and balances:

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

(f) 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.

(g) Cash and cash equivalents:

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

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

(h) Securities purchased under resale agreements:

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

(i) Investments:

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

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

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

(i) 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.

(j) Accounts receivable:

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

(k) Related parties:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(k) Related parties:

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

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

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

(l) Inventories:

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

(m) Property, plant and equipment:

(i) Recognition and measurement:

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

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

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

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.

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

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

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

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

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

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

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

(ii) Subsequent expenditure:

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

(iii) Depreciation:

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

The estimated useful lives are as follows:

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

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

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

(n) Live assets:

This comprises the carrying value of dolphins and other marine life, as well as birds and animals capitalised. Other marine life, as well as birds and animals are stated at cost less amortisation over periods not exceeding fifteen years. Prior to December 31, 2016, dolphins were stated at cost and were amortised over periods not exceeding fifteen years. As at December 31, 2016, 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 life span of thirty years is reassessed and estimated by qualified professional based on health and other relevant factors.

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

(o) Accounts payable:

Trade and other payables are stated at amortised cost.

(p) Provisions:

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

(q) Interest bearing borrowings:

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

(r) Share capital and dividends:

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

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

(s) Impairment:

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

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

(s) Impairment (cont'd):

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

(i) Calculation of recoverable amounts:

The recoverable amount of the company's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.
:
The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

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

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

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

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

(t) Revenue recognition:

(i) Rendering of services:

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

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

(t) Revenue recognition (cont'd):

(ii) Sale of goods:

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

(iii) Finance income:

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

(u) Employee benefits:

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

(v) Expenses:

(i) Expenses:

Expenses are recognised on the accrual basis.

(ii) Finance costs:

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

(iii) Operating lease payments:

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

(w) Income taxes:

(i) Current tax:

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

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

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

(w) Income taxes (cont'd):

(ii) Deferred tax:

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

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

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

(x) Segment reporting:

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. 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.

(y) Financial instruments:

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

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

(z) Fair value measurement:

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

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

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

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

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

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

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

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

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

3. Investments

	The Group and the Company	
	2016	2015
(a) Current:		
Available-for-sale:		
Scotia Investments Limited:		
Scotia Canadian Growth Fund	297,789	267,143
Loans and receivables:		
Fixed deposits	2,248	2,159
	US$300,037	269,302

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

3. Investments (cont'd)

	The Group and the Company 2016	2015
(b) Non-current:		
Loans and receivables:		
Investment note 2016	US$ -	161,412

4. Accounts receivable

	The Group 2016	The Group 2015	The Company 2016	The Company 2015
Trade receivables (a)	1,925,708	1,434,827	1,863,384	1,368,420
Other receivables (b)	301,607	441,996	301,195	441,553
	2,227,315	1,876,823	2,164,579	1,809,973
Less: Allowance for impairment (c)	(527,807)	(364,237)	(465,483)	(297,826)
	1,699,508	1,512,586	1,699,096	1,512,147

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

	The Group 2016 Gross	2016 Impairment	2015 Gross	2015 Impairment
Due 0-30 days	884,993	-	826,502	-
Past due 31-60 days	137,199	-	82,424	-
Past due 61–90 days	41,244	-	23,048	-
More than 90 days	862,272	527,807	502,853	364,237
Total	1,925,708	527,807	1,434,827	364,237

	The Company 2016 Gross	2016 Impairment	2015 Gross	2015 Impairment
Due 0-30 days	884,993	-	826,489	-
Past due 31-60 days	137,199	-	82,424	-
Past due 61–90 days	41,244	-	23,048	-
More than 90 days	799,948	465,483	436,459	297,826
Total	US$1,863,384	465,483	1,368,420	297,826

(b) Other receivables include:

(i) Amounts due from related parties aggregating US$118,050 (2015: US$54,248) for the group and the company.

(ii) Deposits of US$ Nil (2015: US$200,025), for the group and the company, in respect of the acquisition of four (4) dolphins from World of Dolphins Inc.

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	
	2016	2015	2016	2015
Balance at beginning of year	364,237	358,014	297,826	294,569
Impairment loss recognised in profit or loss	163,570	6,223	167,657	3,257
Balance at end of year	527,807	364,237	465,483	297,826

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

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

5. Related party balances and transactions

(a) Identity of related parties:

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

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

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

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

		The Company	
		2016	2015
Dolphin Cove (Negril) Limited:			
10% US$ loan	(a)	1,429,636	1,544,551
DCTCI Limited:			
3.5% US$ loan	(b)	1,805,867	1,695,943
Marine Adventure Park Limited			
3.5% US$ loan	(c)	920,698	888,710
Dolphin Cove TCI Limited	(d)	1,550	-
SB Holdings	(e)	1,750	-
		4,159,501	4,129,204

(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.

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

(b) (Continued)

(ii) Due from subsidiaries - non-current:

(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)].

(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 comprise an advance for professional fees due from Dolphin Cove TCI Limited that is unsecured, interest free and repayable on demand.

(e) This balance comprised an advance for professional fee s due from SB Holdings Ltd. That is unsecured, interest free and repayable on demand.

(iii) Due from a related party – non-current

	Group and Company	
	2016	2015
Dolphin Discovery Inc.	US$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)].

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

	The Group and the Company	
	2016	2015
Controladora Dolphin S.A. de C.V.	7,166	-
Dolphin Discovery Anguilla Limited	14,946	-
	US$22,112	-

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

(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	
	2016	2015	2016	2015
	$	$	$	$
Management fees to parent	384,211	-	384,211	-
Rental paid to a subsidiary	-	-	294,980	176,988
Interest earned from subsidiaries [note 5(b)]	-	-	355,682	250,651

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	
	2016	2015
	$	$
Directors' emoluments:		
Fees	61,597	72,317
Management	66,582	241,776
Key management personnel compensation*	220,697	241,776

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

Directors of the company and entities under their control hold approximately 82% (2015: 82%) of the voting stock units of the company [see note 1(c) and (e)].

6. Inventories

	The Group and the Company	
	2016	2015
Items for resale	307,968	299,567
Dolphin food	40,966	41,494
	348,934	341,061
Less: Allowance for impairment	(5,231)	(11,362)
	343,703	329,699
Inventories charged to expenses during the year	256,267	267,878

7. Investment in subsidiaries

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

	2016	2015
Too Cool Limited	314,239	314,239
Cheshire Hall Limited	100	100
Balmoral Dolphins Limited	100	100
SB Holdings Limited	100	100
	US$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, 2014	15,050,702	46,681	2,459,515	571,230	2,536,516	20,664,644
Additions	110,731	59,565	448,302	132,686	196,532	947,816
Disposal	-	-	-	(79,675)	-	(79,675)
Transfer	-	2,400	137,314	-	(139,714)	-
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
Depreciation:						
December 31, 2014	97,196	14,803	1,397,899	239,632	-	1,749,530
Charge for the year	121,991	4,978	237,384	90,366	-	454,719
Eliminated on disposal	-	-	-	(51,243)	-	(51,243)
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
Net book values:						
December 31, 2016	$14,938,090	183,732	1,867,013	414,189	2,889,609	20,292,633
December 31, 2015	$14,942,246	88,865	1,409,848	345,486	2,593,334	19,379,779

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2016
(The comparatives for 2015 have been restated [note 2(b)])

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, 2014	5,678,313	46,681	2,158,910	531,127	147,058	8,562,089
Additions	197,162	59,565	448,302	132,686	1,337	839,052
Disposal	-	-	-	(79,675)	-	(79,675)
Transfer	-	2,400	137,314	-	(139,714)	-
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
Depreciation:						
December 31, 2014	65,074	14,803	1,280,548	207,801	-	1,568,226
Charge for the year	77,931	4,978	213,454	86,362	-	382,725
Eliminated on disposals	-	-	-	(51,243)	-	(51,243)
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
Net book values:						
December 31, 2016	US$5,962,437	183,732	1,729,370	409,921	163,044	8,448,504
December 31, 2015	US$5,732,470	88,865	1,250,524	341,218	8,681	7,421,758

(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 (2015: $1,195,100,384) for the group and J$290,000,000 (2015: J$290,000,000) for the company.

(c) Capital work-in-progress includes land, at a cost of US$1,850,000 (2015: US$1,850,000), and related expenditure incurred in connection with the planned development of an attraction in the Turks and Caicos Islands and St. Lucia [note 1(b)(iii) and (v)].

(d) As at December 31, 2016, properties with a carrying value of approximately J$1 billion (2015: J$1 billion) were subject to registered mortgages and debentures that form security for certain bank loans [see note 13(a)].

(e) During the prior year, management reviewed the estimated useful life of its dune buggies and determined that a decrease to 3 years from 5 years was necessary given their current usage. The effect on profit or loss for 2015 was an increase in depreciation charge of approximately US$24,000.

9. Live assets

	The Group		
	Dolphins costs	Other animals	Total
At cost/valuation:			
December 31, 2014	4,694,863	180,799	4,875,662
Additions	217,500	30,519	248,019
Eliminated on retirement on death	(130,485)	-	(130,485)
December 31, 2015	4,781,878	211,318	4,993,196
Additions	568,641	8,291	576,932
December 31, 2016	5,350,519	219,609	5,570,128
Amortisation:			
December 31, 2014	856,516	116,875	973,391
Charge for the year	259,412	14,011	273,423
Eliminated on retirement on death	(19,729)	-	(19,729)
December 31, 2015	1,096,199	130,886	1,227,085
Charge for the year	471,352	6,158	477,510
December 31, 2016	1,567,551	137,044	1,704,595
Net book values:			
December 31, 2016	US$3,782,968	82,565	3,865,533
December 31, 2015	US$3,685,679	80,432	3,766,111

	The Company		
	Dolphins costs	Other animals	Total
At cost/valuation or deemed:			
December 31, 2014	4,694,863	175,622	4,870,485
Additions	217,500	30,519	248,019
Eliminated on retirement on death	(130,485)	-	(130,485)
December 31, 2015	4,781,878	206,141	4,988,019
Additions	568,641	8,291	576,932
December 31, 2016	5,350,519	214,432	5,564,951
Amortisation:			
December 31, 2014	856,516	115,807	972,323
Charge for the year	259,412	13,749	273,161
Eliminated on retirement on death	(19,729)	-	(19,729)
December 31, 2015	1,096,199	129,556	1,225,755
Charge for the year	471,352	5,921	477,273
December 31, 2016	1,567,551	135,477	1,703,028
Net book values:			
December 31, 2016	US$3,782,968	78,955	3,861,923
December 31, 2015	US$3,685,679	76,585	3,762,264

The group's Dolphins were revalued as at December 31, 2016 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 the year, management reviewed the estimated useful life of its dolphins and determined an estimated life span of dolphins to be thirty years. The effect on profit or loss for 2016 was an increase in depreciation charge of approximately US$150,000.

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 bala nces on the company's bank accounts arising from items in transit at the reporting date.

The bank has also issued guarantees aggregating US$119,084 (2015: US$126,886) on behalf of the company in favor of the Commissioner of Customs.

11. Accounts payable

	The Group		The Company	
	2016	2015	2016	2015
Trade payables	577,490	383,946	551,127	355,827
Other payables and accruals	762,864	694,596	719,486	644,838
	US$1,340,354	1,078,542	1,270,613	1,000,665

12. Deferred tax liability

Deferred tax is attributable to the following:

	The Group				
	Balance at December 31, 2014	Recognised in income (note 19)	Balance at December 31, 2015	Recognised in income	Balance at December 31, 2016 (note 19)
Accounts receivable	-	390	390	(368)	22
Property, plant and equipment	486,660	(12,685)	473,975	(54,733)	419,242
Live assets	532,764	(3,841)	528,923	6,335	535,258
Accounts payable	-	(19,102)	(19,102)	1,496	(17,606)
Unrealised foreign exchange gains	-	(4,960)	(4,960)	4,960	-
	US$1,019,424	(40,198)	979,226	(42,310)	936,916

12. Deferred tax liability (cont'd)

Deferred tax is attributable to the following (cont'd):

	The Company				
	Balance at December 31, 2014	Recognised in income (note 19)	Balance at December 31, 2015	Recognised in income	Balance at December 31, 2016 (note 19)
Accounts receivable	-	390	390	(368)	22
Property, plant and equipment	486,660	(12,685)	473,975	(54,733)	419,242
Live assets	532,764	(3,841)	528,923	6,335	535,258
Accounts payable	-	(19,102)	(19,102)	1,496	(17,606)
Unrealised foreign exchange gains	-	(4,960)	(4,960)	4,960	-
	1,019,424	(40,198)	979,226	(42,310)	936,916

13. Long-term liabilities

		The Group and the Company 2016	2015
Long-term loans:			
Sagicor Bank Jamaica Limited loans:			
Loan A J$19,010,373 (2015: J$28,101,282)	(a)	148,009	233,370
Loan B J$108,945,156 (2015: J$149,854,247)	(b)	848,216	1,244,481
Due to property vendor J$45,127,500 (2015: J$45,127,500)	(c)	351,349	374,767
		1,347,574	1,852,618
Less: Current portion		(740,635)	(789,997)
		US$ 606,939	1,062,621

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

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

13. Long-term liabilities

(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. The balance is payable upon exchange of the title to the property. As at December 31, 2016, the title has not yet been transferred. Interest was payable quarterly at a rate of 12% per annum on both loans. However, effective, March 3, 2014, interest accrual ceased.

14. Share capital

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

	2016	2015
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)
	US$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	
	2016	2015	2016	2015
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 (note 12)	(582,702)	(582,702)	(582,702)	(582,702)
Investment revaluation reserve (see note below)	95,603	64,957	95,603	64,957
	US$10,655,913	10,625,267	3,998,438	3,967,792

Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments until the assets are derecognised or impaired [note 2(i) and 3(a)].

16. Operating revenue

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

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

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

17. Disclosure of expenses

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

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

(c) Operating expenses:

	The Group		The Company	
	2016	2015	2016	2015
Staff costs	4,174,987	3,837,303	4,174,987	3,837,303
Repairs and maintenance	278,776	219,596	278,776	219,596
Advertising, marketing and promotion	1,005,027	1,183,933	1,005,027	1,183,933
Guest transportation and tour charge	1,856,451	2,074,851	1,856,451	2,074,851
Travel and entertainment	255,211	300,912	255,211	300,912
Legal and professional fees	197,756	327,928	197,756	324,266
Rental, utilities and office expenses	510,028	567,111	812,002	744,225
Insurance	157,397	151,374	146,291	140,644
Security	227,276	260,198	227,276	260,198
Management fees	384,211	-	384,211	-
Depreciation	1,008,017	728,142	948,010	655,886
Auditors' remuneration	69,600	69,600	69,600	69,600
Other	579,409	490,860	572,412	487,629
	10,704,146	10,211,808	10,928,010	10,299,043

(e) Staff costs:

	The Group and the Company	
	2016	2015
Salaries and wages	3,021,770	3,065,718
Payroll taxes	337,750	317,735
Commission	374,619	120,018
Other benefits	440,848	333,832
	4,174,987	3,837,303

18. Finance income/(costs)

	The Group		The Company	
	2016	2015	2016	2015
(a) Finance income:				
Net foreign exchange gains	154,167	157,009	154,167	157,009
Interest income	18,227	65,355	373,909	316,006
	US$172,394	222,364	528,076	473,015
(b) Finance costs:				
Interest expense	(104,787)	(133,097)	(117,762)	(133,097)
Bank charges	(92,036)	(86,105)	(92,036)	(86,105)
Credit card charges	(93,603)	(82,969)	(93,603)	(82,969)
Net foreign exchange losses	(17,517)	(9,545)	-	-
	US$(307,943)	(311,716)	(303,401)	(302,171)

19. Taxation

	The Group		The Company	
	2016	2015	2016	2015
(a) Income tax charge:				
(i) Current tax at 25%	474,047	13,771	474,047	13,771
(ii) Deferred taxation: Origination of temporary differences (note 12)	(42,310)	(40,198)	(42,310)	(40,198)
	431,737	(26,427)	431,737	(26,427)

(b) Reconciliation of actual tax credit:

	The Group		The Company	
	2016	2015	2016	2015
Profit before taxation	3,291,897	3,290,634	3,428,257	3,463,595
Computed "expected" tax charge at the company's statutory rate of 25%	822,974	822,659	857,064	865,899
Tax effect of differences between treatment for financial statement and taxation purposes:				
Disallowed items and other adjustments, net	89,840	73,963	55,750	30,723
Tax remission [note (c)]	(481,077)	(923,049)	(481,077)	(923,049)
Actual tax credit recognised in profit for the year	431,737	(26,427)	431,737	(26,427)

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

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

19. Taxation (cont'd)

(d) Approval 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, 2016, 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$38 million (2015: J$54 million) for the group and Nil (2015: 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$ 13 million (2015: $17 million) relating to available tax losses and timing differences has not been recognised at December 31, 2016, 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.

		2016	2015
Profit for the year attributable to stockholders of the company	US$	2,860,160	3,317,061
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)		0.73¢	0.85¢

21. Dividends

	2016		2015	
	Dividend per ordinary stock unit	Dividends paid	Dividend per ordinary stock unit	Dividends paid
	J$	US$	J$	US$
First interim dividend:				
May 27, 2016 (2015: May 11, 2015)	20¢	633,657	15¢	507,826
Second interim dividend:				
July 26, 2016 (2015: August 26, 2015)	20¢	625,737	15¢	503,890
Third interim dividend:				
October 24, 2016 (2015: October 29, 2015)	20¢	627,816	15¢	492,080
	60¢	1,887,210	45¢	1,503,976

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, 2016, 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, 2016 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 group and the company entered into an agreement, with a third party for the rental of two (2) dolphins. In addition, the company now pays rent to a subsidiary [(note 1(b)(i)].

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	
	2016	2015	2016	2015
Within one year	20,000	120,000	176,988	304,572
Between one and five years	-	120,000	707,952	849,094
Over five years	-	-	2,271,346	2,692,362
	US$20,000	240,000	3,156,286	3,846,028
Operating lease payments recognised in profit or loss	US$65,000	119,830	359,980	296,818

(b) Capital commitments:

At December 31, 2016, 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 US$3,500,000 [see note 5(iii)].

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 reduc e 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 14 (2015: 10) major customers for the group and the company who materially comprise trade receivables. As at December 31, 2016, amounts receivable from these customers aggregated $962,766 (2015: $448,963) for the group and the company. These represent 50% (2015: 31%) of trade receivables for the group and 52% (2015: 33%) 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.

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	
	2016	2015	2016	2015
Fixed rate instruments:				
Financial assets	684,579	2,400,223	4,842,330	6,529,427
Financial liabilities	(1,347,574)	(1,852,618)	(1,347,576)	(1,852,618)
	US$(662,995)	547,605	3,494,754	4,676,809
Variable rate instruments:				
Financial assets	814,248	574,409	814,248	574,409
Financial liabilities	(113,286)	(39,526)	(113,286)	(39,526)
	US$ 700,962	534,883	700,962	534,883

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			
	2016		2015	
	Increase 100bp	Decrease 50bp	Increase 250bp	Decrease 50bp
Effect on profit (decrease)/increase	US$7,010	(3,505)	13,372	(2,675)

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

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.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2016
(The comparatives for 2015 have been restated [note 2(b)])

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 (US$). The principal foreign currency exposures of the group are denominated in Jamaica dollars (J$).

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

	The Group		The Company	
	2016	2015	2016	2015
Cash and cash equivalents	2,179,520	40,980,038	2,179,520	40,980,038
Accounts receivable	18,844,532	44,958,757	18,844,532	44,958,757
Bank overdrafts	(14,550,530)	(4,060,199)	(14,550,530)	(4,060,199)
Accounts payable	(128,686,192)	(103,869,991)	(123,525,711)	(98,713,160)
Long term loans	(173,083,030)	(223,083,029)	(173,083,030)	(223,083,029)
	J$(295,295,700)	(245,074,424)	(290,135,219)	(239,917,593)
Equivalent to	US$(2,297,855)	(2,029,563)	(2,257,677)	(1,987,800)

Exchange rates in terms of the US$1 were as follows:

At December 31, 2016:	J$128.44
At December 31, 2015:	J$119.64
At December 31, 2014:	J$114.12

Sensitivity analysis

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

	Increase/(decrease) in profit for the year			
	The Group		The Company	
	2016	2015	2016	2015
	US$	US$	$	$
6% (2015: 8%) strengthening of the US$ against the J$	137,871	162,450	135,461	159,024
1% (2015: 1%) weakening of the US$ against the J$	(122,979)	(20,306)	(22,577)	(19,878)

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2016
(The comparatives for 2015 have been restated [note 2(b)])

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 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	US$2,823,326	2,917,967	1,680,484	261,322	417,651	558,610

	The Group 2015					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	39,526	39,526	39,526	-	-	-
Accounts payable	1,078,542	1,078,542	1,078,542	-	-	-
Long-term liabilities	1,852,618	1,993,014	223,725	269,904	472,773	1,026,612
Total financial liabilities	US$2,970,686	3,111,082	1,341,793	269,904	472,773	1,026,612

	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	US$2,753,885	2,848,526	1,610,943	261,322	417,651	591,988

24. Financial instruments (cont'd)

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

(iii) Liquidity risk (cont'd):

	The Company					
	2015					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	39,526	39,526	39,526	-	-	-
Accounts payable	1,000,665	1,000,665	1,000,665	-	-	-
Due to subsidiaries	300	300	300	-	-	-
Long-term liabilities	1,852,618	1,993,014	223,725	269,904	472,773	1,026,612
Total financial liabilities	US$2,893,109	3,033,505	1,264,216	269,904	472,773	1,026,612

(b) Capital management:

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

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

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

(c) Fair value of financial instruments:

The following methods and assumptions have been used:

(i) The fair value of cash and cash equivalents, securities purchased under resale agreements, accounts receivable 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.

FORM OF PROXY

PROXY FORM

I/We. . . . .

of. . . . .

being the registered holder of . . . . .ordinary shares in Dolphin Cove Limited,

hereby appoint. . . . . of ……………………………………………………………

or failing him….. . . . . .of . . . .

as my proxy to attend and, on a poll, vote on my/our behalf at the annual general meeting of the company to be held on Monday 26 June 2017, and at any adjournment thereof.

Dated this day of 2017

………………………………………………….
Signature of Member

STAMP DUTY - $100.00

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