ANNUAL REPORT 2019

YAAMAN Adventure • Park | DOLPHIN COVE®

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01

Chairman's Statement

Dear Shareholders

The year 2019 was eventful, or so I thought, until 2020 came along! But as I have learned, one should never waste a crisis.

In 2019 we were challenged by a shakeup in the local tour business as referred to in the Management Discussion & Analysis (MDA), as well as a decline in cruise arrivals to Jamaica, plus resistance to the establishment of the new park at Puerto Seco in Discovery Bay. Out of the latter came a great endorsement of our environmental practices in the court which has strengthened our standing as a considerate and ethical operator. A crisis not wasted.

One door closed

Now we are in the surreal year of 2020 facing an epic humanitarian crisis due to the COVID-19 pandemic, with no guaranteed path to the end. Already many people have suffered extreme hardships and sadness and I empathize so much with them. The fortunes of Dolphin Cove might have taken a hit, but it cannot compare with the human setbacks faced by the whole population and our staff.

We want to assure our shareholders that we have taken adequate steps to preserve Dolphin Cove and its ability to get back into business when it is safe for our team members and customers to do so. Of course, the parks have been closed but we have retained about 25% of team members on a rotation basis to look after the dolphins and other animals. A full discussion of the impact of COVID-19 is included in this report after the MDA.

Another door opens

We are now energetically implementing the protocols concerning physical changes to the parks required by the Ministry of Health so we can be quickly licensed to operate the parks in the post-lockdown era, and we will provide training to the staff to also be licensed. This will also involve changing the offerings of the Dolphin Interactive Progammes. We aim to exceed the government's requirements based on Dolphin Discovery's experience in several countries which has been very helpful.

We are confident that we have enough liquidity and sources of additional liquidity to ride out this period, of no revenue and continued maintenance expenditure, for a considerable time – longer than we believe it will take to get back into business. Our balance sheet is extremely strong and we have no debt. During this downtime we can do some administrative housekeeping and technology enhancements that will position us to save costs and do more effective marketing – again a crisis we will not waste.

There are hopeful signs that there can be a reasonably early, safe, reopening of the tourism industry. Jamaica is taking the sensible approach to ensure that we are, and known to be, first and foremost, SAFE for our visitors, our team members and the population at large. There is pent up demand for resort hotel rooms and cruise trips – it is only up to us all to make sure that we preserve and enhance the safety image that we now have, to differentiate Jamaica as a destination.

As Alexander Graham Bell said ***"When one door closes, another opens"***.

Stafford Burrowes, OD
Chairman

02

Letter of the CEO of The Dolphin Company

THE DOLPHIN DNA.

It has been now nearly 5 years since we, The Dolphin Company, came to Jamaica and invested in your Company, Dolphin Cove. You did it even before, when the Company became public in the Junior Stock Exchange. Neither of us were wrong. We have a great investment in the right Company, Dolphin Cove, in the right place, Jamaica.

Even if 2019 was a year with many challenges, we worked hard at Dolphin Cove and prepared for a great year to be in 2020. That was very fortunate indeed, as you want to be strong when you fall sick or face a health problem. That is the case of Dolphin Cove.

The Covid-19 Pandemia has placed a unique challenge to Dolphin Cove, to Jamaica and to the world, which we are still at this time understanding in order to face the challenge with wisdom and prudence. All our decisions, some of them even unpleasant, are made thinking in the wellbeing of our dolphins first and the sustainability of our Company. We have the financial strength to endure this time and are prepared to open operations as soon as we are allowed and so continue to be part of beautiful Jamaica.

We are very proud to be part of the success of this amazing country and are very grateful for your support as our investors overall these years. I strongly believe this will also be a good year, full of learnings and wisdom, which will make our future even better. Feel confident that we will be back very soon, faster, higher and stronger. It is part of our DNA, the dolphin DNA.

Stay safe, as we want to see you soon. We count on you.

Lord bless you,

Eduardo Albor
CEO

03

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 Wednesday 23 September 2020 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 2019 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 are Messrs John Bailey and Lorenzo Camara, who, being eligible, offer themselves for re-election. In addition, Miss Valeria Albor Dominiguez and Mr Sergio Jacome Palma, who were appointed since the date of the last Annual General Meeting, also retire and are eligible for re-election.

To consider and, if thought fit, pass the following resolutions:

(a) That the retiring directors Miss Valeria Albor Dominiguez, Messrs John Bailey, Lorenzo Camara and Sergio Jacome Palma be re-elected en-bloc.

(b) That the retiring directors Miss Valeria Albor Dominiguez, Messrs John Bailey, Lorenzo Camara and Sergio Jacome Palma be and are hereby re-elected directors 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.

4. Special Business

That the articles of incorporation and regulations contained in the printed document submitted to this meeting and, for the purpose of identification subscribed by the chairman, be approved as the articles of incorporation of the company to replace the existing articles of incorporation which have been revised by:

1. Adding Clause 52A to read:
Meetings of shareholders may be held wholly or partially by telephone and/or video and/or any electronic or other conferencing system by virtue of which all participants are able to hear and speak to each other at the same time. A shareholder who participated in a meeting in this manner shall (notwithstanding being absent from the Island or otherwise remote from the venue of the meeting) be deemed to be present in person at the meeting and shall be counted in the quorum for and be entitled to vote at the meeting.

2. Amending Clause 143 to read:
A notice may be given by the company to any member either personally or by sending it by post to his registered address within the Island (or such other address within the Island supplied by him to the company for the giving of notice to him), or by email, or by advertisement in a daily newspaper circulated in the Island, or by publishing it on the website of the company. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of 24 hours after the letter containing the same is posted, and in any other case, at the time at which the letter would be delivered in the ordinary course of post. Notice sent by email shall be sent to an email address provided by a shareholder for the purpose of sending notices, and shall be deemed to be received 24 hours after it has been sent by the company.

Dated this 12th day of May 2020
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.

04

Directors' Report

The directors have pleasure in presenting their report for the year ended 31 December 2019, together with the audited financial statements as at that date.

FINANCIAL RESULTS FOR THE YEAR	US$
Retained earnings as at 01 January 2019	12,705,746
Dividends	(1,761,187)
Profit before taxation	2,286,469
Income tax expense	(673,307)
Profit after taxation	1,613,162
Retained Earnings as at 31 December 2019	12,709,935
Earnings per stock unit (expressed in JMD cents per share)	0.41 ¢

Directors

On 1 June 2019, Mr. Travis Burke tendered his resignation from the Board of Directors, in addition, Miss Valeria Albor Dominguez and Mr. Sergio Jacome Palma were appointed to the Board on 6 November 2019. Mr. Jacome Palma was also appointed to the Audit Committee on the same date.

The Board of Directors now consists of:

Mr. Eduardo Albor Villanueva	Mr. Stafford Burrowes
Miss Valeria Albor Dominguez	Mr. Richard Downer
Mr. Lorenzo Camara	Mr. Noel levy
Mr. John Bailey	Mr. Sergio Jacome Palma

In accordance with clause 97 of the Articles of Incorporation, Messrs. John Bailey and Lorenzo Camara retire by rotation, and being eligible, offer themselves for re-election. In addition, Miss Valeria Albor Dominguez and Mr. Sergio Jacome Palma, who were appointed since the date of the last Annual General Meeting, also retire and are eligible 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 12th day of May 2020

By Order of the Board

Rhonda Goodison
Secretary

05

Board Of Directors

Stafford Burrowes, OD
(appointed September 1998)
Chairman

Mr. Burrowes was the Chief Executive Officer of Dolphin Cove Ltd. from 1998 to 2018. Mr. Burrowes is the entrepreneur who conceived and developed the business idea that became the first and only marine park in Jamaica.

He has been the Chairman of Dolphin Cove Ltd. since September 1, 1998. Mr. Burrowes served as the Chairman of Friends of the Sea from 2002 to 2006.

He has also been nominated for, and has won, a number of business and tourism awards. In 2010 he was awarded the Order of Distinction in the rank of Officer in recognition of his contribution to the development of tourism in Jamaica.

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

Mr. 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 Dolphin Discovery Group, 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 Dolphin Discovery 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 Dolphin Discovery Foundation, which is in the process of developing, funding and building the new Cancun-Chetumal Archdiocese.

Board Of Directors

Richard Downer
CD, FCA
(appointed February 2012 – November 2015, reappointed April 2018)
Independent Director and Mentor

Mr. Downer, a former Senior Partner of PricewaterhouseCoopers in Jamaica, currently serves as a director on the board of Sagicor Life Jamaica Limited. He is also and the Mentor of Tech Limited. As an independent director of Dolphin Cove Limited, he is the Chairman of the Audit Committee as well as being the Mentor.

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 and as a member of the Rating Committee of a credit rating agency.

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.

Board Of Directors

John R. Bailey
(appointed April, 2018)
Independent Director

Mr. Bailey has a Bachelor´s degree in Business Administration from the University of South Florida, with studies on marketing strategies for competitive advantages and leadership, motivation and organizational change.

He began his career in the fish industry becoming the dominant producer of red and silver Tilapia. Afterwards he worked in the export industry culminating in distribution to the most exclusive supermarket chain in the U.K. – Sainsburys.

Mr. Bailey led Jabexco Ltd. Inn being awarded Overall Champion Exporter & Champion Agri-Exporter 1994 by the Jamaica Exporters Association.

He presently serves on the board of directors of several companies in diverse industries including education, food & beverages, water equipment and insurance.

Board Of Directors

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

Mr. 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 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.

Lorenzo Camara
(appointed April 2016)
Non-Executive Director

Mr. Camara joined Grupo Dolphin Discovery in 1996, along his carrier in the Group he performed several activities such as operations, sales, reception, reservations, and projects, among others, and was part of the early development of the company, including habitats such as Puerto Aventuras and Cozumel.

Today he holds the position of Chief Operating Officer as he provides an excellent service to the operations department and offers added value to the interaction with marine mammals and touristic entertainment services of each habitats and parks owned by Dolphin Discovery.

Board Of Directors

Sergio Jacome Palma
(appointed November 2019)
Non-Executive Director

Mr. Jacome joined the Dolphin Discovery family as our Chief Financial Officer in 2017. He is responsible for all the financial functions including accounting, audit, treasury, corporate finance and investor relations to pursue the company's growth strategy and meet its and investors' expectations. He also leads all the IT department activities.

During his previous experience, Sergio has worked with KPMG and EY as a Senior Manager of their Transaction Advisory Services in several industries such as Financial Services, Consumer products & Retail, Real Estate, Hospitality, Construction, Entertainment and Leisure, Oil & Gas, among others.

In addition, Sergio worked for Deloitte and advised the Institute for the Protection to the Bank Saving (IPAB) during the liquidation and bankruptcy of seven banks in Mexico, leading the sale of more than 220 fixed assets, as well as in the preparation and sale of four real-estate portfolios that included 1,200 properties, achieving a recovery of nearly US$80 million.

Sergio earned his MBA in Finance from the EAE Business School in Barcelona, Spain, and he received a Bachelor's degree in Accounting from the Escuela Bancaria y Comercial located in Mexico City.

Valeria Albor Dominguez
(appointed November 2019)
Non-Executive Director

Miss Albor, joined Grupo Dolphin Discovery in 2016 holding the position of Treasury Sub manager. Her duties included the monitoring and executing of daily operations such as wire transfers, account openings, currency exchange, and daily closing reports of all locations. During her time in the treasury department she has developed new procedures and reports to help in the decision-making process.

In October 2017 she was promoted as the Financial Planning Manager, in charge of the analysis of the financial statements of the group and preparation of feasibility reports, business plans and any financial projections. She is also actively involved in the budget preparation process and review of investment projects.

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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 having 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, risk management, compliance with legal and regulatory requirements, internal and external audit, and matters relating to corporate governance. The audit Committee comprises the Committee Chairman, Mr. Richard Downer, and two other non-executive members of the Board. The Audit Committee has appointed PricewaterhouseCoopers as Internal Auditors. During the year the committee reviewed all financial statements prior to acceptance by the Board and oversaw the system of internal control and received reports from the internal and external auditors.

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 Compensation Committee comprises the Committee Chairman, Mr. Noel Levy and two other non-executive members of the Board.

CORPORATE GOVERNANCE AND ACCOUNTABILITY

The following table outlines the Director's attendance at Board Meetings for the 12 months ended December 31, 2019:

Total number of Board & Audit Committee meetings scheduled - 7
Total number of Board & Audit Committee meetings held - 7

Director's attendance at Board and Audit Meetings for the 12 months ended December 31, 2019	NUMBER OF BOARD MEETINGS ATTENDED	NUMBER OF AUDIT COMMITTEE MEETINGS ATTENDED
Eduardo Albor Villanueva - Board & Audit (appointed 6.11.2019)	3	0 - appointed 6.11.2019
Valeria Albor Dominguez (appointed 6 November 2019)	1	N/A
Mr. John Bailey - Board & Audit (appointed 6.11.2019)	5	0 - appointed 6.11.2019
Travis Burke (resigned 1 June 2019)	0	N/A
Mr. Stafford Burrowes - Board & Audit	7	7
Mr. Lorenzo Camara	7	N/A
Mr. Richard Downer (appointed 23 April 2018) - Board $ Audit	7	7
Mr. Sergio Jacome - Board (appointed 6.11.2019) & Audit	1	6
Mr. Noel levy - Board & Audit	6	7

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Management Team

Federico Lozano
Chief Executive Officer of Dolphin Cove Limited

Mr. Lozano joined the team in May 2018. Mr. Lozano is a graduate of the University La Salle Cancun with a bachelor's degree in Hospitality Management also has certifications in Health and Safety Awareness in Tourism Accommodation and Hazard Analysis and Critical control Point (CIEH HACCP)

He has more than 21 years of experience in the fields of operations, sales, marketing and administration in the Tourism Sector including Hotel Industry, Travel Agencies, Water Parks and four years in the Dolphin industry in four different countries; Mexico, Dominican Republic, Grand Cayman and now Jamaica.

Raul Gonzalez
General Manager – Montego Bay Park

Mr. Gonzalez joined Dolphin Cove in May 2017 as a General Manager at the Ocho Rios venue. He joined the Dolphin Discovery Group in 2012 as a Call Center executive. For the last 4 years he has been the General Manager of different parks in the Caribbean including, Akumal (Mexican Caribbean), St. Kitts & Nevis and Tortola, BVI. Raul graduated in sustainable tourism with a specialty in alternative tourism.

Alexander Sale
General Manager – Yaaman Adventure 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 Yaaman Adventure Park 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 with the main responsibility of managing the park's operations while ensuring that key performance (financial and otherwise) targets are achieved.

Beresford Watson
General Manager – Moon Palace Park

Mr. Watson started his carrier at Dolphin Cove in 2013 as Senior Photo and Video Editor and in 2016 he was appointed the as our Representative assigned to the Moon Palace location and in 2017 he was appointed as General Manager of the same location.

In addition to his experience in the Dolphin Business and Tourism, Beresford holds a degree in Computer Science and specialized in computer networking and telecommunications graduated from the Everest University in Orlando Florida.

Emmanuel Islas
Financial Controller – Dolphin Cove Limited

Mr. Islas joined the team in March 2017 as the 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 12 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 8 years in the Dolphin industry.

Nicola Campbell, FCCA
Chief Accountant – Dolphin Cove Limited

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
National Sales Manager - Dolphin Cove Limited

Alexei Russell is responsible for maximizing the land-based sales for the Dolphin Cove marine parks and the Yaaman Adventure Park in Jamaica. His main duties include promoting the brand by fostering and facilitating positive relationships with our sales partners Island-wide. He earned a cum laude graduate from Boston University with a Bachelor's of Science in Business Administration and a minor in Marketing.

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Company Data

Board of Directors
Stafford Burrowes, OD, (Chairman)
Eduardo Albor Villanueva
Richard Downer, CD, FCA
Noel D. Levy
John Bailey
Lorenzo Camara
Sergio Jacome Palma
Valeria Albor Dominguez

Mentor
Richard Downer, CD, FCA

Audit Committee
Richard Downer, CD, FCA
(Committee Chairman)
(Appointed Chairman February, 2018)
Noel D. Levy
(Member) (Non-Executive Director)
Sergio Jacome Palma
(Member) (Non-Executive Director)

Remuneration Committee
Noel D. Levy
(Member) (Non-Executive Director)
Stafford Burrowes, OD
(Member) (Executive Officer)
Richard Downer, CD, FCA
(Member) (Mentor)

Company Secretary
Rhonda A. Goodison

Registered Office
Belmont Road, Ocho Rios, St. Ann

Telecommunications
Telephone: (876) 974-5335
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

Attorney's at-Law
Myers Fletcher and Gordon
21 East Street
Kingston

Bankers
Sagicor Bank Limited
Bank of Nova Scotia Jamaica Limited

7.94 cm

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Disclosure Of Shareholdings

MAJOR STOCKHOLDERS	SHARES HELD
World of Dolphins Inc	313,901,858
Garden House Holdings Limited	37,491,168
JSCD Trustee Services LTD - Sigma Global Venture	8,862,870
Lloyd Badal	2,449,170
John Mahfood	2,000,000
NCB Insurance Co. Ltd. A/C WT040	1,947,198
GK General Insurance Company Limited	1,806,485
QWI Investments Limited	1,752,576
NCB Insurance Co. Ltd. A/C WT160	1,652,357
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	13,900	Garden House Holdings Limited	37,491,168
Noel Douglas Levy	200,00	NIL	NIL
Richard Downer	14,000	NIL	NIL

STOCKHOLDINGS OF SENIOR MANAGEMENT AND CONNECTED PERSONS

SENIOR MANAGEMENT	STOCKHOLDING	CONNECTED PERSONS	STOCKHOLDING
David Russell	24,298	NIL	NIL

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Management Discussion & Analysis Of The Group Results

General Business Conditions

In 2019, stopover visitors to Jamaica increased by 8.4% compared to 2018 according to the Jamaica Tourist Board. The nationality mix remained basically the same as the prior year: USA Citizens representing 69% of the visitors to Jamaica, Canadian Citizens 15%, European citizens 12% and Other nationalities 4%. On the other hand, the arrivals of Cruise Ships to Jamaica showed a significant decrease of 16% or 293,134 passengers. Although arrivals to Ocho Rios increased by 7,446 guests, the port of Falmouth reported 178,691 fewer arrivals and the port of Montego Bay ended 2019 with an important decline of 24% or 121,889 fewer passengers.

In March 2019, we started operations in Puerto Seco beach club. Despite opposition from a vocal minority of local activists, Dolphin Cove prevailed in the courts after a lengthy process and proved that we had exemplary compliance with all the environmental regulations and full approval from the municipal authorities.

Group Financial Highlights – Audited Financial Statements: Year ended December 31, 2019

Statement of Profit & Loss & Other Comprehensive Income

REVENUE:
Revenue from Dolphin Attractions remains as the primary revenue generating activity and involves the sale of dolphin interactive programs, stingray and shark interaction programs. The Group's sales also include revenue from "Ancillary Services" such as the sale of souvenirs, photographs, food and beverages and the use of its facilities as well as the Yaaman park featuring attractions including dune buggies, camel rides, ATVs and the Secret River.

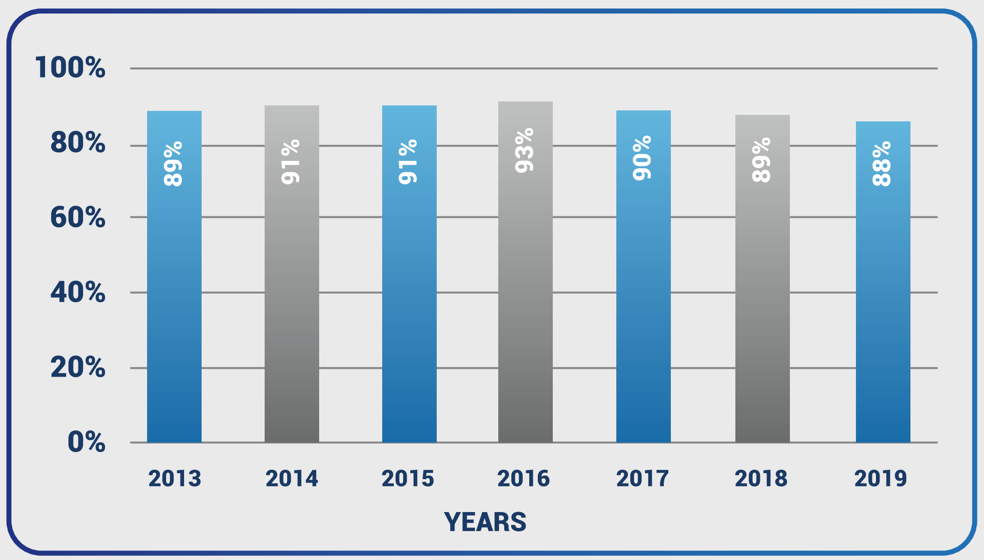
In 2019 Dolphin Cove generated substantially the same level of revenue as 2018 despite (i) the ports of Falmouth and Montego Bay experiencing a decline of 24% in number of passengers which adversely affected total revenue by 6% and (ii) the reorganization of the Destination Management Companies and Tour Operators in Jamaica in the first half of 2019 whereby some of the largest airlines and worldwide travel agencies switched to a different local tour operator which adversely affected revenue by a further 6%. We were, however, able to recover in the second half of the year and ended with the same level of sales as 2018.

The excellent performance of the Yaaman park helped Dolphin Cove to achieve an increase of 2% on the ancillary revenue despite the decrease on our in-house sales such as the sale of souvenirs, photographs, food and beverages due to the decline in guests.

GROSS PROFIT:

An increase of 8% on the direct cost was seen due to the introduction of inclusion of lunch in most of our packages offered to the Hotel guests and the fixed costs related to dolphins attributable to our new location at Puerto Seco beach club, The combination of these factors and the generation of the same level of revenue than 2018 resulted in a reduction of the gross margin by 1%.

2013 - 2019 GROSS PROFIT MARGIN



OPERATING EXPENSES:

The operating expenses in aggregate ended basically at the same level as 2018 The major changes within this category were: some of the contributing factors were:

- Reduction of US$89,000 in staff costs due to a more flexible operating structure and the creation of synergies.

Selling expenses were reduced by US$350,000 because of reduced transportation costs due to the decline in guests from cruise ships as well as efficiencies introduced in logistics coordination Advertising, marketing and promotion expense increased by US$100,000.

Improved management of expenses such as maintenance, travelling and security resulted in a reduction of US$75,000. Important administrative expenses like utilities and office supplies, legal fees, corporate fees and professional fees showed a combined decline of US$180,000.

Management Discussion & Analysis of the Group Results

Although profit before tax was reduced by US$512,607 fully US$740,000 of that was due to the impact of some items that have no immediate cash effect, such as the increase on the impairment allowance against receivables US$300,000, loss on disposal of live asset US$290,000, increase in depreciation US$130,000 and the effect of adopting IFRS 16 on lease accounting US$20,000.

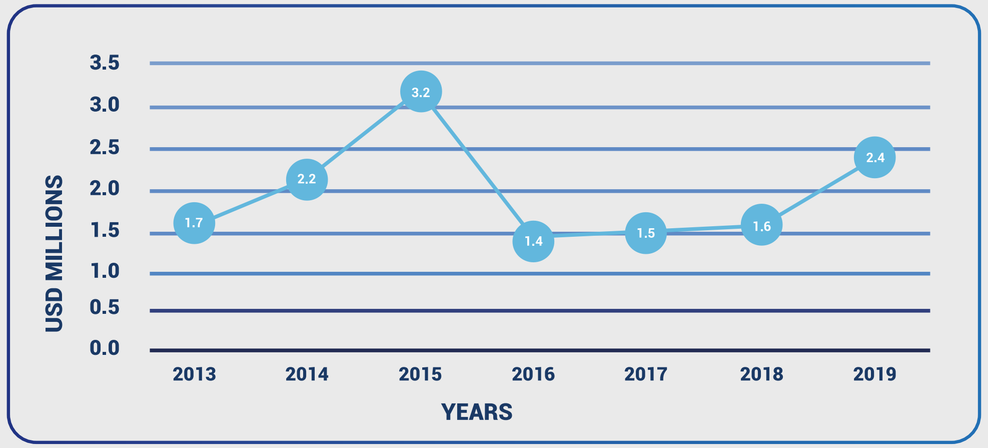
Statement of Financial Position & Cash flow

Significant Highlights:

With the exception of the increased direct cost of sales, many of the adverse changes in expense items affected cash as explained above. As a result, cash provided by operating activities as shown in the Group Statement of Cash Flows declined only marginally, from $3.85 million to $3.76 million.

Net working Capital increased by 55% or US$850,000, and the group reported profits for the year of US$1.6 million.

2013 - 2019 NET WORKING CAPITAL



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Impact of The Covid-19 Pandemic on Earnings And Liquidity

The declaration by the World Health Organisation of a pandemic due to the spread of COVID-19 around the world suddenly and unexpectedly has caused Dolphin Cove, like others in the industry, to now face a period of no income and declining cash resources. We have taken the steps indicated as events unfolded in 2020:

- In February: There was a decline in the number of visitors to our parks as the Ports Authority imposed strict disembarkation rules which resulted in long delays for passengers to start their tours and some ships were not allowed to land in Jamaica. Eventually all ship arrivals ceased.
- On 10 March 10: The government declared the first case of coronavirus on the island and Dolphin Cove operated under enhanced safety measures for the following 2 weeks with reduced staff to honor the few reservations made by our guests.
- On 20 March: Following the social distancing recommendation, we closed all of our parks and put into effect our contingency plan to ensure the well-being of our live assets and security.
- On 21 March: Jamaica closed its international airports, effectively shutting down the tourism industry. All resorts and visitor attractions are now closed.
- In April: We have experienced extreme difficulty in collecting amounts due from customers given their own liquidity issues.

Impact of the COVID-19 Pandemic on Earnings and Liquidity

Even with our parks closed we need to make expenditures for animal welfare, security, insurance, utilities, accounts payable and taxes.

We have had to furlough some team members and others are working on a rotation plan with reduced working hours. We are also assisting staff to apply to the BEST Cash program launched by the government.

Dolphin Cove has applied for the Tourism Grant under the CARE program and is complying with the information needs.

Management has been working closely with the directors and senior members of the cruise lines and largest tour operators to have an idea of the expected times for reactivation of the industry in Jamaica.

It is possible that we could gradually open our parks in mid-July with a 20% of occupancy based on the following:

- Some of the largest airlines in Canada and USA are expecting to restart flights in July. However, stopover visitors would still be well below normal levels. Local tour operators expect there to be 40% of the normal level of arrivals from August to October and 55% to 60% from the US Thanksgiving weekend until the end of the year.
- Cruise lines are expected to start departures in the first week of August and the expectation is to reach 30% of the calls budgeted for September to December.
- Our commercial team is preparing some strategies to attract the local market when we reopen.

This is contingent on when and to what extent the government will allow visitors to enter the Island and the willingness of people to travel and face expected higher transportation costs.

We have done projections to determine the extent to which we will need to access additional cash resources assuming there is no resumption of operations in 2020. Fortunately, Dolphin Cove is debt free with a large base of tangible assets and a track record of profitable operations and we anticipate being able to ride out this crisis and resume operations in due course.

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Auditors' Report & Financial Statements

KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
DOLPHIN COVE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dolphin Cove Limited ("the company") comprising the separate financial statements of the company and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 8 to 62 which comprise the group's and company's statements of financial position as at December 31, 2019, the group's and company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at December 31, 2019, and of the group's and company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
DOLPHIN COVE LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

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

Key audit matters	How the matters were addressed in our audit
1. Valuation of live assets - dolphins	
Live assets - Dolphins are measured at fair market value less amortization. The determination of fair value requires management to make certain assumptions relating to the estimated useful life and the market price of dolphins, which have a material bearing on the measurement [see notes 4(i) and 12].	We challenged the estimated fair value of dolphins determined by management by: • Testing the reasonableness of the group's estimated fair value of dolphins by evaluating the key assumptions used in the valuation, such as the historical average purchase price of dolphins, the actual purchase price for similar dolphins in recent transactions, and considering the age of dolphins and remaining useful life; • Enquiring about the purchase contract of dolphins acquired within the wider group during the year to verify actual transaction prices used in the valuation; • Evaluating the assumptions and underlying data used in determining the fair value, including identification of similar transactions and listings, and corroborating discussions with management within our understanding of the market environment; • Holding specific discussion with a qualified in-house veterinarian regarding the health of each dolphin in production and their remaining useful lives; and • Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
DOLPHIN COVE LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (continued)

Key audit matters	How the matters were addressed in our audit
2. ***Valuation of trade and other receivables***	
The group has significant overdue balances with hotels and tour operators. There is significant judgement involved in determining the levels of allowance for impairment on these balances, because of the uncertainty involved in estimating the timing and amount of future collections [see note 27(a)(i)].	Our procedures in this area included: • Testing the manual and automated controls over recording and ageing receivables. Our testing of automated controls involved using our own Information Technology Audit Specialists to test the design, implementation and operating effectiveness of automated controls; • Using the appropriate KPMG specialist, we reviewed the expected credit loss (ECL) model calculations and agreed the data inputs; • Comparing the group's definition of default for the ECL measurement, as outlined in the accounting policy against the definition that management uses for credit risk management; • Evaluating the appropriateness of economic parameters including the use of forward looking information; • Testing the accuracy of the ECL calculation; • Testing subsequent receipts for selected customers identified as overdue; • Evaluating the adequacy of the group's provisions against trade receivables by assessing management's assumptions used in reperforming the calculation; and • Reviewing the adequacy of the group's disclosures about the degree of estimation involved in arriving at the provision.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
DOLPHIN COVE LIMITED

Report on the Audit of the Financial Statements (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
DOLPHIN COVE LIMITED

Report on the Audit of the Financial Statements (Continued)

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 6-7, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

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

KPMG

Chartered Accountants
Montego Bay, Jamaica

March 6, 2020

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
DOLPHIN COVE LIMITED

Appendix to the Independent Auditors' Report (Continued)

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 matters 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, 2019
(Expressed in United States dollars)

	Notes	2019	2018
CURRENT ASSETS			
Cash and cash equivalents		1,527,556	857,090
Investments	5	2,129	2,127
Trade and other receivables	6	1,708,552	1,893,623
Taxation recoverable		228,847	211,835
Due from related companies	7(b)(ii)(a)	801,062	410,787
Due from parent company	7(b)(iii)	288,200	264,000
Inventories	8	265,991	355,098
		4,822,337	3,994,560
NON-CURRENT ASSETS			
Property, plant and equipment	10	22,212,663	22,679,522
Right-of-use asset	11(a)	661,293	-
Live assets	12	4,301,263	4,537,895
Due from other related companies	7(b)(ii)(b)	1,110,012	1,110,012
		28,285,231	28,327,429
TOTAL ASSETS		$33,107,568	32,321,989
CURRENT LIABILITIES			
Bank overdraft	13	134,003	54,389
Current portion of lease liabilities	11(b)	77,640	-
Accounts payable	14	2,098,771	2,040,798
Due to other related parties	7(b)(iv)	83,438	97,705
Current portion of long-term liabilities	16	21,965	231,984
Taxation payable		-	17,456
		2,415,817	2,442,332
NON-CURRENT LIABILITIES			
Deferred tax liability	15	1,317,380	1,041,601
Lease liabilities	11(b)	701,534	-
Long-term liabilities	16	17,100	21,508
		2,036,014	1,063,109
STOCKHOLDERS' EQUITY			
Share capital	17	3,654,390	3,654,390
Capital reserves	18	12,291,412	12,456,412
Retained earnings		12,709,935	12,705,746
		28,655,737	28,816,548
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		$33,107,568	32,321,989

The financial statements on pages 8 to 62 were approved by the Board of Directors on March 6, 2020 and signed on its behalf by:

____________ Director
Stafford Burrowes

____________ Director
Sergio Jacome

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

DOLPHIN COVE LIMITED

Group Statement of Profit or Loss
Year ended December 31, 2019
(Expressed in United States dollars)

	Notes	2019	2018
OPERATING REVENUE			
Programmes revenue	19(a)	8,077,386	8,209,792
Ancillary service revenue	19(b)	6,791,831	6,677,582
Overall revenue		14,869,217	14,887,374
Less: Direct costs of sales	20(a)	(1,814,997)	(1,674,668)
Gross profit		13,054,220	13,212,706
Gain/(loss) on disposal of property, plant and equipment		990	(105)
Loss on disposal of live assets		(290,748)	-
Other income		230,662	253,914
		12,995,124	13,466,515
OPERATING EXPENSES			
Administrative		(1,883,867)	(2,599,167)
Other operations		(4,687,924)	(3,924,232)
Selling		(3,877,415)	(3,923,894)
	20(b)	(10,449,206)	(10,447,293)
Profit before finance income and costs		2,545,918	3,019,222
Finance income	21(a)	93,644	130,957
Finance costs	21(b)	(353,093)	(378,717)
Profit before taxation		2,286,469	2,771,462
Income tax expense	22	(673,307)	(433,108)
Profit for the year		$ 1,613,162	2,338,354
Earnings per stock unit	23	0.41¢	0.60¢

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

DOLPHIN COVE LIMITED

Group Statement of Other Comprehensive Income
Year ended December 31, 2019
(Expressed in United States dollars)

	Notes	2019	2018
Profit for the year		1,613,162	2,338,354
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of dolphins	12	-	880,000
Deferred tax on surplus on revaluation of dolphins		-	(220,000)
Surplus on revaluation of land and buildings		-	1,130,145
Deferred tax on revalued buildings		-	105,958
Total comprehensive income		1,613,162	4,234,457

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, 2019
(Expressed in United States dollars)

	Share capital (note 17)	Capital reserves (note 18)	Retained earnings	Total
Balances as at December 31, 2017, as previously reported	3,654,390	10,560,310	12,229,299	26,443,999
Adjustment on initial application on IFRS 9, net of taxes	-	-	(79,405)	(79,405)
Restated balances as at January 1, 2018	3,654,390	10,560,310	12,149,894	26,364,594
Total comprehensive income:				
Profit for the year	-	-	2,338,354	2,338,354
Other comprehensive income:				
Surplus on revaluation of dolphins	-	880,000	-	880,000
Deferred tax on surplus on revaluation of dolphins	-	(220,000)	-	(220,000)
Revaluation surplus of land and buildings	-	1,130,144	-	1,130,144
Deferred tax on revalued buildings	-	105,958	-	105,958
Total comprehensive income	-	1,896,102	2,338,354	4,234,456
Transactions with owners of the company:				
Dividends (note 24)	-	-	(1,782,502)	(1,782,502)
Balances as at December 31, 2018, as previously reported	3,654,390	12,456,412	12,705,746	28,816,548
Adjustment on initial application of IFRS 16, net of taxes [note 3(c)]	-	-	(67,786)	(67,786)
Restated balances as at January 1, 2019	3,654,390	12,456,412	12,637,960	28,748,762
Profit for the year, being total comprehensive income for the year	-	-	1,613,162	1,613,162
Transfer to retained earnings as a result of disposal of dolphins	-	(220,000)	220,000	-
Deferred tax on disposal of dolphins	-	55,000	-	55,000
	-	(165,000)	220,000	55,000
Transactions with owners of the company:				
Dividends (note 24)	-	-	(1,761,187)	(1,761,187)
Balances as at December 31, 2019	3,654,390	12,291,412	12,709,935	28,655,737

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

DOLPHIN COVE LIMITED

Group Statement of Cash Flows
Year ended December 31, 2019
(Expressed in United States dollars)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		1,613,162	2,338,354
Adjustments for:			
Depreciation and amortisation	10,11,12	1,227,882	1,094,636
(Gain)/loss on disposal of property, plant and equipment		(990)	105
Loss on disposal of live asset		290,748	-
Interest income	21(a)	(5,667)	(2,188)
Interest expense	21(b)	62,658	35,975
Impairment loss on trade receivables	6(a)	(298,534)	(64,392)
Taxation	22	673,307	433,108
		3,562,566	3,835,598
Changes in:			
Accounts receivable		483,605	66,854
Inventories		89,107	20,961
Accounts payable		57,973	464,492
Due to other related parties		(14,267)	76,905
Cash generated from operations		4,178,984	4,464,810
Interest paid		(62,658)	(35,975)
Income tax paid		(354,400)	(563,876)
Net cash provided by operating activities		3,761,926	3,864,959
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		5,667	2,188
Additions to property, plant and equipment	10	(395,093)	(1,373,980)
Proceeds from disposal of property, plant and equipment		3,564	31
Additions to live assets	12	(328,150)	(27,749)
Due from related parties		(390,275)	(70,999)
Due from parent company		(24,200)	(264,000)
Investments, net		(2)	-
Net cash used by investing activities		(1,128,489)	(1,734,509)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(214,427)	(404,939)
Proceeds from long term loan		-	27,762
Payment of lease liabilities		(66,971)	-
Dividends paid		(1,761,187)	(1,782,502)
Net cash used by financing activities		(2,042,585)	(2,159,679)
Net increase/(decrease) in cash and cash equivalents		590,852	(29,229)
Cash and cash equivalents at beginning of the year		802,701	831,930
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		1,393,553	802,701
Comprising:			
Cash and cash equivalents		1,527,556	857,090
Bank overdraft		(134,003)	(54,389)
		1,393,553	802,701

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

DOLPHIN COVE LIMITED

Company Statement of Financial Position
December 31, 2019
(Expressed in United States dollars)

	Notes	2019	2018
CURRENT ASSETS			
Cash and cash equivalents		1,527,556	857,090
Investments	5	2,129	2,127
Trade and other receivables	6	1,708,107	1,893,163
Due from related companies	7(b)(ii)(a)	801,062	410,787
Due from parent company	7(b)(iii)	288,200	264,000
Taxation recoverable		217,407	182,939
Inventories	8	265,991	355,098
		4,810,452	3,965,204
NON-CURRENT ASSETS			
Investment in subsidiaries	9	314,539	314,539
Property, plant and equipment	10	9,503,340	9,919,922
Right-of-use asset	11(a)	2,082,689	-
Live assets	12	4,298,460	4,534,865
Due from subsidiaries	7(b)(i)	4,616,238	4,482,617
Due from related company	7(b)(ii)(b)	1,110,012	1,110,012
		21,925,278	20,361,955
TOTAL ASSETS		26,735,730	24,327,159
CURRENT LIABILITIES			
Bank overdraft	13	134,003	54,389
Current portion of lease liabilities	11(b)	147,354	-
Accounts payable	14	2,083,705	2,025,720
Due to other related parties	7(b)(iv)	83,438	97,705
Due to subsidiaries	7(b)(v)	300	300
Current portion of long-term liabilities	16	21,965	231,984
		2,470,765	2,410,098
NON-CURRENT LIABILITIES			
Deferred tax liability	15	1,252,242	1,041,601
Lease liabilities	11(b)	2,313,767	-
Long-term liabilities	16	17,100	21,508
		3,583,109	1,063,109
STOCKHOLDERS' EQUITY			
Share capital	17	3,654,390	3,654,390
Capital reserves	18	4,718,776	4,883,776
Retained earnings		12,308,690	12,315,786
		20,681,856	20,853,952
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		26,735,730	24,327,159

The financial statements on pages 8 to 62 were approved by the Board of Directors on March 6, 2020 and signed on its behalf by:

_________________ Director
Stafford Burrowes

_________________ Director
Sergio Jácome

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

DOLPHIN COVE LIMITED

Company Statement of Profit or Loss
Year ended December 31, 2019
(Expressed in United States dollars)

	Notes	2019	2018
OPERATING REVENUE			
Programmes revenue	19(a)	8,077,386	8,209,792
Ancillary services revenue	19(b)	6,791,831	6,677,582
Overall revenue		14,869,217	14,887,374
Less: Direct costs of sales	20(a)	(1,814,997)	(1,674,668)
Gross profit		13,054,220	13,212,706
Gain/(loss) on disposal of property, plant and equipment		990	(105)
Loss on disposal of live assets		(290,748)	-
Other income		230,662	253,914
		12,995,124	13,466,515
OPERATING EXPENSES			
Administrative		(2,055,897)	(2,767,355)
Other operations		(4,521,282)	(3,847,288)
Selling		(3,877,415)	(3,923,894)
	20(b)	(10,454,594)	(10,538,537)
Profit before finance income and costs		2,540,530	2,927,978
Finance income	21(a)	336,321	375,454
Finance costs	21(b)	(464,744)	(378,718)
Profit before taxation		2,412,107	2,924,714
Taxation expense	22	(637,682)	(415,652)
Profit for the year		1,774,425	2,509,062

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

DOLPHIN COVE LIMITED

Company Statement of Other Comprehensive Income
Year ended December 31, 2019
(Expressed in United States dollars)

	Notes	2019	2018
Profit for the year		1,774,425	2,509,062
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of dolphins	12	-	880,000
Deferred tax on surplus on revaluation of dolphins		-	(220,000)
Revaluation surplus of land and buildings		-	214,983
Deferred tax on revalued buildings		-	105,958
Total comprehensive income		1,774,425	3,490,003

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, 2019
(Expressed in United States dollars)

	Share capital (note 17)	Capital reserves (note 18)	Retained earnings	Total
Balances as at December 31, 2017, as previously reported	3,654,390	3,902,835	11,668,631	19,225,856
Adjustment on initial application on IFRS 9, net of taxes	-	-	(79,405)	(79,405)
Restated balances as at January 1, 2018	3,654,390	3,902,835	11,589,226	19,146,451
Total comprehensive income:				
Profit for the year	-	-	2,509,062	2,509,062
Other comprehensive income:				
Surplus on revaluation of dolphins	-	880,000	-	880,000
Deferred tax on surplus on revaluation of dolphins	-	(220,000)	-	(220,000)
Surplus on revaluation of land and buildings	-	214,983	-	214,983
Deferred tax on revalued buildings	-	105,958	-	105,958
Total comprehensive income	-	980,941	2,509,062	3,490,003
Transactions with owners of the company:				
Dividends (note 24)	-	-	(1,782,502)	(1,782,502)
Balances as at December 31, 2018, as previously reported	3,654,390	4,883,776	12,315,786	20,853,952
Adjustment on initial application of IFRS 16, net of taxes [note 3(c)]	-	-	(240,334)	(240,334)
Restated balances as at January 1, 2019	3,654,390	4,883,776	12,075,452	20,613,618
Profit for the year, being total comprehensive income for the year	-	-	1,774,425	1,774,425
Transfer to retained earnings as a result of disposal of dolphins	-	(220,000)	220,000	-
Deferred tax on disposal of dolphins	-	55,000	-	55,000
	-	(165,000)	220,000	55,000
Transactions with owners of the company:				
Dividends (note 24)	-	-	(1,761,187)	(1,761,187)
Balances as at December 31, 2019	3,654,390	4,718,776	12,308,690	20,681,856

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

DOLPHIN COVE LIMITED

Company Statement of Cash Flows
Year ended December 31, 2019
(Expressed in United States dollars)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		1,774,425	2,509,062
Adjustments for:			
Depreciation and amortisation	10,11,12	1,259,405	1,029,511
Loss/(gain) on disposal of property, plant and equipment		(990)	105
Loss on disposal of live assets		290,748	-
Interest income	21(a)	(248,344)	(246,685)
Interest expense	21(b)	174,309	35,975
Impairment of trade receivables	6(a)	(298,534)	(64,392)
Taxation	22	637,682	415,652
		3,588,701	3,679,228
Change in:			
Accounts receivable		729,290	66,854
Inventories		89,107	20,961
Accounts payable		57,985	451,178
Due to other related companies		(14,267)	76,905
Cash generated from operations		4,450,816	4,295,126
Interest paid		(174,309)	(35,975)
Income tax paid		(326,398)	(563,876)
Net cash provided by operating activities		3,950,109	3,695,275
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,644	246,685
Additions to property, plant and equipment	10	(381,295)	(1,356,971)
Proceeds from disposal of property, plant and equipment		3,564	31
Additions to live assets	12	(328,150)	(27,749)
Investments, net		(2)	-
Due from subsidiaries		(133,621)	(91,822)
Due from related companies		(390,275)	(70,999)
Due from parent company		(24,200)	(264,000)
Net cash used by investing activities		(1,251,335)	(1,564,825)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(214,427)	(404,939)
Payment of lease liabilities		(132,308)	-
Proceeds from long term loan		-	27,762
Dividends paid		(1,761,187)	(1,782,502)
Net cash used by financing activities		(2,107,922)	(2,159,679)
Net increase/(decrease) in cash resources		590,852	(29,229)
Cash resources at beginning of the year		802,701	831,930
CASH RESOURCES AT END OF YEAR		1,393,553	802,701
Comprising:			
Cash and cash equivalents		1,527,556	857,090
Bank overdraft		(134,003)	(54,389)
		1,393,553	802,701

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

DOLPHIN COVE LIMITED

Notes to the Financial Statements
Year ended December 31, 2019
(Expressed in United States dollars, unless otherwise stated)

1. Corporate structure and principal activities

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

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

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

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

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

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

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

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

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

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

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

1. Corporate structure and principal activities (continued)

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

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

(g) In April 2019, World of Dolphins Inc. pledged to charge 100% (313,901,858) of stock units which it holds in the Company as co-security for a Note Purchase Agreement on behalf of Controladora Dolphin SA de C.V.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act. This is the first set of the group's annual financial statements in which IFRS 16, *Leases* has been applied. Changes to significant accounting policies are described in note 3.

(b) New and amended standards and interpretations that are not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the group has not early-adopted. The group has assessed them with respect to its operations and has determined that the following are relevant:

- Amendments to References *to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

  The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

  - New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
  - A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
  - A new control-based approach to de-recognition will allow an entity to derecognize an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

  The group is assessing the impact that the amendments will have on its 2020 financial statements.

2. Statement of compliance and basis of preparation (continued)

(b) New and amended standards and interpretations that are not yet effective (continued):

- Amendments to IFRS 3 *Business Combinations,* applicable to businesses acquired in annual reporting periods beginning on or after January 1, 2020, provides more guidance on the definition of a business. The amendments include:

  (i) An election to use a concentration test by way of an assessment that results in an asset acquisition, if substantially all of the fair value of the gross asset is concentrated in single identifiable asset or a group of similar identifiable assets.

  (ii) Otherwise, the assessment focuses on the existence of a substantive process. A business consists of inputs and processes applied to those inputs to create outputs.

The group is assessing the impact that the amendments will have on its 2020 financial statements.

- Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

  "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The group does not expect the amendment to have a significant impact on its financial statements.

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures,* effective for annual accounting periods beginning on or after January 1, 2020, address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The amendments apply to all hedging relationships directly affected by uncertainties related to IBOR reform. The entity is required to:

  - Assume that the interest rate benchmark on which hedged cash flows are based is not altered as a result of IBOR reform when assessing whether the future cash flows are highly probable.
  - Assess whether the economic relationship between the hedged item and the hedging instrument exists based on the assumptions that the interest rate benchmark is not altered as a result of IBOR reform.
  - Not discontinue a hedging relationship during the period of uncertainty arising from IBOR reform solely because the actual results of the hedge are outside the range of 80-125 per cent.
  - Apply the separately identifiable requirement only at the inception of the hedging relationship.

2. Statement of compliance and basis of preparation (continued)

(b) New and amended standards and interpretations that are not yet effective (continued):

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* (continued)

  - Prospectively cease applying the exceptions at the earlier of:

    (a) when the uncertainty regarding the timing and the amount of interest rate benchmark based cash flows is no longer present; and

    (b) the discontinuation of the hedging relationship (or reclassification of all amounts from the cash flow hedge reserve).

  Additional disclosures will be required for hedging relationships directly affected by IBOR reform.

The group does not expect the standard to have any impact on its financial statements.

(c) Functional currency:

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

(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. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

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:

The impairment allowances for trade and other receivables are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable.

Under this ECL model, the group segments its accounts receivable in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable. The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 91 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgements (continued):

(i) Allowance for impairment losses on receivables (continued):

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

For further information in respect of the determination of fair values and the assumptions made see also notes 4(i) and 12.

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

(e) Basis of consolidation:

The consolidated financial statements include the separate financial statements of the company and its subsidiaries (note 1), made up to December 31, 2019. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(Expressed in United States dollars, unless otherwise stated)

2. Statement of compliance and basis of preparation (continued)

(e) Basis of consolidation (continued):

(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.

3. Changes in accounting policies

The group has initially adopted IFRS 16 *Leases* from January 1, 2019. Other new standards were also effective from January 1, 2019 but they do not have a material effect on the group's financial statements.

New and amended standards issued that became effective during the year:

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at January 1, 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(a) *Definition of a lease*

Previously, the group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 4(j).

On transition to IFRS 16, the group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

3. Changes in accounting policies (continued)

(b) *As a lessee*

As a lessee, the group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the group. Under IFRS 16, the group recognises right-of-use assets and lease liabilities for leases.

Leases classified as operating leases under IAS 17

Previously, the group classified property leases as operating leases under IAS 17. At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate as at January 1, 2019 (see note 3(c)).

Right-of-use assets are measured at either their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the group's incremental borrowing rate at the date of initial application: the group applied this approach to its largest property lease.

The group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

(c) *Transition impact on the financial statements*

On transition to IFRS 16, the group recognised additional right-of-use assets recognising the difference in retained earnings. The impact on transition is summarised below.

	The Group January 1, 2019	The Company January 1, 2019
Right-of-use assets – property, plant and equipment	755,763	2,272,984
Deferred tax asset	22,596	80,112
Lease liabilities	(846,145)	(2,593,430)
Retained earnings	67,786	240,334
	-	-

(Expressed in United States dollars, unless otherwise stated)

3. Changes in accounting policies (continued)

(c) *Transition impact on the financial statements (continued)*

For the impact of IFRS 16 on profit or loss for the period, see note 11. For the details of accounting policies under IFRS 16 and IAS 17, see note 4(j).

When measuring lease liabilities for leases that were classified as operating leases, the group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted- average rate applied is 6.5%.

	The Group January 1, 2019	The Company January 1, 2019
Operating lease commitments at December 31, 2018 as disclosed under IAS 17 in the group's consolidated financial statements	1,099,830	3,902,140
Discounted using the incremental borrowing rate at January 1, 2019	6.5%	6.5%
Lease liabilities recognised at January 1, 2019	846,145	2,593,430

4. Significant accounting policies

(a) Foreign currencies:

(i) Foreign currency transactions and balances:

Monetary assets and liabilities denominated in foreign currencies are translated to the United States dollar ($) at the rates of exchange at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined.

Transactions in foreign currencies are converted to the functional currency at the rates of exchange ruling at the dates of those transactions. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Gains and losses arising from fluctuations in exchange rates are generally included in profit or loss. However, foreign currency differences arising from the translation of available-for-sale equity investments are recognised in other comprehensive income, except on impairment, in which case the foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss.

(ii) Foreign operations:

The assets and liabilities of foreign operations are translated into the group's functional currency at exchange rates at the reporting date. The income and expenses for foreign operations are translated into the group'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.

4. Significant accounting policies (continued)

(a) Foreign currencies (continued):

(ii) Foreign operations:

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.

(b) 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.

(c) 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.

(d) Investments:

Fixed deposits that were previously classified as held-to-maturity are now classified at amortised cost. The group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(e) Accounts receivable:

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

(f) Related parties:

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

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

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

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

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

4. Significant accounting policies (continued)

(f) Related parties (continued):

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

(i) The entity 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 entity 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 entity is a member).

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

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

(v) The entity 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 entity is controlled, or jointly controlled by a person identified in (a).

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

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

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

(g) Inventories:

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

(h) Property, plant and equipment:

(i) Recognition and measurement:

Land and buildings are measured at valuation, less subsequent depreciation. All other categories of property, plant and equipment are measured 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.

4. Significant accounting policies (continued)

(h) Property, plant and equipment (continued):

(i) Recognition and measurement (continued):

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

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

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

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

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

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.

4. Significant accounting policies (continued)

(i) Live assets:

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

(j) Leases:

The group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from January 1, 2019

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after January 1, 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use asset reflects that the group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

4. Significant accounting policies (continued)

(j) Leases (continued):

Policy applicable from January 1, 2019 (continued)

(i) As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

– the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4. Significant accounting policies (continued)

(j) Leases (continued):

Policy applicable from January 1, 2019 (continued)

(i) As a lessee (continued)

Policy applicable before January 1, 2019

For contracts entered into before January 1, 2019, the group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

In the comparative period, as a lessee the group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

4. Significant accounting policies (continued)

(k) Accounts payable:

Trade and other payables are measured at amortised cost.

(l) 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.

(m) 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.

(n) 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.

(o) Impairment:

(i) Non-financial assets:

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

- Calculation of recoverable amount:

  The recoverable amount of non-financial assets is the greater of their fair value less costs to sell 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.

4. Significant accounting policies (continued)

(o) Impairment (continued):

(i) Non-financial assets (continued)::

− Reversal of impairment:

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, if no impairment loss had been recognised.

(ii) Financial assets:

The group recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset for which credit risk has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month ECL.

Measurement of ECLs at each reporting period reflects reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. For trade receivables, the company applies the simplified approach to provide for expected credit losses, which allows the use of a lifetime expected loss provision. The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information.

(p) Revenue recognition:

Revenue recognition under IFRS 15

Revenue from services is measured at fair value of the consideration received or receivable, net of volume rebates and sales taxes.

Performance obligations and revenue recognition policies:

4. Significant accounting policies (continued)

(p) Revenue recognition (continued):

Revenue recognition under IFRS 15

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of products and services	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15*
Rendering of services	Customers obtain control of service when programme attraction service and ancillary service have been provided. Invoices for services are generated at that point in time. Invoices are usually payable within 30 days.	The group recognises revenue at a point in time as services are provided.
Sale of goods	Customers obtain control of goods when the good is transferred to the customer. Invoices for goods are generated at that point in time.	Revenue is recognised at a point in time in the amount of the price, before tax on sales, expected to be received by the group for goods and services supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Revenues are decreased by any trade discounts granted to customers.

(i) Finance income:

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

4. Significant accounting policies (continued)

(q) 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.

(r) 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.

(s) Income taxes:

(i) Current tax:

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

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

(ii) Deferred tax:

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

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

4. Significant accounting policies (continued)

(s) Income taxes (continued):

(ii) Deferred tax (continued):

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.

(t) 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.

(u) Financial instruments:

A financial instrument is any contract that gives rise to 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, investments, accounts receivable and related party receivables. Similarly, financial liabilities include bank overdrafts, accounts payable, long-term liabilities and related party payables.

Classification and subsequent measurement

Financial assets

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortised cost.

4. Significant accounting policies (continued)

(u) Financial instruments (continued):

Classification and subsequent measurement (continued)

Financial assets (continued)

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Fixed deposits
- Trade and other receivables
- Due from related companies
- Due from parent company
- Due from subsidiaries

Due to their short-term nature, the group initially recognises these assets at the original invoiced or transaction amount less expected credit losses

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

4. Significant accounting policies (continued)

(u) Financial instruments (continued):

Classification and subsequent measurement (continued)

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The group's financial liabilities, which include payables and accruals, bank borrowings and loan obligations, due to other related companies which are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(v) Fair value measurement:

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

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

(Expressed in United States dollars, unless otherwise stated)

4. Significant accounting policies (continued)

(v) Fair value measurement (continued):

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.

5. Investments

	Group and Company	
	2019	2018
Current:		
Amortised cost:		
Fixed deposits	2,129	2,127

6. Trade and other receivables

	The Group		The Company	
	2019	2018	2019	2018
Trade receivables	2,255,475	2,070,389	2,193,103	2,008,017
Other receivables (a)	160,184	270,852	159,787	270,440
	2,415,659	2,341,241	2,352,890	2,278,457
Less: Allowance for impairment	(707,107)	(447,618)	(644,783)	(385,294)
	1,708,552	1,893,623	1,708,107	1,893,163

6. Trade and other receivables (continued)

(a) Impairment allowance:

The average ECL rate used as at December 31, 2019 to apply against the accounts receivable balance less than 90 days was 7.6% for the group and the company (2018: 2.7%) [Note 27 (a)].

Changes in impairment allowance

	Group		Company	
	2019	2018	2019	2018
Balance as at January 1	447,618	607,052	385,294	544,728
Transitional adjustment on initial adoption of IFRS 9	-	79,405	-	79,405
Write-off	(39,045)	(174,447)	(39,045)	(174,447)
Increase/(reduction) in allowance	298,534	(64,392)	298,534	(64,392)
Balance as at December 31	707,107	447,618	644,783	385,294

7. Related party balances and transactions

(a) Identity of related parties:

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

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

(i) Due from subsidiaries – non-current:

		The Company	
		2019	2018
Dolphin Cove (Negril) Limited: 10% US$ loan	(a)	1,531,830	1,522,089
DCTCI Limited: 3.5% US$ loan	(b)	2,019,249	1,943,316
Marine Adventure Park Limited 3.5% US$ loan	(c)	1,049,559	1,010,312
Dolphin Cove TCI Limited	(d)	3,850	3,150
SB Holdings Limited	(e)	3,550	1,750
Cheshire Hall Limited	(f)	2,800	1,000
Balmoral Dolphins Limited	(g)	2,800	1,000
Too Cool Limited	(h)	2,600	-
		$4,616,238	4,482,617

(Expressed in United States dollars, unless otherwise stated)

7. Related party balances and transactions (continued)

(b) (Continued)

(i) Due from subsidiaries - non-current (continued):

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

(b) These balances materially comprise advances for the purchase of property and expenses incurred so far in respect of the proposed developments in the Turks & Caicos Islands [note 10(c)]. These loans, along with additional advances during the year, are unsecured, bear interest at 3.5% per annum and have no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.

(c) This balance materially comprise advances for the purchase of property and professional fees, interest expenses and other expenses in respect of the expansion of the experience at Marine Adventure Park Limited [note 10(c)]. These loans, along with additional advances during the year, are unsecured, bear interest at 3.5% per annum and have no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.

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

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

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

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

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

(ii) Due from related companies:

	The Group and the Company	
	2019	2018
(a) Current:		
Dolphin Discovery Tortola BVI	34,347	34,347
Dtraveller Limited	543,755	376,440
Controladora Dolphin S.A. de C.V.	185,553	-
Viajero Cibernetico S.A.	37,407	-
	$ 801,062	410,787

Amounts due from interest free, unsecured and repayable on demand.

7. Related party balances and transactions (continued)

(b) (Continued)

(ii) Due from related companies (continued):

	The Group and the Company	
	2019	2018
(b) Non-current:		
Dolphin Discovery Inc.	$1,110,012	1,110,012

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 26 (i)].

(iii) Due from parent company.

	The Group and the Company	
	2019	2018
World of Dolphins Inc.	$288,200	264,000

This represents shelter fees due from World of Dolphins Inc. in respect of dolphins brought from the British Virgin Islands, and is unsecured, interest free and repayable on demand.

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

	The Group and the Company	
	2019	2018
Controladora Dolphin S.A. de C.V.	-	46,745
Dolphin Discovery Anguilla Limited	14,946	14,946
Dolphin Cove Cayman Limited	13,210	12,385
Viajero Cibernetico S.A.	-	23,629
Marilyn Burrowes	55,282	-
	$83,438	97,705

(v) Amounts due to subsidiaries are interest free, unsecured and repayable on demand.

	The Company	
	2019	2018
Balmoral Dolphins	100	100
Cheshire Hall Limited	100	100
SB Holdings Limited	100	100
	$ 300	300

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2019
(Expressed in United States dollars, unless otherwise stated)

7. Related party balances and transactions (continued)

(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	
	2019	2018	2019	2018
	$	$	$	$
Management fees to intermediate holding company	173,538	294,826	173,538	294,826
Rental paid to a subsidiary	-	-	-	176,988
Interest on lease paid to a subsidiary	-	-	111,651	-
Interest earned from subsidiaries [note 7(a) and (b)]	-	-	(245,697)	(244,121)
Gross operating revenue from related companies:				
Dtraveller Limited	(555,221)	(472,362)	(555,221)	(472,362)
Contrladora Dolphins S.A. de CV	(117,262)	(32,522)	(117,262)	(32,522)
Lease interest expense	-	-	111,650	-
Viajero Cibernetico S.A.	(66,004)	(106,157)	(66,004)	(106,157)

(d) Key management personnel compensation:

	The Group and the Company	
	2019	2018
	$	$
Directors' emoluments:		
Fees	70,461	60,626
Management	-	15,466
Key management personnel compensation*	196,318	223,902

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

Directors of the company and entities under their control hold approximately 82% (2018: 82%) of the voting stock units of the company [see note 1(c) and (e)].

8. Inventories

	The Group and the Company	
	2019	2018
Items for resale	244,554	271,489
Dolphin food	21,437	83,609
	265,991	355,098
Less: Allowance for impairment	-	-
	265,991	355,098
Inventories charged to direct expenses during the year	342,985	432,206

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2019
(Expressed in United States dollars, unless otherwise stated)

9. Investment in subsidiaries

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

	The Company	
	2019	2018
Dolphin Cove (Negril) Limited	1,114	1,114
Too Cool Limited	313,125	313,125
Cheshire Hall Limited	100	100
Balmoral Dolphins Limited	100	100
SB Holdings Limited	100	100
	314,539	314,539

10. 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, 2017	15,442,274	599,358	4,253,645	946,076	3,131,308	24,372,661
Additions	-	265,669	657,685	246,307	204,319	1,373,980
Transfers	892,502	(541,310)	-	-	(351,192)	-
Revaluation	671,223	-	-	-	-	671,223
Disposal	-	-	(227)	-	-	(227)
December 31, 2018	17,005,999	323,717	4,911,103	1,192,383	2,984,435	26,417,637
Additions	9,478	156,982	122,680	74,382	31,571	395,093
Transfers	-	453,209	5,021	-	(458,230)	-
Disposal	-	-	-	(16,416)	-	(16,416)
December 31, 2019	17,015,477	933,908	5,038,804	1,250,349	2,557,776	26,796,314
Depreciation:						
December 31, 2017	467,273	60,549	2,280,123	633,268	-	3,441,213
Charge for the year	134,849	67,625	424,651	128,789	-	755,914
Transfers	47,252	(47,252)	-	-	-	-
Revaluation	(458,921)	-	-	-	-	(458,921)
Eliminated on disposal	-	-	(91)	-	-	(91)
December 31, 2018	190,453	80,922	2,704,683	762,057	-	3,738,115
Charge for the year	119,328	57,741	471,971	210,338	-	859,378
Eliminated on disposal	-	-	-	(13,842)	-	(13,842)
December 31, 2019	309,781	138,663	3,176,654	958,553	-	4,583,651
Net book values:						
December 31, 2019	$16,705,696	795,245	1,862,150	291,796	2,557,776	22,212,663
December 31, 2018	$16,815,546	242,795	2,206,420	430,326	2,984,435	22,679,522

(Expressed in United States dollars, unless otherwise stated)

10. Property, plant and equipment (continued)

	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, 2017	6,338,701	599,358	3,953,040	905,973	296,071	12,093,143
Additions	-	265,669	657,685	246,307	187,310	1,356,971
Transfers	335,237	(335,237)	-	-	-	-
Revaluation	(243,938)	-	-	-	-	(243,938)
Disposal	-	-	(227)	-	-	(227)
December 31, 2018	6,430,000	529,790	4,610,498	1,152,280	483,381	13,205,949
Additions	9,478	156,982	122,680	74,382	17,773	381,295
Transfer	-	453,209	5,021	-	(458,230)	-
Disposal	-	-	-	(16,416)	-	(16,416)
December 31, 2019	6,439,478	1,139,981	4,738,199	1,210,246	42,924	13,570,828
Depreciation:						
December 31, 2017	314,911	60,549	2,085,392	593,163	-	3,054,015
Charge for the year	96,758	67,625	403,228	123,413	-	691,024
Transfers	47,252	(47,252)	-	-	-	-
Revaluation	(458,921)	-	-	-	-	(458,921)
Eliminated on disposal	-	-	(91)	-	-	(91)
December 31, 2018	-	80,922	2,488,529	716,576	-	3,286,027
Charge for the year	81,237	57,741	451,200	205,125	-	795,303
Eliminated on disposal	-	-	-	(13,842)	-	(13,842)
December 31, 2019	81,237	138,663	2,939,729	907,859	-	4,067,488
Net book values:						
December 31, 2019	$ 6,358,241	1,001,318	1,798,470	302,387	42,924	9,503,340
December 31, 2018	$ 6,430,000	448,868	2,121,969	435,704	483,381	9,919,922

(a) The group's and company's land and buildings were revalued as at December 31, 2018 on an open market basis by Property Consultants Limited (an independent firm of registered real estate agents, appraisers, auctioneers and consultants) of Kingston, Jamaica.

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)].

Valuation techniques	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Market based approach: The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable property, assuming no cost delay in making the substitution. The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past. However as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties.	• Details of the sales of comparable properties. • Conditions influencing the sale of the comparable properties. • Comparability adjustment.	The estimated fair value would increase/(decrease) if: • Sale value of comparable properties were higher/(lower). • Comparability adjustment were higher/(lower).

10. Property, plant and equipment (continued)

(a) (Continued)

The surplus arising on revaluation is recognised in other comprehensive income and included in capital reserves for the group and company (note 18).

(b) Land and buildings include land at a valuation of $12,656,000 (2018: $12,656,000) for the group and $3,180,000 (2018: $3,180,000) for the company.

(c) Capital work-in-progress includes professional fee paid to attorney for review of proposal with Reserve Eco Tankah SA of CV [see note 7(i)(b) and (c)].

(d) As at December 31, 2019, properties with a carrying value of approximately J$1 billion (2018: J$1 billion) for the group and company were subject to registered mortgages and debentures that form security for certain bank loans [see note 16(a)].

11. Leases

The company leases land from Dolphin Cove (Negril) Limited and Santa Maria Limited for tourist attraction activities which were previously classified as operating leases under IAS 17.

The Dolphin Cove (Negril) Limited lease commenced in January 2014 and after an initial period to October 2014 has four subsequent five year options to renew. For the lease computations it has been assumed that the option to renew will be exercised.

The Santa Maria Limited lease commenced in January 2017 and expires in December 2026.

Information about leases for which the company is a lessee is presented below:

(a) Right-of-use assets

	Property	
	The Group	The Company
Balance at January 1, 2019	755,763	2,272,984
Depreciation charge for the year	(94,470)	(190,295)
Balance at December 31, 2019	$661,293	2,082,689

(b) Lease liabilities

Lease liabilities are payable as follows:

	The Group 2019	The Company 2019
Less than one year	126,000	302,988
One to five years	700,806	1,379,260
More than five years	153,024	1,922,904
Total undiscounted lease liabilities at December 31, 2019	979,830	3,605,152
Less: Interest on lease liabilities	(200,656)	(1,144,031)
	$779,174	2,461,121
Lease liabilities included in the statement of financial position at December 31, 2019 as follows:		
Current	77,640	147,354
Non-current	701,534	2,313,767
	$779,174	2,461,121

(Expressed in United States dollars, unless otherwise stated)

11. Leases (cont'd)

(c) Amounts recognised in profit or loss

Interest on lease liabilities	$ 53,029	164,680

(d) Amounts recognised in the statement of cash flows

Total cash outflow for leases	$120,000	296,988

12. Live assets

	The Group		
	Dolphins	Other animals	Total
At cost/valuation:			
December 31, 2017	6,784,271	225,677	7,009,948
Additions	23,295	4,454	27,749
Fair value appreciation	880,000	-	880,000
December 31, 2018	7,687,566	230,131	7,917,697
Additions	325,820	2,330	328,150
Disposal	(440,000)	-	(440,000)
December 31, 2019	7,573,386	232,461	7,805,847
Amortisation:			
December 31, 2017	2,889,259	151,821	3,041,080
Charge for the year	323,740	14,982	338,722
December 31, 2018	3,212,999	166,803	3,379,802
Charge for the year	258,794	15,240	274,034
Eliminated on disposal	(149,252)	-	(149,252)
December 31, 2019	3,322,541	182,043	3,504,584
Net book values:			
December 31, 2019	$4,250,845	50,418	4,301,263
December 31, 2018	$4,474,567	63,328	4,537,895

	The Company		
	Dolphins	Other animals	Total
At cost/valuation:			
December 31, 2017	6,784,271	220,500	7,004,771
Additions	23,295	4,454	27,749
Fair value appreciation	880,000	-	880,000
December 31, 2018	7,687,566	224,954	7,912,520
Additions	325,820	2,330	328,150
Disposal	(440,000)	-	(440,000)
December 31, 2019	7,573,386	227,284	7,800,670
Amortisation:			
December 31, 2017	2,889,259	149,909	3,039,168
Charge for the year	323,652	14,835	338,487
December 31, 2018	3,212,911	164,744	3,377,655
Charge for the year	258,794	15,013	273,807
Eliminated on disposal	(149,252)	-	(149,252)
December 31, 2019	3,322,453	179,757	3,502,210
Net book values:			
December 31, 2019	$4,250,933	47,527	4,298,460
December 31, 2018	$4,474,655	60,210	4,534,865

12. Live assets (continued)

The group's dolphins were revalued as at December 31, 2019, by management using the market comparison technique. The directors have determined that the market values of these dolphins as at the reporting date are not materially different from their carrying value. The surplus arising on revaluation is recognised in other comprehensive income and included in capital reserves (note 18).

This fair value measurements for dolphins have been categorized as Level 2 in the fair value hierarchy based on observable market data. The fair values are 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.

During the year, management reviewed the estimated useful life of its dolphins and determined an estimated useful life span of dolphins during production, to be thirty years.

13. Bank overdraft

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, represents credit balances in the amount of $134,003 and $54,389 respectively, on the group's and company's bank accounts arising from items in transit at the reporting date.

The bank has also issued guarantees aggregating J$1.4 million (2018: J$17.8 million) on behalf of the company in favor of the Commissioner of Customs.

14. Accounts payable

	The Group		The Company	
	2019	2018	2019	2018
Trade payables	975,158	1,177,976	1,019,926	1,222,945
Statutory deductions payable	89,190	149,688	89,190	149,688
Accruals	555,501	488,284	528,864	428,237
Other payables	478,922	224,850	445,725	224,850
	$2,098,771	2,040,798	2,083,705	2,025,720

15. Deferred tax liability

Deferred tax is attributable to the following:

	The Group						
	Balance at Dec 31, 2017	Recognised in income (note 22)	Recognised in other comprehensive income	Balance at Dec 31, 2018 (note 22)	Recognised in income (note 3c)	Recognised in equity	Balance at Dec 31, 2019
Accounts receivable	25,222	573	-	25,795	52,334	-	78,129
Property, plant and equipment	310,705	897	(105,958)	205,644	250,657	-	456,301
Live assets	529,393	71,864	220,000	821,257	64,055	(55,000)	830,312
Accounts payable	(8,404)	(2,691)	-	(11,095)	(6,797)	-	(17,892)
Right-of-use asset	-	-	-	-	(6,874)	(22,596)	(29,470)
	$856,916	70,643	114,042	1,041,601	353,375	(77,596)	1,317,380

(Expressed in United States dollars, unless otherwise stated)

15. Deferred tax liability (continued)

	The Company						
	Balance at Dec 31, 2017	Recognised in income (note 22)	Recognised in other comprehensive income	Balance at Dec 31, 2018 (note 22)	Recognised in income (note 3c)	Recognised in equity	Balance at Dec 31, 2019
Accounts receivable	25,222	573	-	25,795	52,334	-	78,129
Property, plant and equipment	310,705	897	(105,958)	205,644	250,657	-	456,301
Live assets	529,393	71,864	220,000	821,257	64,055	(55,000)	830,312
Accounts payable	(8,404)	(2,691)	-	(11,095)	(6,797)	-	(17,892)
Right-of-use asset	-	-	-	-	(14,496)	(80,112)	(94,608)
	$856,916	70,643	114,042	1,041,601	345,753	(135,112)	1,252,242

16. Long-term liabilities

		The Group and the Company 2019	2018
Long-term loans:			
Sagicor Bank Jamaica Limited loans:			
Loan A J$292,205 (2018: J$1,031,850)	(a)	2,251	8,079
Loan B J$1,860,760 (2018: J$27,910,396)	(b)	14,337	218,528
Loan C J$2,917,041 (2018: J$3,433,752)	(c)	22,477	26,885
		39,065	253,492
Less: Current portion		(21,965)	(231,984)
		17,100	21,508

(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 J$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.

16. Long-term liabilities (continued)

(c) This represents a loan of J$3,495,000 financed by Sagicor Bank in December 2018. The loan is for a period of 60 months and bears interest at a rate of 7.5% per annum. The loan is repayable in equal monthly instalments of J$70,033 which comprises principal and interest. The loan is secured by a mortgage bill of sale over a certain motor vehicle purchased by the company.

17. Share capital

	The Group and the Company 2019	2018
Authorised:		
432,426,376 ordinary shares of no par value		
Stated capital, issued and fully paid:		
392,426,376 ordinary stock units of no par value	3,901,554	3,901,554
Less: Transaction costs of share issue	(247,164)	(247,164)
	$3,654,390	3,654,390

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

18. Capital reserves

	The Group 2019	2018	The Company 2019	2018
Revaluation surplus arising on (note 10)				
Land	9,647,532	9,647,532	2,793,543	2,793,543
Buildings	2,625,624	2,625,624	1,906,977	1,906,977
	12,273,156	12,273,156	4,700,520	4,700,520
Deferred tax arising on revalued buildings	(476,744)	(476,744)	(476,744)	(476,744)
Surplus on revaluation of dolphins (note 12)	660,000	880,000	660,000	880,000
Deferred tax on revaluation of dolphins	(165,000)	(220,000)	(165,000)	(220,000)
	$12,291,412	12,456,412	4,718,776	4,883,776

19. Operating revenue

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

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

(Expressed in United States dollars, unless otherwise stated)

19. Operating revenue (continued)

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

20. Disclosure of expenses

(a) Direct cost of sales:

	The Group and the Company 2019	The Group and the Company 2018
Direct cost of programmes (i)	717,005	696,194
Direct cost of ancillary services (ii)	1,097,992	978,474
	$1,814,997	1,674,668

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

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

(b) Operating expenses:

	The Group 2019	The Group 2018	The Company 2019	The Company 2018
Repairs and maintenance	309,170	359,505	309,170	359,506
Staff costs (c)	4,364,982	4,453,608	4,364,982	4,453,608
Advertising, marketing and promotion	865,983	757,694	865,983	757,694
Guest transportation and tour charge	1,376,262	1,731,379	1,376,262	1,611,003
Travel and entertainment	105,247	147,037	105,247	147,037
Legal and professional fees	212,722	169,524	215,184	178,667
Rental, utilities and office expenses	460,426	565,644	460,566	727,865
Insurance	171,215	136,178	160,678	124,960
Security	324,752	308,030	324,752	308,030
Management fees	173,538	294,826	173,538	294,826
Depreciation and amortisation	1,227,882	1,094,636	1,259,405	1,029,511
Auditors' remuneration	80,647	78,017	62,447	59,474
Cleaning and sanitation	112,974	106,785	112,974	106,785
Bad debt	298,534	(64,392)	298,534	(64,392)
Donation and subscription	14,934	14,278	14,934	14,277
Other	349,938	294,544	349,938	429,686
	$10,449,206	10,447,293	10,454,594	10,538,537

20. Disclosure of expenses (continued)

(c) Staff costs:

	The Group and the Company 2019	The Group and the Company 2018
Salaries and wages	3,129,237	3,119,128
Payroll taxes	371,042	374,479
Commission	426,282	482,470
Other benefits	438,421	477,531
	$4,364,982	4,453,608

21. Finance income/(costs)

	The Group 2019	The Group 2018	The Company 2019	The Company 2018
(a) Finance income:				
Net foreign exchange gains	87,977	128,769	87,977	128,769
Interest income	5,667	2,188	248,344	246,685
	$93,644	130,957	336,321	375,454
(b) Finance costs:				
Interest expense	(9,629)	(35,975)	(9,629)	(35,975)
Bank charges	(97,164)	(118,085)	(97,164)	(118,085)
Credit card charges	(101,561)	(96,226)	(101,561)	(96,226)
Net foreign exchange losses	(91,710)	(128,431)	(91,710)	(128,432)
Lease expense	(53,029)	-	(164,680)	-
	$(353,093)	(378,717)	(464,744)	(378,718)

22. Taxation

	The Group 2019	The Group 2018	The Company 2019	The Company 2018
(a) Income tax charge:				
(i) Current tax at 25%	319,932	362,465	291,929	345,009
(ii) Deferred taxation:				
Origination of temporary differences (note 15)	353,375	70,643	345,753	70,643
	$ 673,307	433,108	637,682	415,652

Notes to the Financial Statements (Continued)
Year ended December 31, 2019
(Expressed in United States dollars, unless otherwise stated)

22. Taxation (continued)

(b) Reconciliation of actual tax:

	The Group		The Company	
	2019	2018	2019	2018
Profit before taxation	2,286,469	2,771,462	2,412,107	2,924,714
Computed "expected" tax charge at the company's statutory rate of 25%	571,617	692,866	603,027	731,179
Tax effect of differences between treatment for financial statement and taxation purposes:				
Disallowed items and other adjustments, net	393,619	85,252	326,584	29,483
Tax remission [note (c)]	(291,929)	(345,010)	(291,929)	(345,010)
Actual tax credit recognised in profit for the year	673,307	433,108	637,682	415,652

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

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

(d) Approval 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) 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)].

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

(g) At December 31, 2019, unutilised tax losses available for set-off against future taxable profits, subject to agreement by the Commissioner General, Tax Administration Jamaica, amounted to approximately J$78 million (2018: J$59 million) for Dolphin Cove (Negril) Limited. 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.

(h) At December 31, 2019, a deferred tax asset of approximately J$15 million (2018: J$9 million) relating to available tax losses and timing differences has not been recognised by Dolphin Cove (Negril) Limited as management considers that the financial and operational strategies initiated to utilise the benefits of the deferred tax asset are still to be initiated.

Notes to the Financial Statements (Continued)
Year ended December 31, 2019
(Expressed in United States dollars, unless otherwise stated)

23. 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.

	2019	2018
Profit for the year attributable to stockholders of the company	$ 1,613,162	2,338,354
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)	0.41¢	0.60¢

24. Dividends

	The Group and the Company			
	2019		2018	
	Dividend per ordinary stock unit	Dividends paid	Dividend per ordinary stock unit	Dividends paid
	J$	$	J$	$
First interim dividend: April 5, 2019 (2018: March 26, 2018)	20¢	618,710	20¢	617,806
Second interim dividend: August 27, 2019 (2018: June 19, 2018)	20¢	573,743	20¢	592,409
Third interim dividend: December 10, 2019 (2018: September 20, 2018)	20¢	568,734	20¢	572,287
	60¢	1,761,187	60¢	1,782,502

25. 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 ended December 31, 2019, 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, 2019 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.

(Expressed in United States dollars, unless otherwise stated)

26. Commitments

Capital commitments:

(i) At December 31, 2019, commitments for capital expenditure in respect of the construction of a new encounter park in St. Lucia, for which no provision has been made in these financial statements is $3,500,000 (2018: $3,500,000) [see note 7(ii)(b)].

(ii) At December 31, 2019, commitments for capital expenditure in respect of the construction of a new attraction park at Puerto Seco Beach is $Nil (2018: $167,690).

27. Financial instruments

(a) Financial risk management:

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

(i) Credit risk:

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

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

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

The group limits its exposure to credit risk by:

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

Accounts receivable

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has a credit policy in place under which each customer is analysed for credit worthiness prior to being offered credit. The group does not require collateral in respect of trade and other receivables. At the reporting date there were significant concentrations of credit risk in respect of 7 (2018: 5) major customers for the group and the company who materially comprise trade receivables.

27. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

Accounts receivable (continued)

As at December 31, 2019, amounts receivable from these customers aggregated $1,202,635 (2018: $1,314,604) for the group and the company. These represent 55% (2018: 65%) of trade receivables for the group and the company.

Expected credit loss assessment for trade receivables

The group uses an allowance matrix to measure expected credit loss (ECLs) of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

		2019				
		The Group		The Company		
Age buckets	Weighted average loss rate %	Gross carrying amount $	Impairment loss allowance $	Gross carrying amount $	Impairment loss allowance $	Credit impaired
Current (not past due)	1.89	1,393,865	26,412	1,393,817	26,412	No
31-60 days	28.16	199,360	56,133	199,360	56,133	No
61-90 days	54.42	82,687	44,999	82,687	44,999	No
Over 90 days	100.00	579,563	579,563	517,239	517,239	Yes
		2,255,475	707,107	2,193,103	644,783	

(Expressed in United States dollars, unless otherwise stated)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

Expected credit loss assessment for trade receivables (continued)

		2018				
		The Group		The Company		
Age buckets	Weighted average loss rate %	Gross carrying amount $	Impairment loss allowance $	Gross carrying amount $	Impairment loss allowance $	Credit impaired
Current (not past due)	-	1,507,623	-	1,507,575	-	No
31-60 days	24.10	132,398	31,911	132,398	31,911	No
61-90 days	48.51	28,477	13,816	28,477	13,816	No
Over 90 days	100.00	401,891	401,891	339,567	339,567	Yes
		$2,070,389	447,618	2,008,017	385,294	

Due from related parties

These amounts are currently interest-free with no fixed repayment terms and are repayable on demand. The company assesses each related entity's ability to pay if payment is demanded as at the reporting date. The expected credit losses are calculated on this basis.

(ii) Market risk:

Market risk is the risk that the fair value or 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 or cash flows 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.

27. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Market risk (continued):

- Interest rate risk (continued):

  Interest-bearing financial assets are primarily represented by cash and cash equivalents, securities purchased under resale agreements and investments. Interest-bearing financial liabilities are mainly represented by loans and bank overdrafts.

  Financial instruments are subject to interest as follows:

	Carrying amount			
	The Group		The Company	
	2019	2018	2019	2018
Fixed rate instruments:				
Financial assets	2,129	2,127	4,605,917	4,468,201
Financial liabilities	(39,065)	(253,492)	(39,065)	(253,492)
	(36,936)	(251,365)	4,566,852	4,214,709
Variable rate instruments:				
Financial assets	1,362,755	765,920	1,362,755	765,920
Financial liabilities	(134,003)	(54,389)	(134,003)	(54,389)
	$1,228,752	711,531	1,228,752	711,531

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			
	2019		2018	
	Increase 100bp	Decrease 100bp	Increase 100bp	Decrease 100bp
Effect on profit (decrease)/increase	$12,288	(12,288)	7,115	(7,115)

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

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 carrying value of group's financial instruments.

(Expressed in United States dollars, unless otherwise stated)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Market risk (continued):

- Foreign currency risk:

Foreign currency risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

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

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

	The Group and Company	
	2019	2018
Cash and cash equivalents	3,766,967	2,527,983
Accounts receivable	16,057,477	16,694,204
Bank overdrafts	(18,492,382)	(7,070,508)
Accounts payable	(183,203,726)	(180,955,809)
Short term loans	(3,031,261)	(699,000)
Long term loans	(2,359,772)	(2,796,000)
	J$(187,262,697)	(172,299,130)
US$ equivalent	$ (1,412,557)	(1,346,899)

Exchange rates of the United States dollar to the Jamaican dollar were as follows:

At December 31, 2019: US$1 to J$132.57
At December 31, 2018: US$1 to J$127.72

Sensitivity analysis

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

	Increase/(decrease) in profit for the year	
	The Group and Company	
	2019	2018
6% (2018: 4%) strengthening of the US$ against the J$	$84,753	53,876
4% (2018: 2%) weakening of the US$ against the J$	$(56,502)	(26,938)

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018.

27. Financial instruments (continued)

(a) Financial risk management (continued):

(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 2019					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	134,003	134,003	134,003	-	-	-
Accounts payable	2,098,771	2,098,771	2,098,771	-	-	-
Due to other related parties	83,438	83,438	83,438	-	-	-
Long-term liabilities	39,065	42,487	19,826	3,238	6,475	12,947
Lease liabilities	779,174	779,174	38,820	38,820	89,021	632,513
Total financial liabilities	$3,134,451	3,137,873	2,374,858	42,058	95,496	645,460

	The Group 2018					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	54,389	54,389	54,389	-	-	-
Accounts payable	2,040,798	2,040,798	2,040,798	-	-	-
Due to other related parties	97,705	97,705	97,705	-	-	-
Long-term liabilities	253,492	263,149	179,452	56,995	6,676	20,026
Total financial liabilities	$2,446,384	2,456,041	2,372,344	56,995	6,676	20,026

(Expressed in United States dollars, unless otherwise stated)

27. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Liquidity risk (continued):

	The Company 2019					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	134,003	134,003	134,003	-	-	-
Accounts payable	2,083,705	2,083,705	2,083,705	-	-	-
Due to subsidiaries	300	300	300	-	-	-
Due to other related companies	83,438	83,438	83,438	-	-	-
Long-term liabilities	39,065	42,487	19,826	3,238	6,475	12,947
Lease liabilities	2,461,121	2,461,121	73,677	73,677	163,404	2,150,363
Total financial liabilities	$4,801,632	4,805,054	2,394,949	76,915	169,879	2,163,310

	The Company 2018					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	54,389	54,389	54,389	-	-	-
Accounts payable	2,025,720	2,025,720	2,025,720	-	-	-
Due to subsidiaries	300	300	300	-	-	-
Due to other related companies	97,705	97,705	97,705	-	-	-
Long-term liabilities	253,492	263,149	179,452	56,995	6,676	20,026
Total financial liabilities	$2,431,606	2,441,263	2,357,566	56,995	6,676	20,026

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.

(b) Fair values:

The following methods and assumptions have been used:

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

27. Financial instruments (continued)

(b) Fair values (continued):

The following methods and assumptions have been used (continued):

(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) 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.

28. Subsequent event

Effective March 3, 2020 a subsidiary, Dolphin Cove (Negril) Limited, granted to Reserve Investments Limited an option, for one year renewable for a further period of one year, to purchase on terms the property on which the Marine Park at Lucea is located for the purpose of constructing a hotel thereon. The option money is US$100,000 and a further sum of US$100,000 will be payable if the option period is extended for a further year. Dolphin Cove Limited has retained the right to continue to operate its Marine Park in the hotel and would be adequately compensated should the park at Lucea need to be closed for any reason during construction, in the event the option is exercised.'

13

Form of Proxy

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 Wednesday 23 September 2020, and at any adjournment thereof.

Dated this day of 2020

………………………………………….
Signature of Member

Please indicate in the spaces below how you wish your votes to be cast.

	For	Against
Resolution 1 – To receive the report and accounts		
Resolution 2(a) – To re-elect retiring directors en bloc		
Resolution 2(b) – To re-elect retiring directors		
Resolution 3 – To authorise the directors to fix the auditors' remuneration		

STAMP DUTY - $100.00

ANNUAL REPORT 2019

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