



 Dolphin  
Cove

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# Dolphin Cove



Annual Report

2014

# MISSION STATEMENT

"To provide a memorable and fulfilling experience for all our guests by delivering exceptional service, while focusing on our human resources and maintaining our commitment to our community and environmental preservation."

## OUR VISION

"To become the leading marine mammal attraction in the world."



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# WORLD TRAVEL AWARDS



CARIBBEAN'S LEADING ADVENTURE TOURIST  
ATTRACTION  
**DOLPHIN COVE**

This certifies that the holder has been nominated in this category for the World Travel Awards 2014

**'Travel Excellence Guaranteed'**  
Since 1993

# CHAIRMAN'S STATEMENT



Dear Shareholders,

I am pleased to present, on behalf of the Board of Directors, the annual report of Dolphin Cove Limited for the year ended December 31, 2014.

## Review of the 2014 Financial Year

The Group returned another good performance in 2014 as profit before taxes increased to \$434million or 27% above the result for 2013. All operating segments within the Group experienced marked improvements in revenue as we rolled out various marketing programs and there was growth in visitor arrivals to Jamaica in 2014. The Ocho Rios Park benefited from 18% more ships arriving at the Falmouth and Ocho Rios Ports combined, as well as a steady rise in business from local customers.

Overall revenue rose to \$1.7billion, an increase of 14% (or 4% in US dollar terms). Overall expenses increased by a lower rate relative to revenue even though more was spent on sales and marketing.

There were savings from the purchase of six dolphins in the latter part of 2013 that were formerly rented and this along with deliberate cost containment measures reflected positively on the profitability for the current year.

Earnings per share (after tax) increased to 112.05 cents an increase of 37% over the prior year. The company declared dividends of 60 cents per share compared to 40 cents paid in 2013. In addition to this, Dolphin Cove's share price rose by 58 cents closing at \$9.00 per share as at December 31, 2014 compared to \$8.42 as at the previous year end.

The Group's land and buildings were professionally revalued upwards by \$982million consistent with the Group's policy to account for land and buildings at market value. The Group continues to maintain a healthy financial position reflecting an 86% (13% excluding the revaluation adjustment) increase in net assets, a strong debt to equity ratio (0.1:1) and liquid assets of approximately \$400million.

## Re-organization of the Local Operations:

On January 1, 2014 Dolphin Cove Limited assumed the operations of its subsidiary, Dolphin Cove (Negril) Limited which formerly operated the park in Hanover. This move was done to consolidate the administrative and risk management of the dolphin attractions in Jamaica. Dolphin Cove (Negril) Limited still owns the real estate and earns rental income from Dolphin Cove Limited.

## Dolphin Program:

We continue to take a keen interest in the health of our Atlantic Bottlenose dolphins which are considered to be the most desirable in the industry. As mentioned in our last annual report we have had serious inquiries to sell some of our dolphins however we will continue to weigh our options considering the overseas expansion projects in process.

## Overseas Expansion:

In 2014, we invested an additional \$39million in establishing Dolphin Parks overseas. The development of parks of this nature is expected to have a long gestation period however significant progress has been made.

## Director's Farewell:

On behalf of the Board I take this opportunity to thank Mr. Dean

Burrowes for his sterling contribution to the Board and wish him all the best as he takes up new opportunities overseas after serving on the Board for the last seven years. Mr. Dean Burrowes resignation became effective in November 2014.

## Awards:

In 2014, Dolphin Cove won the Caribbean's Leading Adventure Tourist Attraction award for the second consecutive year, which was the fourth successive year in which we received an award from the prestigious World Travel Award.

## Community Events:

Among the several social and community initiatives that took place in 2014, we continued our partnership with the Steer Town Basic School which is part of our thrust to contribute, in a meaningful way, to the upliftment of some of the young minds in Jamaica. Dolphin Cove also partnered with the Lazarus Foundation and donated 100 back to school packages to the basic school during the year as well as assisting in the installation of fixtures and general beautification work as part of our annual Labour Day project at the school.

## Conclusion:

We look forward to the additional business that will be generated with the impending opening of the Moon Palace Jamaica Grand Hotel, which is expected to boast over 700 guest rooms and suites. I would like to thank the Board and staff of Dolphin Cove Limited whose enduring efforts have allowed Marilyn and I to win the 2013 Jamaica Business Leader award, which is testament to the fact that the Group is progressing in the right direction.

A handwritten signature in black ink, appearing to read 'S. Burrowes', followed by a period.

Stafford Burrowes, OD  
Chairman and Chief Executive Officer  
April 27, 2015

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Dolphin Cove Limited will be held at The Courtleigh Hotel & Suites, 85 Knutsford Boulevard, Kingston 5, on Monday, 22 June 2015 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 2014 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 Mrs Marilyn Burrowes and Mr R Danvers Williams, who, being eligible, offer themselves for re-election.
3. To consider and, if thought fit, pass the following resolutions:
  - (a) THAT retiring Director Mrs Marilyn Burrowes be and is hereby re-elected as a Director of the Company.
  - (b) THAT retiring Director Mr. R Danvers Williams be and is hereby re-elected as a Director of the Company.

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

Dated this 27<sup>th</sup> day of April 2015

BY ORDER OF THE BOARD



Rhonda Goodison  
Secretary

REGISTERED OFFICE  
Belmont, Ocho Rios, St Ann

## NOTES:

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

# DIRECTORS' REPORT

The Directors are pleased to present their report and audited statements of accounts for the year ended December 31, 2014.

<b>1. Financial Results</b>	\$
Retained Earnings at January 1, 2014	707,786,551
Dividend	(235,455,828)
Profit Before Taxation	433,557,101
Taxation	6,170,019
Profit After Taxation	439,727,120
Retained Earnings at December 31, 2014	912,057,843
Earnings per Stock Unit	112.05 Cents

- 2. Directors:**  
In Accordance with clause 97 of the Articles of Incorporation, Mrs Marilyn Burrowes and Mr R Danvers Williams retire by rotation, and being eligible, offer themselves for re-election.
- 3. Auditors:**  
The Auditors, Messrs KPMG, Chartered Accountants, have signified their willingness to continue in office pursuant to Section 154 of the Companies Act.
- 4. Employees:**  
Your Directors wish to thank the management and staff of the company for their performance during the year under review.
- 5. 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 27 day of April 2015

BY ORDER OF THE BOARD



Rhonda Goodison  
Secretary



# BOARD OF DIRECTORS



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

Stafford Burrowes, the Chairman and Chief Executive Officer of the Company, is the entrepreneur who conceived and developed the business idea that became the first Dolphin Cove marine park in Jamaica. Since then, he planned and executed its

expansion and the development of another Dolphin Cove location in Point, Lucea, Hanover.



The Hon. R. Danvers Williams,  
OJ, CD, JP, CLU, Hon. LLD (UTECH), Hon. LLD (UWI)  
(appointed December 1999)  
Non Executive Director

Mr. Raby Danvers (Danny) Williams is the Chairman of Sagikor Life Jamaica Limited (formerly Life of Jamaica Limited). Mr. Williams is noted for his service to Jamaica which has earned him the National Honours of Commander of the Order of Distinction (1972) and the Order of Jamaica (1993). He served the Government of Jamaica for three years from 1977 to 1980 as a Senator, Minister of State, and Minister of Industry and Commerce (respectively). He was conferred with the degree of Doctor of Laws (Hon.) by the University of Technology and the University of the West Indies in 2005

and 2013 respectively. He has received many other honours and awards including the Observer Lifetime Achievement award, induction into the Private Sector Organization of Jamaica Hall of Fame, the Gleaner Honors Award and the Caribbean Luminary Award by the American Foundation for the University of the West Indies.

Mr. Williams currently serves on the boards of several other major Jamaican companies. He is a director of the University of the West Indies Private Wing Ltd. He was appointed Director Emeritus of the Jamaica Broilers Group Limited in December 2008, and he is also the Chairman of Ravers Limited, Virginia Dare (Jamaica) Limited, Jamaica Anti Doping Commission and the Jamaica College Foundation.



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

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

Jamaica Limited and is a Director of Carreras Group Limited, Jamaica Observer Limited, Spirits Pool Association of Jamaica, University Hospital of the West Indies - Private Wing Limited. In addition, Mr. McConnell has served the Private Sector Organization of Jamaica as either Vice President or Honourary Secretary for 20 Continuous years. In 2011, Mr McConnell retired as Managing Director of both Lascelles de Mercado & Co. Limited and Wray & Nephew Group after 38 years of continuous service to that group. His public service includes serving as a Director and later Chairman of both the Petroleum Corporation of Jamaica and Petrojam Limited and as a Director of the Sugar Industry Authority.

Mr. McConnell is also the Chairman of Sugar Manufacturing Corporation of

# BOARD OF DIRECTORS



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

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

He has served on the boards of several private commercial companies including banking, life and general insurance companies. Mr. Levy is currently a

member of the board of directors of ICWI Group Limited, The Insurance Company of the West Indies Limited and IGL 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.



Marilyn Burrowes, JP  
(appointed December 1999)  
Director, Vice President of Marketing

Marilyn Burrowes is the Director of Marketing of the company and is responsible for all advertising and public relations matters to do with the marine parks operated by it and its subsidiary. She also has oversight of merchandising at the marine park gift shops.

Mrs. Burrowes is responsible for the company's community affairs initiatives

and its sponsorship of the Steer Town Basic School; Friends of St. Ann's Bay Hospital and support to Teen Challenge Ocho Rios, St. Ann.

Mrs. Burrowes has served eight years on the Board of the Tourism Product Development Company Limited (TPDCo) and was the chairperson of the Attractions Development sub-committee. She was the President of the Jamaica Attraction Association where she served for three years; A Director of the St. Ann Chamber of Commerce and is a Vice President of the Jamaica Hotel and Tourist Association.



Gregory Burrowes  
(appointed August 2003)  
Director

Gregory Burrowes is a past student of Hillel High School in Kingston, Algonquin College and George Brown University in Canada, Harvard Business School and the Disney Institute, USA. He also has formal training and work experience from years in the Culinary Arts, retail sales and management, team leading, negotiating and cost control.

Mr. Burrowes is a Director of the National Cruise Council of Jamaica, the President of the Association of Jamaica Attractions, a member of the Jamaica Hotel and Tourist Association Council, sits on the Marketing Sub-Committee of the Jamaica Tourist Board and is a Former Director of the Tourism Enhancement Fund.

# BOARD OF DIRECTORS



Richard Downer,  
CD, FCA  
(appointed February 2012)  
Non Executive Director & Mentor

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

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

He was awarded the Order of Distinction

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

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



Dean Burrowes  
(appointed April 2007)  
Non Executive Director

Dean Burrowes is a non-executive director of the company. He was educated in Jamaica and Canada, where he gained a diploma in Marketing and purchasing from Fanshawe College in Ontario, Canada. He later gained a postgraduate

diploma in Project Management from Roytec in Trinidad. Mr. Burrowes is a director of a number of companies of which he is a shareholder, including Dunn's River Video, the operator of the photography concession at the Dunn's River Falls attraction, and the Dolphin Sea-Safari Mini Boat Adventures at the Company's marine park in Ocho Rios. He is also an active part of the Burrowes Foundation for Microenterprises Limited.

Mr. Dean Burrowes resigned from the Board in November 2014.

# CORPORATE GOVERNANCE & 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 and CEO, Mr. Stafford Burrowes, and meets regularly to discuss and review the performance of the Group and to ensure that the objectives are satisfactorily pursued giving regard to the social and regulatory environment and the risks that may exist within the relevant markets.

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

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

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

The Compensation Committee recommends appropriate compensation for executive members, within the context of current market rates and best practices, and ensures that the compensation structure is sufficient to attract, retain and motivate highly ranked executive members. The Compensation Committee's chairman is Mr. R. Danvers Williams and he is assisted by three other non-executive members of the Board.

The following table outlines the Director's attendance at Board Meetings for the 12 months ended December 31, 2014:

<b>Directors Attendance at Board Meetings Year ended December 31, 2014</b>	
<b>Budgeted Number of meetings for the year</b>	<b>9</b>
<b>Actual Number of Meetings held</b>	<b>9</b>
Noel D. Levy	9
W.A. McConnell	9
Stafford Burrowes	8
Richard L. Downer	8
Gregory Burrowes	8
Marilyn Burrowes	8
R. Danvers Williams	8
Dean Burrowes	5

## ANIMAL WELFARE & ENVIRONMENTAL RESPONSIBILITY

Among the Group's priorities is to ensure the proper health and welfare of its dolphins and other wildlife, and to protect the natural environment they inhabit. Dolphin Cove had 29 dolphins within its Sanctuaries as at December 31, 2014, all of which are kept in large natural lagoons which is an integral part of the group's natural theme. As a result of the use of these large natural lagoons (as opposed to tanks) Dolphin Cove Limited was recently selected to care for four dolphins: two from Peru and two which were transported all the way from Switzerland.

All Dolphin Sanctuaries/lagoons are designed and operated to meet the international requirements stipulated for dolphin parks and staff members who see to the care of the dolphins are trained and certified to perform their respective roles. The Group employs a dedicated veterinarian and also retains the services of two internationally recognized consultant veterinarians and marine mammal specialists. The condition of each of the dolphins is continuously monitored and daily reports are produced to the Corporate Director of Marine Mammals who reports directly to the Chairman and Chief Executive Officer.

The Group also engages a specialist compliance advisor whose role is to liaise with government agencies, advise on environmental policy, monitor compliance with the requirements of its permits and licenses, prepare technical documentation, and manage special projects



# MANAGEMENT TEAM

## Stafford Burrowes, O.D.

Chief Executive Officer

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

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

## Dr. Samuel R. Dover, D.V.M.

Chief Veterinarian

Dr. Samuel Dover is a specialist marine mammal veterinarian. He has been a consultant for the Group for approximately the last 10 years. He has also been a consulting veterinarian for marine mammal facilities at the University of Hawaii, Manoa, The Dolphin Institute, Kewalo Basin, Hawaii, Dolphin Fantaseas, Antigua and Anguilla, BWI, and others.

Dr. Dover is a graduate of the University of Missouri, College of Veterinary Medicine. He is a member of the American Association of Wildlife Veterinarians, the American Association of Zoo Veterinarians, the American Veterinary Medical Association, the International Association for Aquatic Animal Medicine Society of Marine Mammalogy, and is federally accredited and DEA licensed.

## Dr. Jose Louis Solorzano Velasco, D.V.M.

Consultant Veterinarian

Dr. Jose Louis Solorzano Velasco is a graduate of the University Autonoma of Mexico, with a Bachelor of Science degree (B.Sc.) in Veterinary Studies. He has consulted for the Group since its inception and he is also currently the Chief Veterinary and Technical Director of CONVIMAR S.A., Mexico. Dr. Louis has more than 32 years' marine mammals experience gained across Central and South America.

Dr. Velasco is a member of various associations including The International Association for Aquatic Animal Medicine and International Marine Animal Trainer Association (IMATA). He is also a professor in the veterinary school at the Universidad Nacional Autonoma de Mexico and is also the veterinarian for Willy, the famous killer whale among others.

## Dr. Mishka Stennett, D.V.M., M.Sc

Staff Veterinarian

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

# MANAGEMENT TEAM

## Dr. Ravidya Burrowes, Ph.D

Consultant Compliance Advisor on Environmental Matters

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

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

## Eric Bogden

Corporate Director of Marine Mammals

Eric Bogden has been involved with marine mammal training since 1986. He has a degree in Behavioural Science from San Diego State University and began his career at Sea World where he worked with a variety of marine mammals. In 1994, Mr. Bogden began to create new marine mammal behaviour and show concepts of including a presentation entitled New Behaviour At Sea World Inc., which won top honours at the International Marine Animal Trainers Association Conference in Washington State.

Mr. Bogden was an integral part of Ocean World, a marine mammal park in the Dominican Republic, where he was responsible for animal acquisition, training, show design/implementation and animal care. He is also the founder and President of Sharks! Interactive LLC which specializes in creating hands-on encounters with specially trained sharks. The Sharks! Interactive program can be seen at Dolphin Cove (Ocho Rios and Negril), at Park Xcaret in Mexico, Bavaro in the Dominican Republic and Saipan.

Mr. Bogden joined the Group approximately twelve years ago. He has oversight of all zoological and park operations for the three facilities in Jamaica.

## Marilyn Burrowes

Vice President of Marketing

Marilyn Burrowes is the Director of Marketing of the company and is responsible for advertising and public relations matters to do with the marine parks and its subsidiary. She also has oversight of merchandising at the marine park gift shops.

Mrs. Burrowes is responsible for the company's community affairs initiatives and its sponsorship of the Steer Town Basic School; Friends of St. Ann's Bay Hospital and support to Teen Challenge Ocho Rios, St. Ann.

Mrs. Burrowes has served eight years on the Board of the Tourism Product Development Company Limited (TPDCo) and was the chairperson of the Attractions Development sub-committee. She was the President of the Jamaica Attraction Association where she served for three years; A Director of the St. Ann Chamber of Commerce and is a Vice President of the Jamaica Hotel and Tourist Association.

# MANAGEMENT TEAM

## Gregory Burrowes

General Manager – Ocho Rios, Half Moon Lagoon, Negril Dolphin Park

Gregory Burrowes is the General Manager of Ocho Rios, Half Moon Lagoon and Negril Dolphin Park as well as the Director overseeing Cruise Operations with the responsibility of building and maintaining the business relationship with cruise line partners. Gregory Burrowes oversees the day-to-day logistics, standard policies and procedures of all locations. Mr. Burrowes ensures policies and procedures are maintained in keeping with the highest industry standard and government policies. He is also responsible for team leaders and Park Managers and assists with park expansion and development. One of Mr. Burrowes' key roles is making sure Dolphin Cove Ltd. is always on the cutting edge of technology which allows for the best customer satisfaction while maintaining our profits and reducing our expenses.

## Gary Robinson, FCCA

Financial Controller

Gary Robinson joined the team in 2013 as the company's Risk Management and Finance Officer. He was appointed in January 2014 as Financial Controller of Dolphin Cove Ltd and its subsidiaries.

Mr. Robinson is a graduate of the University of Technology and is a member of the Association of Chartered Certified Accountants. He has several years of experience in the field of auditing, accounting and finance and was employed to one of the top four accounting firms, as an external auditor, before serving as financial controller for companies in both the private and public sectors.

## Nicola Campbell, FCCA

Chief Accountant

Nicola Campbell is a Chartered Accountant and a member of the Institute of Chartered Accountants of Jamaica. She has been the chief accountant for the Group for the past decade.

Ms. Campbell is a graduate of the University of Technology and was previously employed to Guardsman Communications and the Students' Loan Bureau.

## David Alexander Russell, B.S.BA

Vice President of Sales

David "Alexei" Russell has the responsibility of maximizing all land-based sales for Dolphin Cove in Jamaica. His duties also include promoting the brand and fostering and facilitating positive relationships with sales partners island wide.

Alexei Russell is a graduate of Boston University where he graduated Cum Laude with a Bachelors of Science in Business Administration. His minor was in Marketing.

## Fayon Brown-Watson, ASc

Marketing Manager, Montego Bay

Fayon Brown-Watson is the Group's Marketing Manager for the Montego Bay area. She is responsible for maintaining a strong presence in the hotels in these areas and ensuring that both Dolphin Cove Ocho Rios and Dolphin Cove Negril are given proper exposure. She also manages the cruise shipping operations from Montego Bay and Falmouth Cruise Shipping Terminals and sees to the smooth dispatch of cruise passengers on guided tours to Dolphin Cove.

Mrs. Watson is a graduate of the University College of the Caribbean where she studied Business Administration. She held managerial positions at both Island Routes and Chukka Caribbean Adventures prior to joining Dolphin Cove in 2010.



# MANAGEMENT TEAM

## Dacordie L. Vickers

Sales & Marketing Manager, Negril

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

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

## Paul Norman

Sales & Marketing Manager, Ocho Rios

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

Previously, Mr. Norman worked in managerial positions in various companies and has over 20 years of experience in Operations and Sales. His former posts include Operations Supervisor at Tourwise Limited and Sales Manager at both Sandals Resorts International and Chukka Caribbean.

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

## Trudane Hardware

Park Manager, Dolphin Cove Negril

Trudane Hardware is the Park Manager for Dolphin Cove Lucea, located at Point in Hanover. He joined the company in July 2013 and has been leading the charge since. He is a graduate of the University College of the Caribbean where he earned a Diploma in Management studies, Certificate in Financial Securities and most recently a Bachelor of Science in Tourism and Hospitality Management.

Mr. Hardware has over 14 years of experience in the Tourism Industry and had previously worked at Sandal Resorts International and had operations and sales management experience including reservations, sales, public relations and loyalty management.

# COMPANY DATA

## Board of Directors

Stafford Burrowes, O.D., (Chairman)  
Marilyn Burrowes (Director of Marketing)  
Gregory Burrowes (Director of Operations)  
Dean Burrowes  
The Hon. Raby Danvers Williams, OJ, CD, JP, CLU, Hon. LLD  
Noel D. Levy  
The Hon. William A. McConnell, OJ, CD, JP, FCA, Hon. LLD  
Richard Downer, CD, FCA

## Audit Committee

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

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

Richard Downer  
(Member) (Non Executive Director)

The Hon. Raby Danvers Williams  
(Member) (Non Executive Director)

## Remuneration Committee

The Hon. Raby Danvers (Danny) Williams  
(Committee Chairman) (Non Executive Director)

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

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

Stafford Burrowes  
(Member) (Chairman and Chief Executive Officer)

Richard Downer  
(Member) (Non Executive Director)

## Company Secretary

Rhonda A. Goodison  
[Registered Office](#)

Belmont, Ocho Rios, St. Ann

## Telecommunications

Telephone: (876) 974-5335  
Fax: (876) 974-9208  
Website: [www.dolphincoveja.com](http://www.dolphincoveja.com)  
Email: [info@dolphincoveja.com](mailto:info@dolphincoveja.com)

## Registrar & Transfer Agent

Jamaica Central Securities Depository  
Limited  
40 Harbour Street  
Kingston

## External Auditors

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

## Attorneys-at-Law

Myers Fletcher and Gordon  
21 East Street  
Kingston

## Bankers

Sagicor Bank Limited,  
Bank of Nova Scotia Jamaica Limited

# DISCLOSURE OF SHAREHOLDINGS

## MAJOR STOCK HOLDERS

	Shares Held
1. Stafford Burrowes	270,959,997
2. Garden House Holdings Limited	37,491,168
3. Sagicor PIF Equity Fund	11,249,043
4. JCSD Trustees Services Ltd. - Optima Sigma	9,952,376
5. JCSD Trustees Services Ltd. - Sigma Venture	7,619,750
6. St. Elizabeth Holdings Limited	5,000,000
7. Ravers Limited	5,000,000
8. JCSD Trustees Services Ltd. A/C# 76579-02	3,315,729
9. ATL Group Pension Fund Trustees NOM Ltd	2,222,530
10. Mayberry West Indies Limited	2,127,348

Total ordinary stocks in issue - 392,426,376

Total number of stockholders - 604

## STOCKHOLDINGS OF DIRECTORS AND CONNECTED PERSONS

DIRECTORS	STOCKHOLDING	CONNECTED PERSONS	STOCKHOLDING
Stafford Burrowes	270,959,997	Garden House Holdings Ltd	37,491,168
The Hon. R. Danvers Williams	Nil	Ravers Ltd	5,000,000
The Hon. W.A. McConnell	Nil	St. Elizabeth Holdings Ltd	5,000,000
Noel D. Levy	1,000,000	Nil	Nil
Marilyn Burrowes	1,000,008	Stafford Burrowes	270,959,997
Gregory Burrowes	500,000	Nil	Nil
Dean Burrowes	1,010,000	Nil	Nil
Richard L. Downer	514,000	Nil	Nil

## STOCKHOLDINGS OF SENIOR MANAGEMENT AND CONNECTED PERSONS

SENIOR MANAGEMENT	STOCKHOLDING	CONNECTED PERSONS	STOCKHOLDING
Stafford Burrowes	270,959,997	Garden House Holdings Ltd.	37,491,168
Dr. Samuel R. Dover	Nil	Nil	Nil
Dr. Jose Louis Solorzano Velasco	Nil	Nil	Nil
Dr. Mishka Stennett	3,000	Nil	Nil
Dr. Ravidya Burrowes	Nil	Dean Burrowes	1,010,000
Eric Bogden	100,390	Nil	Nil
Marilyn Burrowes	1,000,008	Stafford Burrowes	270,959,997
Gregory Burrowes	500,000	Nil	Nil
Nicola Campbell	Nil	Nil	Nil
David Russell	Nil	Nil	Nil
Fayon Brown-Watson	Nil	Nil	Nil

# MANAGEMENT DISCUSSION AND ANALYSIS

## General Business Conditions

In 2014, the Jamaican tourism sector experienced an increase in stopover and cruise passenger arrivals and the Ministry of Tourism is anticipating continued strong performance. In 2014 there was a slower pace of depreciation in the Jamaican dollar than in 2013.

Management has boosted sales using various strategies and training and has contained costs without diluting the quality of the product.

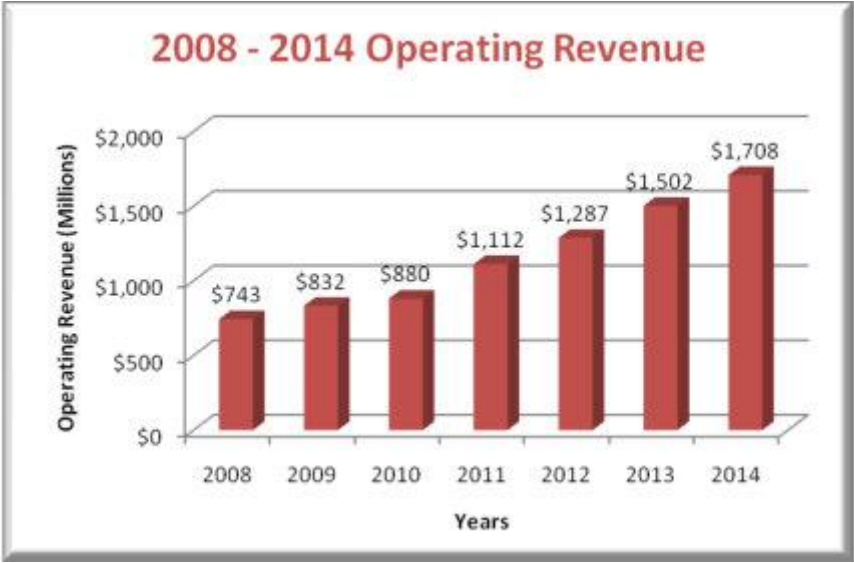
## Group Financial Highlights – Audited Financial Statements: Year ended December 31, 2014

### Statement of Profit & Loss & Other Comprehensive Income

#### **REVENUE:**

Most of the Group's income is earned in United States dollars. Revenue from Dolphin Attractions is the primary revenue generating activity and involves the sale of dolphin, stingray and shark interaction programmes. The Group's sales also includes revenue from "Ancillary Services" which includes the sale of souvenirs, photographs and videos, food and beverages and the use of its beach cabanas and tours such as kayaks, boat, dune buggy, horse, camel and Segway rides.

Overall, sales for the financial year ended December 31, 2014 increased by 14% to \$1.7bn – this represented a 4% increase in revenue in US dollar terms.



The increase in stopover and cruise passenger arrivals in 2014 and the 10% devaluation in the Jamaican dollar against the US dollar accounted for the increase in sales. Even though competition increased we maintained market share through intensified marketing and introducing new products such as the night show in Ocho Rios.

In 2013 certain revenue streams were categorized for accounting purposes as Ancillary Revenue however in 2014 some of these were reclassified as revenue from Dolphin Attractions. This explains the apparent lower

# MANAGEMENT DISCUSSION AND ANALYSIS

rate of increase in Ancillary Revenue relative to the increase in Dolphin Attractions Revenue.

## *COST OF OPERATING REVENUE:*

- Σ The cost of Dolphin rental fell by 63% from \$32million in 2013 to \$12million in 2014 as a result of us acquiring several dolphins from the previous owners

*Significant Highlight: Improvement in the Gross Profit Margin in 2014 (91%) vs 2013 (89%) as a result of the decision to purchase the dolphins in 2013.*



- Σ The cost of ancillary services moved almost proportionately with the movement in its revenue stream.

*Significant Highlight: 2014 after tax profits increased by \$118million to \$440million, an improvement of 37% over the prior year outturn. Earnings per share reached the \$1 mark for the very first time in the Group's history at 112.05 cents per share compared to 82.07 cents in the prior year.*

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATING EXPENSES:

Increased by 10% (\$99million) over 2013 mainly due to the following:

- Σ Selling Expenses
  - Increased by \$50million or 51% of the overall increase in Operating Expenses;
  - Increased by a lower percentage (11%) than the increase in revenue (14%);
  - Resulted chiefly from a deliberate decision to increase investment in this area to maximize our returns from the increased number of guests who visited Jamaica in 2014;
  - Devaluation also caused an increase in some expenses.
  
- Σ Other Operating Expenses
  - Increased by \$41million (or 14%)
  - Includes an increase in salary cost of \$25million – Salaries across the board were increased by an average 6 – 7%; An additional dolphin trainer was hired in the latter part of 2013;
  
- Σ Administrative expenses increased by a marginal 3%
  - The executive compensation package was reviewed and increases approved by the remuneration committee

*Significant Highlight: Operating Profit margin improved by 3 percentage points in 2014 due to a combination of an increase in Gross profit margin (see above) and operating expenses increasing by a lower percentage than revenue.*



# MANAGEMENT DISCUSSION AND ANALYSIS

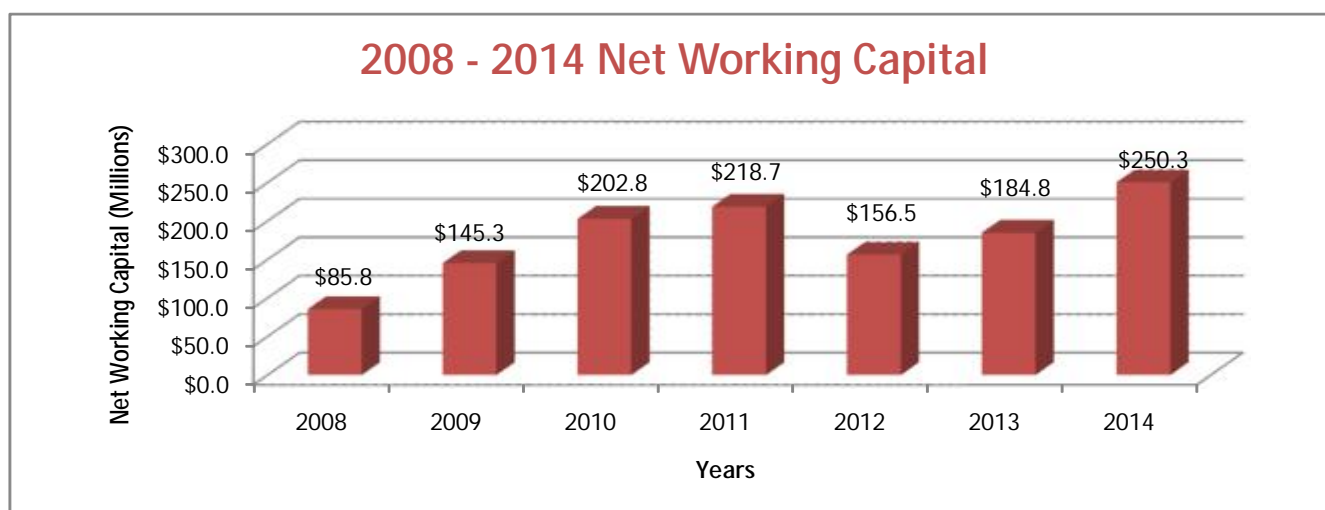
## TAXATION:

- Σ Deferred tax movements of \$26million resulted in a tax credit of \$6million in 2014.

## Statement of Financial Position & Cash Flow

### Significant Highlights:

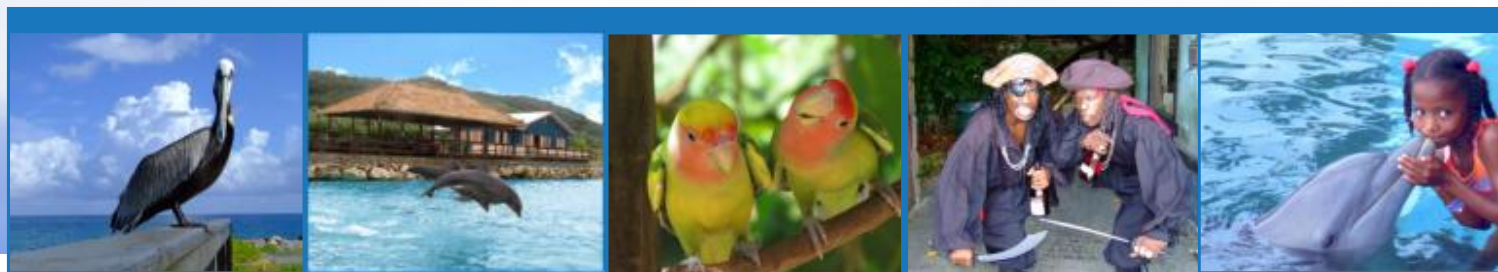
- Σ Shareholders net worth increased by \$1.2bn.
  - Fair value of land and buildings increased by (\$1bn) within five years.
    - β Group holds prime real estate which are carried at fair value;
    - β Previous professional valuation done in 2009;
  - The Group reported profits for the year of \$440million
  - Dividends of \$235million were declared out of profits representing a 50% increase over 2013.
- Σ Cash and cash equivalent increased by \$130million (or 154% ) over 2013
  - Dividend of \$59million declared at the end of 2014 and paid using cash resources in 2015;
  - Additional cash resources retained to meet other short term obligations and to facilitate expansion work (\$71million);
- Σ \$18million increase in other investments maturing within 1 – 2 years.
- Σ Accounts receivables increased by 16%
  - Almost proportionately with the increase in revenue;
  - 10% reduction in balances 30 days or more past due
- Σ No new loans were acquired during the financial year.
- Σ Current assets exceeded current obligations by \$250million as at 2014 despite investments in expansion projects in progress.



# MANAGEMENT DISCUSSION AND ANALYSIS

## SEVEN YEAR STATISTICAL SUMMARY

<b>SEVEN YEAR STATISTICAL SUMMARY</b>							
	2008	2009	2010	2011	2012	2013	2014
<b>OPERATING RATIOS</b>							
Operating Revenue (millions)	\$743	\$832	\$880	\$1,112	\$1,287	\$1,502	\$1,708
Gross Profit Margin	81%	83%	83%	88%	88%	89%	91%
Operating Profit Margin	11%	15%	16%	21%	21%	23%	26%
Pre-tax Profit Margin	10.2%	13.2%	12.1%	18.3%	21%	23%	25%
Pre-tax Return On Equity	19.9%	13.3%	12.5%	20.1%	23%	26%	17%
Interest Coverage (times)	8.0	7.8	6.4	10.2	14.5	17.1	15.1
<b>BALANCE SHEET RATIOS</b>							
Current Ratio	1.8	2.0	2.2	2.5	1.8	1.9	1.8
Net Working Capital (millions)	\$85.8	\$145.3	\$202.8	\$218.7	\$156.5	\$184.8	\$250.3
Debt to Equity	0.2	0.2	0.4	0.2	0.1	0.2	0.1





# AUDITORS' REPORT & FINANCIAL STATEMENTS

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**KPMG**  
**Chartered Accountants**  
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Montego Bay  
Jamaica, W.I.

P.O. Box 220  
Montego Bay  
Jamaica, W.I.  
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## **INDEPENDENT AUDITORS' REPORT**

To the Members of  
**DOLPHIN COVE LIMITED**

### **Report on the Financial Statements**

We have audited the financial statements of Dolphin Cove Limited (the company) and the consolidated financial statements of the company and its subsidiaries (the group), set out on pages 25 to 71 which comprise the group's and the company's statements of financial position as at December 31, 2014, the group's and the company's statements of profit or loss, comprehensive income, changes in stockholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

R. Tarun Handa  
Patricia O. Dailey-Smith  
Linroy J. Marshall  
Cynthia L. Lawrence  
Rajan Trehan

Norman O. Rainford  
Nigel R. Chambers  
W. Gihan C. de Mel  
Nyssa A. Johnson  
Wilbert A. Spence



## **INDEPENDENT AUDITORS' REPORT**

To the Members of  
**DOLPHIN COVE LIMITED**

### **Report on the Financial Statements, continued**

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the consolidated and separate financial positions of Dolphin Cove Limited as at December 31, 2014, and of the group's and the company's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

### **Report on additional matters as required by the Jamaican Companies Act**

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

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

Chartered Accountants  
Montego Bay, Jamaica

February 27, 2015

DOLPHIN COVE LIMITED

Group Statement of Financial Position  
December 31, 2014

	Notes	2014	2013
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		213,590,514	83,950,984
Securities purchased under resale agreements		124,035,021	92,894,355
Investments	3(a)	31,880,096	30,409,595
Accounts receivable	4	165,304,410	142,903,849
Due from related parties	5(a)	-	12,989,826
Taxation recoverable		7,853,311	6,215,420
Inventories	6	<u>36,738,081</u>	<u>30,931,032</u>
		<u>579,401,433</u>	<u>400,295,061</u>
<b>NON-CURRENT ASSETS</b>			
Investments	3(b)	16,680,300	-
Property, plant and equipment	8	2,149,897,273	1,063,478,805
Live assets	9	<u>345,202,789</u>	<u>382,941,758</u>
		<u>2,511,780,362</u>	<u>1,446,420,563</u>
<b>TOTAL ASSETS</b>		<u>\$3,091,181,795</u>	<u>1,846,715,624</u>
<b>CURRENT LIABILITIES</b>			
Bank overdrafts	10	30,704,281	17,882,751
Accounts payable	11	142,866,230	126,005,139
Dividends payable		58,863,957	-
Current portion of long-term liabilities	13	<u>96,707,504</u>	<u>71,580,004</u>
		<u>329,141,972</u>	<u>215,467,894</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	12	83,107,651	37,500,774
Long-term liabilities	13	<u>181,453,603</u>	<u>251,342,916</u>
		<u>264,561,254</u>	<u>288,843,690</u>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	14	257,960,325	257,960,325
Capital reserves	15	1,327,460,401	376,657,164
Retained earnings		<u>912,057,843</u>	<u>707,786,551</u>
		<u>2,497,478,569</u>	<u>1,342,404,040</u>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>		<u>\$3,091,181,795</u>	<u>1,846,715,624</u>

The financial statements on pages 25 to 71 were approved by the Board of Directors on February 27, 2015 and signed on its behalf by:

  
\_\_\_\_\_  
Stafford Burrowes, O.D. Director

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

The accompanying notes form an integral part of the financial statements

DOLPHIN COVE LIMITED

Group Statement of Profit or Loss  
Year ended December 31, 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
OPERATING REVENUE	16		
Dolphin attraction revenue		1,161,746,199	968,212,303
Less: Direct costs of dolphin attraction		( 79,266,238)	( 87,041,667)
		<u>1,082,479,961</u>	<u>881,170,636</u>
Ancillary services revenue		545,936,254	533,997,136
Less: Direct costs of ancillary services		( 76,353,512)	( 73,629,323)
		<u>469,582,742</u>	<u>460,367,813</u>
Gross profit		1,552,062,703	1,341,538,449
Gain on disposal of property, plant and equipment		-	293,667
Live assets retired	9	( 32,487,173)	( 17,854,520)
Other income		<u>1,234,540</u>	<u>2,450,641</u>
		<u>1,520,810,070</u>	<u>1,326,428,237</u>
OPERATING EXPENSES			
Selling		492,913,768	442,699,851
Other operations		338,208,470	296,715,508
Administrative		<u>246,721,525</u>	<u>239,484,244</u>
		<u>1,077,843,763</u>	<u>978,899,603</u>
Profit before finance income and costs		442,966,307	347,528,634
Finance income	17(a)	38,079,262	35,107,069
Finance costs	17(b)	( 47,488,468)	( 40,303,795)
Profit before taxation		433,557,101	342,331,908
Taxation credit/(charge)	18	<u>6,170,019</u>	( 20,271,894)
Profit for the year	19	<u>\$ 439,727,120</u>	<u>322,060,014</u>
Earnings per stock unit	20	<u>112.05¢</u>	<u>82.07¢</u>

The accompanying notes form an integral part of the financial statements

DOLPHIN COVE LIMITEDGroup Statement of Comprehensive Income  
Year ended December 31, 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Profit for the year		<u>439,727,120</u>	<u>322,060,014</u>
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Surplus on revaluation of land and buildings	8,15	982,010,164	-
Deferred tax adjustment on revalued buildings	12	<u>( 51,776,896)</u>	<u>-</u>
		<u>930,233,268</u>	<u>-</u>
Items that are or may be reclassified to profit or loss:			
Translation adjustment on consolidation of foreign subsidiaries	8,15	19,156,592	19,078,913
Fair value appreciation of available-for-sale investments	15	<u>1,413,377</u>	<u>5,848,688</u>
		<u>20,569,969</u>	<u>24,927,601</u>
Total other comprehensive income		<u>950,803,237</u>	<u>24,927,601</u>
Total comprehensive income		<u>\$1,390,530,357</u>	<u>346,987,615</u>

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, 2014

	Share capital (note 14)	Capital reserves (note 15)	Retained earnings	Total
Balances as at December 31, 2012	<u>257,960,325</u>	<u>351,729,563</u>	<u>542,697,087</u>	<u>1,152,386,975</u>
<b>Total comprehensive income:</b>				
Profit for the year	-	-	322,060,014	322,060,014
Other comprehensive income:				
Translation adjustment on consolidation of foreign subsidiaries	-	19,078,913	-	19,078,913
Fair value appreciation of available-for-sale investments	<u>-</u>	<u>5,848,688</u>	<u>-</u>	<u>5,848,688</u>
	<u>-</u>	<u>24,927,601</u>	<u>322,060,014</u>	<u>346,987,615</u>
<b>Transactions recorded directly in equity:</b>				
Dividends (note 22)	<u>-</u>	<u>-</u>	<u>(156,970,550)</u>	<u>(156,970,550)</u>
Balances as at December 31, 2013	<u>257,960,325</u>	<u>376,657,164</u>	<u>707,786,551</u>	<u>1,342,404,040</u>
<b>Total comprehensive income:</b>				
Profit for the year	-	-	439,727,120	439,727,120
Other comprehensive income:				
Surplus on revaluation of land and buildings	-	982,010,164	-	982,010,164
Deferred tax on revalued buildings	-	( 51,776,896)	-	( 51,776,896)
Translation adjustment on consolidation of foreign subsidiaries	-	19,156,592	-	19,156,592
Fair value appreciation of available-for-sale investments	<u>-</u>	<u>1,413,377</u>	<u>-</u>	<u>1,413,377</u>
	<u>-</u>	<u>950,803,237</u>	<u>439,727,120</u>	<u>1,390,530,357</u>
<b>Transactions recorded directly in equity:</b>				
Dividends (note 22)	<u>-</u>	<u>-</u>	<u>(235,455,828)</u>	<u>(235,455,828)</u>
Balances as at December 31, 2014	<u>\$257,960,325</u>	<u>1,327,460,401</u>	<u>912,057,843</u>	<u>2,497,478,569</u>

The accompanying notes form an integral part of the financial statements

DOLPHIN COVE LIMITED

Group Statement of Cash Flows  
Year ended December 31, 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		439,727,120	322,060,014
Adjustments for:			
Depreciation and amortisation	8,9	59,709,206	48,032,325
Gain on disposal of property, plant and equipment		-	( 293,667)
Live assets retired	9	32,487,173	17,854,520
Interest income	17(a)	( 7,195,384)	( 2,750,117)
Interest expense	17(b)	29,307,333	20,318,062
Loss on disposal of investments	17(b)	-	41,104
Impairment loss on trade receivables	4(b)	1,398,333	12,355,478
Taxation	18	( 6,170,019)	20,271,894
		549,263,762	437,889,613
Accounts receivable		( 23,511,336)	( 10,996,124)
Inventories		( 5,807,049)	( 4,997,179)
Accounts payable		11,714,396	37,608,854
Due from related parties		12,989,826	43,567,711
Cash generated from operations		544,649,599	503,072,875
Interest paid		( 24,160,638)	( 22,724,282)
Income tax paid		( 1,637,891)	( 555,699)
Net cash provided by operating activities		<u>518,851,070</u>	<u>479,792,894</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		6,907,826	2,621,855
Securities purchased under resale agreements, net		( 31,140,666)	( 92,894,355)
Additions to property, plant and equipment	8	(115,064,611)	(172,940,058)
Proceeds from disposal of property, plant and equipment		-	2,157,000
Additions to live assets	9	( 24,644,511)	(263,867,253)
Proceeds from the disposal of investments		-	30,554,897
Investments acquired		( 16,737,424)	( 470,719)
Net cash used by investing activities		<u>(180,679,386)</u>	<u>(494,838,633)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short-term loan repaid	11	-	( 10,000,000)
Long-term liabilities, net		( 44,761,813)	221,576,073
Dividends paid		(176,591,871)	(156,970,550)
Net cash (used)/ provided by financing activities		<u>(221,353,684)</u>	<u>54,605,523</u>
Net increase in cash resources		116,818,000	39,559,784
Cash resources at beginning of the year		66,068,233	26,508,449
<b>CASH RESOURCES AT END OF YEAR</b>		<u>\$182,886,233</u>	<u>66,068,233</u>
Comprising:			
Cash and cash equivalents		213,590,514	83,950,984
Bank overdrafts		( 30,704,281)	( 17,882,751)
		<u>\$182,886,233</u>	<u>66,068,233</u>

The accompanying notes form an integral part of the financial statements



DOLPHIN COVE LIMITED

Company Statement of Financial Position  
December 31, 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		174,204,166	49,009,273
Securities purchased under resale agreements		124,035,021	92,894,355
Investments	3(a)	31,880,096	30,409,595
Accounts receivable	4	165,251,910	110,936,979
Due from related parties	5(a)	228,239	12,989,826
Taxation recoverable		7,767,962	6,163,030
Inventories	6	<u>36,738,081</u>	<u>23,350,810</u>
		<u>540,105,475</u>	<u>325,753,868</u>
<b>NON-CURRENT ASSETS</b>			
Investment in subsidiaries	7	33,248,714	33,248,714
Investments	3(b)	16,680,300	-
Property, plant and equipment	8	791,373,223	333,793,577
Live assets	9	344,846,119	382,554,320
Due from subsidiaries	5(b)	<u>486,998,814</u>	<u>363,193,460</u>
		<u>1,673,147,170</u>	<u>1,112,790,071</u>
<b>TOTAL ASSETS</b>		<b><u>\$2,213,252,645</u></b>	<b><u>1,438,543,939</u></b>
<b>CURRENT LIABILITIES</b>			
Bank overdrafts	10	30,704,281	17,882,751
Accounts payable	11	130,175,636	105,165,693
Dividends payable		58,863,957	-
Due to subsidiaries	5(a)	28,472	28,472
Current portion of long-term liabilities	13	<u>96,707,504</u>	<u>71,580,004</u>
		<u>316,479,850</u>	<u>194,656,920</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	12	83,107,651	33,140,631
Long-term liabilities	13	<u>181,453,603</u>	<u>251,342,916</u>
		<u>264,561,254</u>	<u>284,483,547</u>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	14	257,960,325	257,960,325
Capital reserves	15	475,251,489	150,107,424
Retained earnings		<u>898,999,727</u>	<u>551,335,723</u>
		<u>1,632,211,541</u>	<u>959,403,472</u>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>		<b><u>\$2,213,252,645</u></b>	<b><u>1,438,543,939</u></b>

The financial statements on pages 25 to 71 were approved by the Board of Directors on February 27, 2015 and signed on its behalf by:

  
\_\_\_\_\_  
Stafford Burrowes, O.D. Director

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

The accompanying notes form an integral part of the financial statements

DOLPHIN COVE LIMITEDCompany Statement of Profit or Loss  
Year ended December 31, 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
OPERATING REVENUE	16		
Dolphin attraction revenue		1,161,746,199	720,951,622
Less: Direct costs of dolphin attraction		( 79,266,238)	( 77,599,452)
		<u>1,082,479,961</u>	<u>643,352,170</u>
Ancillary services revenue		545,936,254	492,067,794
Less: Direct costs of ancillary services		( 76,353,512)	( 63,165,060)
		<u>469,582,742</u>	<u>428,902,734</u>
Gross profit		1,552,062,703	1,072,254,904
Gain on disposal of property, plant and equipment		-	293,667
Live assets retired	9	( 32,487,173)	( 17,854,520)
Dividend income		100,000,000	-
Other income		<u>1,234,540</u>	<u>32,336,208</u>
		<u>1,620,810,070</u>	<u>1,087,030,259</u>
OPERATING EXPENSES			
Selling		490,549,682	374,953,327
Other operations		328,825,144	248,486,547
Administrative		<u>262,102,281</u>	<u>211,194,191</u>
		<u>1,081,477,107</u>	<u>834,634,065</u>
Profit before finance income and costs		539,332,963	252,396,194
Finance income	17(a)	88,371,466	52,428,710
Finance costs	17(b)	( 46,394,473)	( 35,746,328)
Profit before taxation		581,309,956	269,078,576
Taxation credit/(charge)	18	<u>1,809,876</u>	( 20,685,598)
Profit for the year	19	<u>\$ 583,119,832</u>	<u>248,392,978</u>

The accompanying notes form an integral part of the financial statements

DOLPHIN COVE LIMITED

Company Statement of Comprehensive Income  
Year ended December 31, 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Profit for the year		<u>583,119,832</u>	<u>248,392,978</u>
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Revaluation of land and buildings	8,15	375,507,584	-
Deferred tax on revalued buildings	12	<u>( 51,776,896)</u>	<u>-</u>
		<u>323,730,688</u>	<u>-</u>
Items that are or may be reclassified to profit or loss:			
Fair value appreciation of available-for-sale investments	15	<u>1,413,377</u>	<u>5,848,688</u>
Total other comprehensive income		<u>325,144,065</u>	<u>5,848,688</u>
Total comprehensive income		<u>\$908,263,897</u>	<u>254,241,666</u>

The accompanying notes form an integral part of the financial statements

DOLPHIN COVE LIMITEDCompany Statement of Changes in Stockholders' Equity  
Year ended December 31, 2014

	Share capital (note 14)	Capital reserves (note 15)	Retained earnings	Total
Balances as at December 31, 2012	<u>257,960,325</u>	<u>144,258,736</u>	<u>459,913,295</u>	<u>862,132,356</u>
<b>Total comprehensive income:</b>				
Profit for the year	-	-	248,392,978	248,392,978
Other comprehensive income:				
Fair value appreciation of available-for-sale investments	<u>-</u>	<u>5,848,688</u>	<u>-</u>	<u>5,848,688</u>
Total comprehensive income	<u>-</u>	<u>5,848,688</u>	<u>248,392,978</u>	<u>254,241,666</u>
<b>Transactions recorded directly in equity:</b>				
Dividends (note 22)	<u>-</u>	<u>-</u>	<u>(156,970,550)</u>	<u>(156,970,550)</u>
Balances as at December 31, 2013	<u>257,960,325</u>	<u>150,107,424</u>	<u>551,335,723</u>	<u>959,403,472</u>
<b>Total comprehensive income:</b>				
Profit for the year	-	-	583,119,832	583,119,832
Other comprehensive income:				
Revaluation of land and buildings	-	375,507,584	-	375,507,584
Deferred tax on revalued buildings	-	( 51,776,896)	-	( 51,776,896)
Fair value appreciation of available-for-sale investments	<u>-</u>	<u>1,413,377</u>	<u>-</u>	<u>1,413,377</u>
Total comprehensive income	<u>-</u>	<u>325,144,065</u>	<u>583,119,832</u>	<u>908,263,897</u>
<b>Transactions recorded directly in equity:</b>				
Dividends (note 22)	<u>-</u>	<u>-</u>	<u>(235,455,828)</u>	<u>(235,455,828)</u>
Balances as at December 31, 2014	<u>\$257,960,325</u>	<u>475,251,489</u>	<u>898,999,727</u>	<u>1,632,211,541</u>

The accompanying notes form an integral part of the financial statements

DOLPHIN COVE LIMITED

Company Statement of Cash Flows  
Year ended December 31, 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		583,119,832	248,392,978
Adjustments for:			
Depreciation and amortisation	8,9	51,842,110	40,266,401
Live assets retired	9	32,487,173	17,854,520
Gain on disposal of property, plant and equipment		-	( 293,667)
Dividend income		(100,000,000)	-
Interest income	17(a)	( 29,781,396)	( 8,123,340)
Interest expense	17(b)	29,307,333	20,310,564
Loss on disposal of investments	17(b)	-	41,104
Impairment loss on trade receivables	4(b)	203,942	11,039,872
Taxation	18	( 1,809,876)	20,685,598
		<u>565,369,118</u>	<u>350,174,030</u>
Accounts receivable		( 54,231,315)	( 8,676,518)
Inventories		( 13,387,271)	( 1,106,625)
Accounts payable		19,863,248	24,316,139
Due from related parties		<u>12,761,587</u>	<u>40,717,379</u>
Cash generated from operations		530,375,367	405,424,405
Interest paid		( 24,160,638)	( 22,716,784)
Income tax withheld		( 1,604,932)	( 539,317)
Net cash provided by operating activities		<u>504,609,797</u>	<u>382,168,304</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		29,493,838	7,995,078
Securities purchased under resale agreements, net		( 31,140,666)	( 92,894,355)
Additions to property, plant and equipment	8	(104,048,633)	( 22,398,740)
Proceeds from disposal of property, plant and equipment		-	2,157,000
Additions to live assets	9	( 24,644,511)	(263,822,253)
Dividends received		100,000,000	-
Due from subsidiaries		(123,805,354)	( 80,714,366)
Proceeds from disposal of investments		-	30,554,897
Investments acquired		( 16,737,424)	( 470,719)
Net cash used by investing activities		<u>(170,882,750)</u>	<u>(419,593,458)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short-term loan repaid		-	( 10,000,000)
Long-term liabilities, net		( 44,761,813)	221,576,073
Dividends paid		(176,591,871)	(156,970,550)
Net cash (used)/provided by financing activities		<u>(221,353,684)</u>	<u>54,605,523</u>
Net increase in cash resources		112,373,363	17,180,369
Cash resources at beginning of the year		<u>31,126,522</u>	<u>13,946,153</u>
<b>CASH RESOURCES AT END OF YEAR</b>		<u>\$143,499,885</u>	<u>31,126,522</u>
Comprising:			
Cash and cash equivalents		174,204,166	49,009,273
Bank overdrafts		( 30,704,281)	( 17,882,751)
		<u>\$143,499,885</u>	<u>31,126,522</u>

The accompanying notes form an integral part of the financial statements

## DOLPHIN COVE LIMITED

### Notes to the Financial Statements Year ended December 31, 2014

#### 1. Identification

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

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

Effective January 1, 2014, the company assumed the operations of Dolphin Cove (Negril) Limited to enhance the administrative and risk management aspect of its operations. The real estate in Hanover continues to be owned by Dolphin Cove (Negril) Limited.

The inter-company balance owing by Dolphin Cove (Negril) Limited as at the date of the merger was converted to an interest-bearing loan due to the company [note 5(b)(ii)]. Dolphin Cove (Negril) Limited, as property owner, receives rental income from the company, which now operates the dolphin attraction in Hanover.

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

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

- (a) 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 its parent company. However, effective January 1, 2014, its operations were merged with that of its parent company, as outlined above.
- (b) Too Cool Limited is incorporated in the Cayman Islands and owns land and buildings from which its parent company operates.
- (c) 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.
- (d) Balmoral Dolphins Limited is a St. Lucian IBC, incorporated on April 5, 2012. Its wholly-owned subsidiary, Dolphin Cove TCI Limited, was incorporated in the Turks & Caicos Islands for the intended purpose of operating the attraction to be developed by DCTCI Limited.
- (e) SB Holdings Limited was incorporated on November 4, 2013, as a St. Lucian IBC. Its wholly-owned subsidiary, Marine Adventure Park Limited, was also incorporated in St. Lucia during the prior year and purchased land in St. Lucia on which the group intends to develop an attraction.

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

(a) Statement of compliance:

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

**New, revised and amended standards and interpretations that became effective during the year:**

During the year, certain new standards, interpretations and amendments to existing standards became effective. Management has assessed that the adoption of the following amendments which became effective January 1, 2014, did not have a significant impact on these financial statements:

- Amendments to IAS 32 *Financial Instruments: Presentation* which clarifies that an entity currently has a legally enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparties. In addition, it clarifies that gross settlement is only equivalent to net settlement if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risks, and process receivables and payables in a single settlement process or cycle.
- Amendments to IAS 36 *Impairment of Assets* were issued to reverse the unintended requirement in IFRS 13 *Fair Value Measurement* to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.
- IFRIC 21 *Levies* provides guidance on accounting for levies in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It requires an entity to recognise a liability for a levy when and only the triggering event specified in the legislation occurs.

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

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

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

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

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

- Improvements to *IFRS 2010-2012*, *2011-2013*, and *2012-2014* cycles, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments which may be applicable to the Group are as follows:
  - *IFRS 13 Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to *IAS 39* and *IFRS 9*, did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.
  - *IAS 24 Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.
  - *IAS 34 Interim Financial Reporting*, has been amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report". The interim financial report is incomplete if the interim financial statements and any disclosures incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.
  - *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*, has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group) – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognises any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute of the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.



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

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

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

- Improvements to *IFRS 2010-2012, 2011-2013, and 2012-2014* cycles (cont'd):
  - *IFRS 7 Financial Instruments: Disclosures*, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset – e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.
  - *IFRS 7* has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of *IAS 34, Interim Financial Reporting*, require their inclusion.
- Amendments to *IAS 16* and *IAS 38* are effective for annual reporting periods beginning on or after January 1, 2016. The amendments to *IAS 16 Property, plant and equipment* explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset. The new amendments to *IAS 38 Intangible Assets* introduce a rebuttable presumption that the use of revenue based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue.
- *IFRS 15 Revenue from Contracts with Customers* is effective for annual reporting periods beginning on or after January 1, 2017. The new revenue standard replaces several standards including *IAS 11 Construction Contracts*, *IAS 18 Revenue*, *IFRIC 13 Customer Loyalty Programmes*, et al and introduces a new revenue recognition model for contracts with customers. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. Revenue may be recognised over time, in a manner that best reflects the company's performance or at a point in time, when control of the good or service is transferred to the customer.

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

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

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

- IFRS 9 *Financial Instruments*, is effective for annual reporting periods beginning on or after January 1, 2018. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, to present all fair value changes from the investment in other comprehensive income. The standard includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39, *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

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

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis, modified for the inclusion of land and buildings at valuation [note 2(k)] and available-for-sale investments at fair value [note 2(g)], except for those for which a reliable measure of fair value was not available. The financial statements are presented in Jamaica dollars (\$), which is the functional currency of the company.

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

(c) Use of estimates and judgements:

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

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

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

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

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

(i) Allowance for impairment losses on receivables:

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

(ii) Net realisable value of inventories:

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

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

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

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

(iv) 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 valuers, 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.

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

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

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

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

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

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

(d) Basis of consolidation:

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

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

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

(iv) The consolidated financial statements include the separate financial statements of the company and its subsidiaries (note 1), made up to December 31, 2014.

(e) 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.

(f) 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.

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

(g) Investments:

Investments are classified as loans and receivables or available-for-sale. Loans and receivables are those that have a fixed or determinable payment and which are not quoted in an active market.

Loans and receivables investments are initially measured at cost and subsequently at amortised cost, calculated on the effective interest rate method, less impairment losses.

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

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

Investments are recognised/derecognised on the trade date.

(h) Accounts receivable:

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

(i) Related parties:

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

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

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

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

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

(i) Related parties (cont'd):

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

- (ii) One company is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other company is a member).
- (iii) Both companies are joint ventures of the same third party.
- (iv) One company is a joint venture of a third company and the other company is an associate of the third entity.
- (v) The company is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity
- (vi) The company is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the company or is a member of the management personnel of the company (or of a parent of the company).

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

(j) Inventories:

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

(k) Property, plant and equipment:

(i) Recognition and measurement:

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

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

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

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

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

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

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 company and its cost can be measured reliably. The costs of the 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

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

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

(l) Live assets:

This comprises the carrying value of dolphins and other marine life, as well as birds and animals capitalised. These assets are stated at cost less amortisation over periods not exceeding fifteen years.

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

(m) Accounts payable:

Trade and other payables are stated at amortised cost.

(n) 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.

(o) 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.

(p) 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.

(q) Impairment:

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

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



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

(q) Impairment (cont'd):

(i) Calculation of recoverable amounts:

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

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

(ii) Reversals of impairment:

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

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

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

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

(r) Foreign currencies:

(i) Foreign currency transactions and balances:

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rates of exchange at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Transactions in foreign currencies are converted to the functional currency at the rates of exchange ruling at the dates of those transactions. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

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

(r) Foreign currencies (cont'd):

(i) Foreign currency transactions and balances (cont'd):

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

(ii) Foreign operations:

The assets and liabilities of foreign operations are translated into the company's functional currency at exchange rates at the reporting date. The income and expenses for foreign operations are translated into the company's presentation currency at exchange rates at the date of those transactions. These foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Foreign exchange gains or losses arising on a monetary item receivable from or payable to a foreign operation are recognised in the consolidated financial statements in other comprehensive income and presented within equity in the foreign currency translation reserve. In the separate financial statements of the company, these foreign exchange gains or losses are recognised in profit or loss.

(s) Revenue recognition:

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

(t) Employee benefits:

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

(u) Expenses/income:

(i) Expenses:

Expenses are recognised on the accrual basis.

(ii) Finance income:

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

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

(u) Expenses/income (cont'd):

(iii) Finance costs:

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

(iv) Operating lease payments:

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

(v) Income taxes:

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

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

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

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

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

(w) Segment reporting:

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

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

(w) Segment reporting (cont'd):

The segments which do not qualify as reportable segments are combined and disclosed as other segments. Segment information is presented in respect of the geographical locations of the group's strategic business segments.

(x) Financial instruments:

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

(i) Classification of financial instruments:

The Group classifies non-derivative financial assets into the following categories: *loans and receivables* and *available-for-sale*. Management determines the appropriate classification of investments at the time of purchase.

The Group classifies financial liabilities into the other financial liabilities category.

(ii) Recognition and de-recognition:

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

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

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

The Group de-recognises a financial liability when its contractual obligations expire or are discharged or cancelled.

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

(y) Fair value measurement:

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

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

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If it is determined that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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.

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)  
Year ended December 31, 2014

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

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

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

3. Investments

	<u>The Group and the Company</u>	
	<u>2014</u>	<u>2013</u>
(a) Current:		
Available-for-sale:		
Scotia Investments Limited:		
Scotia Canadian Growth Fund		
[US\$277,232 (2013: US\$285,529)]	31,637,521	30,185,133
Loans and receivables:		
Fixed deposits		
[US\$2,125 (2013: US\$2,125)]	<u>242,575</u>	<u>224,462</u>
	<u>\$31,880,096</u>	<u>30,409,595</u>

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

(b) Non-current:

Loans and receivables:		
Investment note 2016		
[US\$148,950 (2013: US\$Nil)]	<u>\$16,680,300</u>	<u>-</u>

4. Accounts receivable

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade receivables (a)	174,429,107	152,598,156	166,839,074	117,076,556
Other receivables	<u>33,708,132</u>	<u>31,740,189</u>	<u>33,655,632</u>	<u>28,899,277</u>
	208,137,239	184,338,345	200,494,706	145,975,833
Less: Allowance for impairment (b)	<u>(42,832,829)</u>	<u>(41,434,496)</u>	<u>(35,242,796)</u>	<u>(35,038,854)</u>
	<u>\$165,304,410</u>	<u>142,903,849</u>	<u>165,251,910</u>	<u>110,936,979</u>

Notes to the Financial Statements (Continued)  
Year ended December 31, 20144. Accounts receivable (cont'd)

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

	The Group			
	2014		2013	
	Gross	Impairment	Gross	Impairment
Due 0-30 days	89,155,962	-	58,076,451	-
Past due 31-60 days	16,875,743	-	8,505,867	-
Past due 61-90 days	5,427,533	-	2,680,618	-
More than 90 days	<u>62,969,869</u>	<u>42,832,829</u>	<u>83,335,220</u>	<u>41,434,496</u>
Total	<u>\$174,429,107</u>	<u>42,832,829</u>	<u>152,598,156</u>	<u>41,434,496</u>

	The Company			
	2014		2013	
	Gross	Impairment	Gross	Impairment
Due 0-30 days	89,155,962	-	49,312,127	-
Past due 31-60 days	16,875,743	-	5,560,287	-
Past due 61-90 days	5,427,533	-	1,756,359	-
More than 90 days	<u>55,379,836</u>	<u>35,242,796</u>	<u>60,447,783</u>	<u>35,038,854</u>
Total	<u>\$166,839,074</u>	<u>35,242,796</u>	<u>117,076,556</u>	<u>35,038,854</u>

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

	The Group		The Company	
	2014	2013	2014	2013
Balance at beginning of year	41,434,496	29,079,018	35,038,854	23,998,982
Impairment loss recognised	<u>1,398,333</u>	<u>12,355,478</u>	<u>203,942</u>	<u>11,039,872</u>
Balance at end of year	<u>\$42,832,829</u>	<u>41,434,496</u>	<u>35,242,796</u>	<u>35,038,854</u>

5. Due to/from related parties/subsidiaries

(a) Current:

This comprises amounts due to/from directors, subsidiaries and affiliated entities, which are repayable on demand.

(b) Non-current:

Due from subsidiaries:

		The Company	
		2014	2013
12% J\$ loans	(i)	-	45,127,500
10% US\$ loan [US\$1,877,996 (2013: US\$Nil)]	(ii)	214,315,547	-
Interest-free advances, net	(i)	<u>-</u>	<u>84,411,235</u>
Dolphin Cove (Negril) Limited		214,315,547	129,538,735
DCTCI Limited			
3.5% US\$1,540,882 [(2013: US\$1,424,460)]	(iii)	175,844,407	150,588,923
Marine Adventure Park Limited			
3.5% US\$ loan [US\$848,576 (2013: US\$785,741)]	(iii)	<u>96,838,860</u>	<u>83,065,802</u>
		<u>\$486,998,814</u>	<u>363,193,460</u>

## DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2014

### 5. Due to/from related parties/subsidiaries (cont'd)

#### (b) Non-current (cont'd):

Due from subsidiaries (cont'd):

- (i) This represented two loans for \$15,150,000 and \$96,250,000, including transaction costs of \$2,250,000, received by Dolphin Cove Limited and on-lent to Dolphin Cove (Negril) Limited. However, this balance along with the interest-free advances was converted to a US\$ loan (see note 5(b)(ii) below).
- (ii) Effective January 1, 2014, the prior year balance of \$129,538,735 was converted to a US\$ loan. Thereafter, this loan along with additional advances during the year bears interest at 10% per annum. These loans have no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.
- (iii) These balances materially comprise advances for the purchase of property and expenses incurred so far in respect of the proposed developments in St. Lucia and the Turks & Caicos Islands (note 1). In the prior year these amounts were interest-free. However, effective January 1, 2014, these balances were converted to interest-bearing loans. The prior year balances along with additional advances during the year bear interest at 3.5% per annum. These loans are unsecured with no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.

### 6. Inventories

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Items for resale	34,557,079	28,019,972	34,557,079	23,678,130
Dolphin food	<u>3,494,438</u>	<u>4,773,259</u>	<u>3,494,438</u>	<u>1,534,879</u>
	38,051,517	32,793,231	38,051,517	25,213,009
Less: Allowance for impairment	<u>(1,313,436)</u>	<u>(1,862,199)</u>	<u>(1,313,436)</u>	<u>(1,862,199)</u>
	<u>\$36,738,081</u>	<u>30,931,032</u>	<u>36,738,081</u>	<u>23,350,810</u>
Inventories charged to expenses during the year	<u>\$31,150,254</u>	<u>26,671,880</u>	<u>31,150,254</u>	<u>19,620,913</u>

### 7. Investment in subsidiaries

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

	<u>2014</u>	<u>2013</u>
Dolphin Cove (Negril) Limited	100,002	100,002
Too Cool Limited	33,120,240	33,120,240
Cheshire Hall Limited	8,950	8,950
Balmoral Dolphins Limited	8,950	8,950
SB Holdings Limited	<u>10,572</u>	<u>10,572</u>
	<u>\$33,248,714</u>	<u>33,248,714</u>



DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)  
Year ended December 31, 2014

8. Property, plant and equipment

	The Group					
	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles	Capital work-in- progress	Total
Cost or valuation:						
December 31, 2012	764,528,107	1,570,004	150,115,684	14,257,064	66,291,913	996,762,772
Additions	1,758,355	765,384	12,582,431	9,550,000	148,283,888	172,940,058
Translation adjustment	-	-	-	-	19,078,913	19,078,913
Disposals	-	-	-	( 3,600,000)	-	( 3,600,000)
December 31, 2013	766,286,462	2,335,388	162,698,115	20,207,064	233,654,714	1,185,181,743
Additions	8,772,947	1,061,930	41,726,940	34,424,819	29,077,975	115,064,611
Translation adjustment	-	-	-	-	19,156,592	19,156,592
Revaluation adjustment	944,501,096	-	-	-	-	944,501,096
December 31, 2014	<u>1,719,560,505</u>	<u>3,397,318</u>	<u>204,425,055</u>	<u>54,631,883</u>	<u>281,889,281</u>	<u>2,263,904,042</u>
Depreciation:						
December 31, 2012	21,118,092	1,004,134	65,187,229	10,068,772	-	97,378,227
Charge for the year	8,152,931	170,985	15,383,614	2,353,848	-	26,061,378
Eliminated on disposals	-	-	-	( 1,736,667)	-	( 1,736,667)
December 31, 2013	29,271,023	1,175,119	80,570,843	10,685,953	-	121,702,938
Charge for the year	8,238,045	194,070	17,056,247	4,324,537	-	29,812,899
Revaluation adjustment	( 37,509,068)	-	-	-	-	( 37,509,068)
December 31, 2014	-	<u>1,369,189</u>	<u>97,627,090</u>	<u>15,010,490</u>	-	<u>114,006,769</u>
Net book values:						
December 31, 2014	<u>\$1,719,560,505</u>	<u>2,028,129</u>	<u>106,797,965</u>	<u>39,621,393</u>	<u>281,889,281</u>	<u>2,149,897,273</u>
December 31, 2013	<u>\$ 737,015,439</u>	<u>1,160,269</u>	<u>82,127,272</u>	<u>9,521,111</u>	<u>233,654,714</u>	<u>1,063,478,805</u>

	The Company					
	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles	Capital work-in- progress	Total
Cost or valuation:						
December 31, 2012	274,175,137	1,570,004	124,624,592	10,733,660	-	411,103,393
Additions	576,005	765,384	11,507,351	9,550,000	-	22,398,740
Disposals	-	-	-	( 3,600,000)	-	( 3,600,000)
December 31, 2013	274,751,142	2,335,388	136,131,943	16,683,660	-	429,902,133
Additions	8,772,947	2,359,358	41,726,940	34,424,819	16,764,569	104,048,633
Revaluation adjustment	357,058,711	-	-	-	-	357,058,711
December 31, 2014	<u>640,582,800</u>	<u>4,694,746</u>	<u>177,858,883</u>	<u>51,108,479</u>	<u>16,764,569</u>	<u>891,009,477</u>
Depreciation:						
December 31, 2012	10,702,891	1,004,134	59,388,459	8,424,517	-	79,520,001
Charge for the year	3,831,938	170,985	12,673,132	1,649,167	-	18,325,222
Eliminated on disposal	-	-	-	( 1,736,667)	-	( 1,736,667)
December 31, 2013	14,534,829	1,175,119	72,061,591	8,337,017	-	96,108,556
Charge for the year	3,914,044	194,070	14,248,601	3,619,856	-	21,976,571
Revaluation adjustment	( 18,448,873)	-	-	-	-	( 18,448,873)
December 31, 2014	-	<u>1,369,189</u>	<u>86,310,192</u>	<u>11,956,873</u>	<u>16,764,569</u>	<u>99,636,254</u>
Net book values:						
December 31, 2014	<u>\$640,582,800</u>	<u>3,325,557</u>	<u>91,548,691</u>	<u>39,151,606</u>	<u>16,764,569</u>	<u>791,373,223</u>
December 31, 2013	<u>\$260,216,313</u>	<u>1,160,269</u>	<u>64,070,352</u>	<u>8,346,643</u>	-	<u>333,793,577</u>

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)  
Year ended December 31, 2014

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

- (a) The group's land and buildings were revalued as at December 31, 2014 on an open market basis by Easton Douglas & Company Limited (Chartered Valuation Surveyors and Real Estate Dealers of Kingston, Jamaica).

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(c)(iv)].

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

- (b) Land and buildings include land at a valuation of \$1,195,100,384 (2013: \$440,175,225) for the group and \$290,000,000 (2013: \$121,600,000) for the company.
- (c) Capital work-in-progress represents land and related expenditure incurred in connection with the planned development of an attraction in the Turks and Caicos Islands and St. Lucia [note 1(c)]. This also includes an asset, costing approximately \$15 million, acquired during the year which was not installed and brought into use as at the reporting date.

9. Live assets

	<u>The Group</u>		
	<u>Dolphin costs</u>	<u>Other animals</u>	<u>Total</u>
Cost:			
December 31, 2012	193,287,458	13,892,528	207,179,986
Additions	263,633,353	233,900	263,867,253
Retirement	( 27,116,744)	( 3,716,713)	( 30,833,457)
December 31, 2013	429,804,067	10,409,715	440,213,782
Additions	23,977,078	667,433	24,644,511
Retirement	( 36,097,135)	-	( 36,097,135)
December 31, 2014	<u>417,684,010</u>	<u>11,077,148</u>	<u>428,761,158</u>
Amortisation:			
December 31, 2012	42,478,558	5,801,456	48,280,014
Charge for the year	21,034,072	936,875	21,970,947
Eliminated on retirement	( 11,266,916)	(1,712,021)	(12,978,937)
December 31, 2013	52,245,714	5,026,310	57,272,024
Charge for the year	29,206,233	690,074	29,896,307
Eliminated on retirement	( 3,609,962)	-	( 3,609,962)
December 31, 2014	<u>77,841,985</u>	<u>5,716,384</u>	<u>83,558,369</u>
Net book values:			
December 31, 2014	<u>\$339,842,025</u>	<u>5,360,764</u>	<u>345,202,789</u>
December 31, 2013	<u>\$377,558,353</u>	<u>5,383,405</u>	<u>382,941,758</u>

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)  
Year ended December 31, 2014

9. Live assets (cont'd)

	<u>The Company</u>		
	<u>Dolphins costs</u>	<u>Other animals</u>	<u>Total</u>
Cost:			
December 31, 2012	193,287,459	13,476,027	206,763,486
Additions	263,633,353	188,900	263,822,253
Retirement	( 27,116,744)	( 3,716,713)	( 30,833,457)
December 31, 2013	429,804,068	9,948,214	439,752,282
Additions	23,977,078	667,433	24,644,511
Retirement	( 36,097,135)	-	( 36,097,135)
December 31, 2014	<u>417,684,011</u>	<u>10,615,647</u>	<u>428,299,658</u>
Amortisation:			
December 31, 2012	42,478,558	5,757,162	48,235,720
Charge for the year	21,034,072	907,107	21,941,179
Eliminated on retirement	( 11,266,916)	( 1,712,021)	( 12,978,937)
December 31, 2013	52,245,714	4,952,248	57,197,962
Charge for the year	29,206,233	659,306	29,865,539
Eliminated on retirement	( 3,609,962)	-	( 3,609,962)
December 31, 2014	<u>77,841,985</u>	<u>5,611,554</u>	<u>83,453,539</u>
Net book values:			
December 31, 2014	<u>\$339,842,026</u>	<u>5,004,093</u>	<u>344,846,119</u>
December 31, 2013	<u>\$377,558,354</u>	<u>4,995,966</u>	<u>382,554,320</u>

10. Bank overdrafts

The group has a \$6.5 million overdraft facility, which is part of a group borrowing facility, with the Bank of Nova Scotia Jamaica Limited at an interest rate of base rate plus 2% and is secured as disclosed in note 13(c). Bank overdraft, in the current and prior year, represent credit balances on the company's bank accounts arising from items in transit at the reporting date.

11. Accounts payable

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade payables	60,365,037	61,311,809	51,909,114	52,354,024
Tax payable on dividends	23,152,960	9,577,172	23,152,960	9,577,172
Other payables and accruals	<u>59,348,233</u>	<u>55,116,158</u>	<u>55,113,562</u>	<u>43,234,497</u>
	<u>\$142,866,230</u>	<u>126,005,139</u>	<u>130,175,636</u>	<u>105,165,693</u>

12. Deferred tax liability

Deferred tax is attributable to the following:

	<u>The Group</u>					
	Balance at December 31, 2012	Recognised in income (note 18)	Balance at December 31, 2013	Recognised in income (note 18)	Recognised in equity (note 15)	Balance at December 31, 2014
Property, plant and equipment	1,431,546	( 6,764,866)	( 5,333,320)	(2,241,695)	51,776,896	44,201,881
Live assets	<u>15,800,637</u>	<u>27,033,457</u>	<u>42,834,094</u>	<u>(3,928,324)</u>	-	<u>38,905,770</u>
	<u>\$17,232,183</u>	<u>20,268,591</u>	<u>37,500,774</u>	<u>(6,170,019)</u>	<u>51,776,896</u>	<u>83,107,651</u>

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)  
Year ended December 31, 2014

12. Deferred tax liability (cont'd)

	<u>The Company</u>					
	Balance at December 31, <u>2012</u>	Recognised in income (note 18)	Balance at December 31 <u>2013</u>	Recognised, in income (note 18)	Recognised in equity (note 15)	Balance at December 31, <u>2014</u>
Property, plant and equipment	( 3,345,604)	( 6,347,859)	( 9,693,463)	2,118,448	51,776,896	44,201,881
Live assets	<u>15,800,637</u>	<u>27,033,457</u>	<u>42,834,094</u>	<u>(3,928,324)</u>	<u>-</u>	<u>38,905,770</u>
	<u>\$12,455,033</u>	<u>20,685,598</u>	<u>33,140,631</u>	<u>(1,809,876)</u>	<u>51,776,896</u>	<u>83,107,651</u>

13. Long-term liabilities

	<u>The Group and the Company</u>	
	<u>2014</u>	<u>2013</u>
Long-term loans:		
Sagicor Bank Jamaica Limited loans:		
Loan A	(a) 37,121,208	46,212,120
Loan B	(b) 190,909,091	225,000,000
The Bank of Nova Scotia Jamaica Limited	(c) 5,003,308	6,583,300
Due to property vendor	(d) <u>45,127,500</u>	<u>45,127,500</u>
	278,161,107	322,922,920
Less: Current portion	( 96,707,504)	( 71,580,004)
	<u>\$181,453,603</u>	<u>251,342,916</u>

- (a) This represents the balance on a \$50,000,000 loan financed by Development Bank of Jamaica Limited, which bears interest at a fixed rate of 9.5% per annum. The loan is for seventy-two (72) months with a moratorium of six (6) months on principal payments. Thereafter, the principal is repayable in sixty-six (66) 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 \$100 million;
  - Debenture over the fixed and floating assets of Dolphin Cove Limited, stamped to cover \$100 million; and
  - Personal guarantee of a director to the extent of the facility.
- (b) This represents a J\$ loan equivalent to US\$2,250,000 financed by Development Bank of Jamaica Limited. This loan is for seventy-two (72) months and bears interest at a fixed rate of 9.5% per annum. There is a moratorium on principal payments of six (6) months. Thereafter, principal is repayable in sixty-six (66) equal monthly installments.

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

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 201413. Long-term liabilities (cont'd)

- (c) This represents the balance on a J\$ loan of \$7,900,000 which bears interest at 9% per annum and repayable in sixty (60) months. The loan and bank overdraft facility (note 10) are secured by a bill of sale over the motor vehicle purchased and a hypothecation of certain funds in a savings account.
- (d) This comprises two loans used to finance the acquisition of parcels of land in Hanover. The first represents the balance of an initial loan of \$94,000,000 plus the company's share of transaction costs and is payable within four years. The second parcel of land was purchased with a loan of \$15,000,000, against which payments of \$2,272,500 were applied. The balance is payable upon exchange of the title to the property. As at December 31, 2014, the title has not yet been transferred. Interest is payable quarterly at a rate of 12% per annum on both loans.

14. Share capital

Authorised:

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

	<u>2014</u>	<u>2013</u>
Stated capital, issued and fully paid:		
392,426,376 ordinary stock units of no par value	279,053,297	279,053,297
Less: Transaction costs of share issue	<u>( 21,092,972)</u>	<u>( 21,092,972)</u>
	<u>\$257,960,325</u>	<u>257,960,325</u>

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

15. Capital reserves

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revaluation surplus arising on (note 8):				
Land	1,023,713,995	268,788,836	254,789,590	86,389,590
Buildings	<u>329,979,067</u>	<u>102,894,062</u>	<u>284,930,065</u>	<u>77,822,481</u>
	1,353,693,062	371,682,898	539,719,655	164,212,071
Deferred tax arising on revalued buildings (note 12)	<u>( 71,232,516)</u>	<u>( 19,455,620)</u>	<u>( 71,232,516)</u>	<u>( 19,455,620)</u>
Foreign currency translation reserve (a)	38,235,505	19,078,913	-	-
Investment revaluation reserve (b)	<u>6,764,350</u>	<u>5,350,973</u>	<u>6,764,350</u>	<u>5,350,973</u>
	<u>\$1,327,460,401</u>	<u>376,657,164</u>	<u>475,251,489</u>	<u>150,107,424</u>

## DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)  
Year ended December 31, 2014

### 15. Capital reserves (cont'd)

- (a) Foreign currency translation reserve represents the exchange differences arising on translation of the financial statements of the company's foreign subsidiaries (note 1), into the group's presentation currency, as well as foreign currency differences arising on balances denominated in a foreign currency with these foreign subsidiaries [note 5(b)].
- (b) Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments until the assets are derecognised or impaired [note 2(c)(v)].

### 16. Operating revenue

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

### 17. Finance income/(costs)

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
(a) Finance income:				
Net foreign exchange gains	30,883,878	32,356,952	58,590,070	44,305,370
Interest income	<u>7,195,384</u>	<u>2,750,117</u>	<u>29,781,396</u>	<u>8,123,340</u>
	<u>\$38,079,262</u>	<u>35,107,069</u>	<u>88,371,466</u>	<u>52,428,710</u>
(b) Finance costs:				
Interest expense	(29,307,333)	(20,318,062)	(29,307,333)	(20,310,564)
Bank charges	(9,947,933)	(8,987,878)	(8,853,938)	(6,497,326)
Loan processing fees	-	(4,017,533)	-	(4,017,534)
Loss on disposal of investments	-	(41,104)	-	(41,104)
Credit card charges	<u>(8,233,202)</u>	<u>(6,939,218)</u>	<u>(8,233,202)</u>	<u>(4,879,800)</u>
	<u>\$(47,488,468)</u>	<u>(40,303,795)</u>	<u>(46,394,473)</u>	<u>(35,746,328)</u>

### 18. Taxation

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
(a) Income tax charge:				
(i) Current tax at 33½% (2013: 28.75%):				
Current year	-	3,303	-	-
(ii) Deferred taxation:				
Origination of temporary differences (note 12)	<u>(6,170,019)</u>	<u>20,268,591</u>	<u>(1,809,876)</u>	<u>20,685,598</u>
	<u>\$(6,170,019)</u>	<u>20,271,894</u>	<u>(1,809,876)</u>	<u>20,685,598</u>

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)  
Year ended December 31, 2014

18. Taxation (cont'd)

(b) Reconciliation of actual tax expense:

	The Group		The Company	
	2014	2013	2014	2013
Profit before taxation	<u>\$433,557,101</u>	<u>342,331,908</u>	<u>581,309,956</u>	<u>269,078,576</u>
Computed "expected" tax charge at the company's statutory rate of 25%	108,389,275	91,239,272	145,327,489	67,269,644
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances, net	( 14,026,712)	2,466,084	( 9,517,024)	2,356,780
Exchange gains	( 959,869)	( 4,417,441)	( 1,191,803)	( 4,970,049)
Provision for unused vacation	( 257,677)	607,874	125,893	260,417
Disallowed expenses, net	35,608,767	9,014,724	23,369,372	7,590,562
Exempt income	-	-	( 25,000,000)	-
Tax remission [note (c)]	(134,923,803)	( 51,821,756)	(134,923,803)	( 51,821,756)
Relief under Section 86 of the Income Tax Act [note (d)]	-	( 26,816,863)	-	-
Actual tax (credit)/charge recognised in profit for the year	<u>\$ ( 6,170,019)</u>	<u>20,271,894</u>	<u>( 1,809,876)</u>	<u>20,685,598</u>

- (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:

<u>Years</u>	<u>Tax rate</u>
2011 to 2015	100% of standard rates
2016 to 2020	50% of standard rates

- (d) Approval has been granted for Dolphin Cove (Negril) Limited to be relieved of income tax arising from operations up to August 2015, under Section 86 of the Income Tax Act.
- (e) The Government of Jamaica enacted new tax measures to change the tax incentive regimes applicable to various industries, effective January 1, 2014. Given the current tax position of the company and its subsidiary, as disclosed in notes (c) and (d) above, these new tax measures have resulted in changes in the income tax and capital allowances computations but will not materially affect the group's tax position until the end of the tax remission period. Some of these changes are as follows:
- Tax compliant entities are able to claim up to 30% of employer's and employees' statutory contributions (Employment Tax Credit) against income tax for the year. Unused Employment Tax credit cannot be carried forward or refunded;
  - The maximum capital allowances on private motor vehicles, which were previously limited to J\$3,200, increased to a maximum of US\$35,000; and
  - No initial allowances are given on the purchase of buildings; however, all other capital expenditure on buildings and other assets continue to attract initial allowances.
- (f) Chesire Hall Limited, SB Holdings Limited, Marine Adventure Park Limited and Balmoral Dolphins Limited have elected to pay income tax at 1% of profits earned. However, the companies have not commenced operations as at the reporting date (note 1).

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)  
Year ended December 31, 2014

18. Taxation (cont'd)

- (g) Dolphin Cove TCI Limited and DCTCI Limited are not required to pay corporation tax in the Turks & Caicos Islands.
- (h) At December 31, 2014, unutilised tax losses available for set-off against future taxable profits, subject to agreement by the Commissioner General of Tax Administration Jamaica, amounted to approximately \$54 million (2013: Nil) for the group and Nil (2013: Nil) for the company.
- (i) A deferred tax asset of approximately \$10.5 million relating to available tax losses and timing differences have not been recognised at December 31, 2014, by a subsidiary as management consider that the financial and operational strategies initiated to utilise the benefits of the deferred tax asset are still in progress.

19. Disclosure of expenses

Profit for the year is stated after charging:

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Auditors' remuneration	6,020,000	5,800,000	4,565,000	3,945,000
Depreciation and amortisation	59,709,206	48,032,325	51,842,110	40,266,401
Staff costs [see also note 21(c)]	<u>358,815,508</u>	<u>325,764,677</u>	<u>358,815,508</u>	<u>279,294,125</u>

Staff costs are broken down as follows:

Salaries and wages				
– administration	131,787,916	130,542,878	131,787,916	111,439,681
Salaries and wages				
– other operations	136,640,297	114,248,157	136,640,297	93,533,327
Salaries and wages – selling	<u>90,387,295</u>	<u>80,973,642</u>	<u>90,387,295</u>	<u>74,321,117</u>
	<u>\$358,815,508</u>	<u>325,764,677</u>	<u>358,815,508</u>	<u>279,294,125</u>

20. Earnings per stock unit

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

	<u>2014</u>	<u>2013</u>
Profit for the year attributable to stockholders of the company	<u>\$439,727,120</u>	<u>322,060,014</u>
Weighted average number of ordinary stock units held during the year	<u>\$392,426,376</u>	<u>392,426,376</u>
Earnings per stock unit (expressed in ¢ per share)	<u>112.05¢</u>	<u>82.07¢</u>

21. Related party balances and transactions

- (a) Identity of related parties:

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

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



DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)  
Year ended December 31, 2014

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

(c) Transactions with key management personnel:

(i) Loan to a director:

In the prior year, an interest-free unsecured loan of \$10,600,000 was advanced to a director. At December 31, 2013, the balance outstanding was \$6,564,429 which was repaid during the year.

(ii) Key management personnel compensation:

	The Group		The Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Directors' emoluments:				
Fees	9,331,200	8,896,392	9,331,200	6,396,396
Management	25,679,659	28,546,604	25,679,659	28,546,604
Key management personnel compensation*	<u>24,440,202</u>	<u>20,570,589</u>	<u>24,440,202</u>	<u>20,570,589</u>

\* Key management personnel compensation is included in staff costs (note 19).

(iii) Key management personnel transactions:

Directors of the company and entities under their control hold 82% (2013: 82%) of the voting stock units of the company.

A number of key management personnel hold positions in other companies that result in them having control or significant influence over those companies. A number of these companies transacted business with the group during the year as disclosed in note 21(d) below. Balances due to these related parties as at December 31, 2014 aggregating Nil (2013: \$1,575,912) are included in accounts payable (note 11).

During the year, monies totaling \$195,958 (2013: \$1,655,101) were advanced on behalf of a related party owned by a director. Amounts due as at the reporting date and included in accounts receivable (note 4) amounted to \$1,294,765 (2013: \$1,098,808).

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

	The Group		The Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Rental income paid to a subsidiary	-	-	17,308,862	-
Inventory bought from a subsidiary	-	-	7,580,222	-
Interest earned from subsidiaries [note 5(b)]	-	-	22,692,327	5,435,708
Boat rental paid to a director	-	(2,126,442)	-	( 2,126,442)
Professional fees paid to a director	(781,582)	(1,281,812)	( 781,582)	( 1,281,812)
Mini-boat commissions paid to a director	-	(1,907,474)	-	( 1,907,474)
Rental of dolphins and camels to subsidiary	-	-	-	64,774,633
Management fees charged to subsidiary	-	-	-	<u>30,000,000</u>

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)  
Year ended December 31, 2014

22. Dividends

	2014		2013	
	Dividend per ordinary stock unit	Dividends paid \$	Dividend per ordinary stock unit	Dividends paid \$
First interim dividend: March 21, 2014 (2013: March 11, 2013)	15¢	58,863,957	10¢	39,242,637
Second interim dividend: June 12, 2014 (2013: May 20, 2013)	15¢	58,863,957	10¢	39,242,637
Third interim dividend: October 3, 2014 (2013: August 29, 2013)	15¢	58,863,957	10¢	39,242,638
Fourth interim dividend: December 19, 2014 (2013: November 15, 2013)	<u>15¢</u>	<u>58,863,957</u>	<u>10¢</u>	<u>39,242,638</u>
	<u>60¢</u>	<u>235,455,828</u>	<u>40¢</u>	<u>156,970,550</u>

23. Segment results

The group's reportable segments are as follows:

- (a) Ocho Rios - This comprises business in Ocho Rios, St. Ann and includes tourist attractions such as dolphin programmes, restaurants, gift and video shops.
- (b) Hanover - This comprises business at Point, Lucea, Hanover and includes tourist attractions such as dolphin programmes, gift and video shops.
- (c) Others - This materially comprises business at the Prospect and Half Moon locations as operations in St. Lucia and the Turks & Caicos Islands have not yet commenced (see note 1). Only dolphin programmes are offered at the Half Moon location. Horseback tours and plantation tours, which include camel rides, ostriches and a butterfly enclosure, are offered at the Prospect location.

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

	2014			
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ <u>1,306,194,175</u>	<u>411,192,774</u>	<u>129,584,410</u>	<u>1,846,971,359</u>
Finance income	\$ <u>88,371,466</u>	<u>106,315</u>	<u>-</u>	<u>88,477,781</u>
Finance costs	\$ ( <u>46,394,473</u> )	( <u>23,249,693</u> )	<u>-</u>	( <u>69,644,166</u> )
Depreciation and amortisation	\$ ( <u>49,564,199</u> )	( <u>7,033,144</u> )	( <u>3,111,863</u> )	( <u>59,709,206</u> )
Taxation	\$ <u>1,809,876</u>	<u>4,360,143</u>	<u>-</u>	<u>6,170,019</u>
Segment profit after tax	\$ <u>464,967,441</u>	<u>90,123,191</u>	<u>17,203,310</u>	<u>572,293,942</u>
Reportable segment assets	\$ <u>2,458,379,074</u>	<u>810,444,162</u>	<u>342,786,087</u>	<u>3,611,609,323</u>
Capital expenditure	\$ <u>66,625,630</u>	<u>1,653,162</u>	<u>46,785,819</u>	<u>115,064,611</u>
Reportable segment liabilities	\$ <u>581,041,104</u>	<u>227,006,133</u>	<u>272,654,803</u>	<u>1,080,702,040</u>

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)  
Year ended December 31, 2014

23. Segment results (cont'd)

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

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

	2014	2013
<u>Revenue</u>		
Total revenue for reportable segments	1,846,971,359	1,611,583,213
Less other income	( 1,234,544)	( 2,450,641)
Elimination of inter-segment management fees	( 31,200,000)	( 31,200,000)
Elimination of inter-segment rental income	( 106,854,362)	( 75,723,133)
	<u>\$1,707,682,453</u>	<u>1,502,209,439</u>
<u>Finance income</u>		
Total finance income for reportable segments	88,477,781	59,621,688
Translation adjustment on consolidation	( 19,156,592)	( 19,078,913)
Elimination of inter-company transactions	( 31,241,927)	( 5,435,706)
Consolidated finance income	<u>\$ 38,079,262</u>	<u>35,107,069</u>
<u>Finance costs</u>		
Total finance costs for reportable segments	69,644,166	45,739,501
Elimination of inter-company transactions	( 22,155,698)	( 5,435,706)
Consolidated finance costs	<u>\$ 47,488,468</u>	<u>40,303,795</u>
<u>Assets</u>		
Total assets for reportable segments	3,611,609,323	2,243,337,798
Elimination of investment in subsidiaries	( 33,428,714)	( 33,428,714)
Elimination of due from subsidiaries	( 486,998,814)	( 363,193,460)
Consolidated total assets	<u>\$3,091,181,795</u>	<u>1,846,715,624</u>
<u>Liabilities</u>		
Total liabilities for reportable segments	1,080,702,040	867,505,044
Elimination of due to parent company	( 486,998,814)	( 363,193,460)
Consolidated total liabilities	<u>\$ 593,703,226</u>	<u>504,311,584</u>
<u>Profit after tax</u>		
Segment profit after tax	572,293,942	341,138,927
Depreciation charge on consolidation	( 4,324,002)	-
Elimination of inter-company dividends and interest	( 109,086,228)	-
Translation adjustment on consolidation	( 19,156,592)	( 19,078,913)
Consolidated profit for the year	<u>\$ 439,727,120</u>	<u>322,060,014</u>

## DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)  
Year ended December 31, 2014

### 24. Commitments

#### (a) Operating lease commitments:

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

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Within one year	13,759,284	12,765,324	34,052,852	12,765,324
Between one and five years	13,759,284	25,530,648	94,933,556	25,530,648
Over five years	-	-	301,021,258	-
	<u>\$27,518,568</u>	<u>38,295,972</u>	<u>430,007,666</u>	<u>38,295,972</u>
Operating lease payments recognised in profit or loss	<u>\$12,230,000</u>	<u>32,311,452</u>	<u>29,538,862</u>	<u>32,311,452</u>

#### (b) Capital commitments:

In the prior year, approximately US\$600,000 was approved by the board, in respect of the proposed expansion work to be carried out at the Dolphin Cove Negril and Ocho Rios properties, for which no provision was made in the financial statements.

There were no capital commitments as at December 31, 2014.

### 25. Financial instruments

#### (a) Financial risk management:

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

##### (i) Credit risk:

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

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

25. Financial instruments (cont'd)

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

(i) Credit risk (cont'd):

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

The group limits its exposure to credit risk by:

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

*Accounts receivable*

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has a credit policy in place under which each customer is analysed for credit worthiness prior to being offered credit. The group does not require collateral in respect of trade and other receivables. At the reporting date there were significant concentrations of credit risk in respect of 10 (2013: 10) major customers for the group and 10 (2013: 7) for the company who materially comprised trade receivables. As at December 31, 2014, amounts receivable from these customers aggregated \$83,701,200 (2013: \$64,802,417) for the group and \$83,701,200 (2013: \$58,388,386) for the company. These represent 50% (2013: 42%) and 50% (2013: 50%) of trade receivables for the group and the company, respectively.

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

*Due from related parties*

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

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

(ii) Market risk:

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

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)  
Year ended December 31, 2014

25. Financial instruments (cont'd)

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

(ii) Market risk (cont'd):

• Interest rate risk:

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

Subject to normal conditions, the group materially contracts financial liabilities at fixed interest rates for the duration of the term.

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

Financial instruments are subject to interest as follows:

	Carrying amount			
	The Group		The Company	
	2014	2013	2014	2013
Fixed rate instruments:				
Financial assets	172,595,417	138,021,855	172,595,417	138,021,855
Financial liabilities	(278,161,107)	(322,922,920)	(278,161,107)	(322,922,920)
	<u>\$ (105,565,690)</u>	<u>(184,901,065)</u>	<u>(105,565,690)</u>	<u>(184,901,065)</u>
Variable rate instruments:				
Financial assets	215,010,697	76,777,961	663,992,648	40,845,271
Financial liabilities	( 30,704,281)	( 17,882,751)	( 30,704,281)	( 17,882,751)
	<u>\$184,306,416</u>	<u>58,895,210</u>	<u>633,288,367</u>	<u>22,962,520</u>

*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			
	2014		2013	
	Increase 250bp	Decrease 100bp	Increase 250bp	Decrease 100bp
Effect on profit (decrease)/increase	<u>\$4,607,660</u>	<u>(1,843,064)</u>	<u>1,472,380</u>	<u>(588,952)</u>

25. Financial instruments (cont'd)

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

(ii) Market risk (cont'd):

- Interest rate risk (cont'd):

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

	The Company			
	2014		2013	
	<u>Increase</u> 250bp	<u>Decrease</u> 100bp	<u>Increase</u> 250bp	<u>Decrease</u> 100bp
Effect on profit (decrease)/increase	\$15,832,209	(6,322,884)	574,063	(229,625)

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

*Fair value sensitivity analysis for fixed rate instruments*

The group does not account for any fixed rate financial instrument at fair value. Therefore, a change in interest rates at the reporting date would not affect the profit or other comprehensive income recognised for the year.

- Foreign currency risk:

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

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

Exposure to foreign currency risk on US\$ denominated balances was as follows:

	The Group		The Company	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	1,261,348	759,598	931,518	422,230
Securities purchased under resale agreements	1,845,862	905,691	1,845,862	905,691
Investments	279,357	287,652	279,357	287,652
Accounts receivable	1,296,337	1,186,276	1,296,337	967,293
Due from related parties	-	105,654	4,269,454	105,654
Bank overdrafts	( 203,238)	( 51,420)	( 203,238)	( 51,420)
Accounts payable	( 315,743)	( 281,868)	( 236,728)	( 258,064)
	US\$ <u>4,163,923</u>	<u>2,911,583</u>	<u>8,182,562</u>	<u>2,379,036</u>
Equivalent to	J\$ <u>475,186,893</u>	<u>307,802,526</u>	<u>933,793,975</u>	<u>251,503,526</u>

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)  
Year ended December 31, 2014

25. Financial instruments (cont'd)

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

(ii) Market risk (cont'd):

• Foreign currency risk (cont'd):

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

At December 31, 2014:	\$114.12
At December 31, 2013:	\$105.72

*Sensitivity analysis*

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

	Increase/(decrease) in profit for the year			
	The Group		The Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
10% (2013: 15%) strengthening of the US\$ against the JS	<u>47,518,689</u>	<u>46,170,379</u>	<u>93,379,398</u>	<u>37,725,529</u>
1% (2013: 1%) weakening of the US\$ against the JS	<u>( 4,751,869)</u>	<u>( 3,078,025)</u>	<u>( 9,337,940)</u>	<u>( 2,515,035)</u>

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

(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					
	Carrying amount	Contractual cash flows	2014			
6 months or less			6-12 months	1-2 years	2-5 years	
Bank overdrafts	30,704,281	30,704,281	30,704,281	-	-	-
Long-term liabilities	278,161,107	334,792,826	38,973,100	83,039,506	128,285,387	84,494,833
Accounts payable	142,866,230	142,866,230	142,866,230	-	-	-
Dividends payable	<u>58,863,957</u>	<u>58,863,957</u>	<u>58,863,957</u>	-	-	-
Total financial liabilities	<u>\$510,595,575</u>	<u>567,227,294</u>	<u>271,407,568</u>	<u>83,039,506</u>	<u>128,285,387</u>	<u>84,494,833</u>



Notes to the Financial Statements (Continued)  
Year ended December 31, 201425. Financial instruments (cont'd)

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

## (iii) Liquidity risk (cont'd):

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

	The Company					
	2014					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Bank overdrafts	30,704,281	30,704,281	30,704,281	-	-	-
Due to subsidiaries	28,472	28,472	28,472	-	-	-
Long-term liabilities	278,161,107	334,792,826	38,973,100	83,039,506	128,285,387	84,494,833
Accounts payable	130,175,636	130,175,636	130,175,636	-	-	-
Dividends payable	<u>58,863,957</u>	<u>58,863,957</u>	<u>58,863,957</u>	-	-	-
Total financial liabilities	<u>\$497,933,453</u>	<u>554,565,172</u>	<u>258,745,446</u>	<u>83,039,506</u>	<u>128,285,387</u>	<u>84,494,833</u>

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

## (b) Capital management:

The group manages the adequacy of capital by managing the returns on equity and borrowed funds to protect against losses on its business activities so as to be able to generate an adequate level of return for its stockholders. As a condition of its long term loans, the company is required to have positive stockholders' equity. There are no other externally imposed capital requirements and there have been no changes in the group's approach to managing capital during the year.

## (c) Fair value of financial instruments:

The following methods and assumptions have been used:

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

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2014

25. Financial instruments (cont'd)

(c) Fair value of financial instruments (cont'd):

The following methods and assumptions have been used (cont'd):

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

# FORM OF PROXY

DOLPHIN COVE LIMITED

I/We

.....  
.....

of .....being a  
member/members of the

above named Company, hereby appoint

.....

of.....  
.....

or failing him

.....of.....

..... as my/our proxy to vote for me/us on My/our behalf  
at the

Annual General Meeting of the Company to be held on the 23rd day of June 2014 and at any adjournment  
thereof.

Signed this.....day of.....2014.

**PLACE  
\$100.00  
STAMP  
HERE**

.....





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