

# Dolphin Cove Limited

## Report To Stockholders

Six Months ended June 30, 2011



On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of Dolphin Cove Limited for the six and three months ended June 30, 2011.

### HIGHLIGHTS

	<b>Six-month period ended June 30, 2011</b>	<b>Six-month period ended June 30, 2010</b>	<b>Increase</b>
	<b>Unaudited</b>	<b>Unaudited</b>	
Total revenue	\$606,509,991	\$452,597,346	34%
Profit before taxation	\$147,734,372	\$ 78,795,241	87%
Number of shares in issue	392,426,376	312,426,376	
Earnings per share: pre tax	\$0.38	\$0.25	52%
after tax	\$0.38	\$0.16	137%

### Income Statement

For each of the six and three months ended June 30, 2011, revenues were 34% above the comparable periods in 2010. Profit Before Tax increased by 87% and 112% for the six month and three month comparable periods respectively. The park in Hanover, which commenced operations in August 2010, contributed about half of the dollar value of the increased sales of the Group in both periods and it now accounts for 16% of the Profit Before Tax of the Group.

Operating expenses for the six and three months comparable periods were higher by 22% and 19% respectively. The increase is due to increased selling efforts and the hiring of new executives in operations and finance.

### Balance Sheet

The months leading up to June are more active than the months leading up to December in each year. Considering this pattern, our level of Accounts Receivable is in accordance with our normal experience and better (lower) in terms of sales at June 30, 2011 than

at June 30, 2010.

Shareholders' Equity at June 30 2011 stood at \$1,003 million. On July 25, 2011 your directors declared an interim dividend of 8 cents per share (amounting to \$31.4 million) to be paid on September 28, 2011 to shareholders on record at September 7, 2011.

# Dolphin Cove Limited Report To Stockholders

Six Months ended June 30, 2011



## Team

The "Jamaica Hotel Tourism Association Employee of the Year Award" Recipient for 2010/2011 was Ms. Jenere Medwinter - Guest Relations Manager of Dolphin Cove Ocho Rios.

The St. Ann Chamber of Commerce "Young Entrepreneurship Award" recipient for 2011 was Mr. Gregory Burrowes - Vice President/Director of Dolphin Cove Ocho Rios.

## Community building

Dolphin Cove works closely with "Teen Challenge" - a drug rehabilitation centre. As a way of earning funds for the Centre they make Jewellery which is later sold at Dolphin Cove.

On Labour Day this year Dolphin Cove adopted Steer Town Basic School and helped in erecting a sign and fencing at the school.

Dolphin Cove continues to facilitate students for summer employment.

## Outlook

The forecast for the upcoming cruise season is for additional ships docking in Falmouth. The berths left vacant in Ocho Rios by the relocation of Royal Caribbean ships to Falmouth are being booked by other cruise lines such as Norwegian Cruise Lines. The high cost of fuel is resulting in the cruise industry planning shorter cruises to closer destinations from the US such as Ocho Rios, Falmouth and Montego Bay.

Our breeding program continues to be successful and

the two oldest of the five dolphins born in Ocho Rios have been trained and now participates in our entertainment programme.

The reopening of the Bog Walk Gorge will enable travelling from Kingston to Dolphin Cove much easier.

Notwithstanding signals of impending downturns of the economies of the US and Europe, we consider tourism in Jamaica to be a mature and sustainable industry and we will continue to invest in it.

Director

Stafford Burrowes, OD  
Chairman and Chief Executive Officer

Director

Hon. William A. McConnell, O.J., C.D.  
Chairman of Audit Committee

# Dolphin Cove Limited

## Report To Stockholders

### Six Months ended June 30, 2011

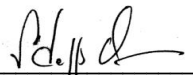


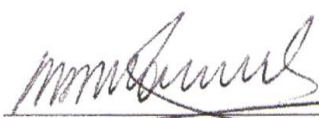
#### DOLPHIN COVE LIMITED

#### Group Interim Statement of Financial Position As at June 30, 2011

	Six-months ended June 30, 2011	Six-months ended June 30, 2010	Year ended December 31, 2010
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	77,822,412	15,183,794	18,815,314
Securities purchased under resale agreements	140,866,565	-	203,424,623
Accounts receivable	174,569,619	143,339,565	124,635,189
Due from related parties	7,481,252	62,976,672	2,397,907
Taxation recoverable	3,125,066	-	2,089,992
Inventories	24,266,331	23,246,851	25,319,369
	<u>428,131,245</u>	<u>244,746,882</u>	<u>376,682,394</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	804,432,070	636,416,093	793,153,307
Biological assets	112,483,435	120,788,509	117,440,052
Loan receivable	-	40,602,123	625,798
	<u>916,915,505</u>	<u>797,806,725</u>	<u>911,219,157</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,345,046,750</u></b>	<b><u>1,042,553,607</u></b>	<b><u>1,287,901,551</u></b>
<b>CURRENT LIABILITIES</b>			
Bank overdrafts, unsecured	672,803	73,700,243	19,552,951
Accounts payable and provisions	83,291,107	64,287,773	62,554,622
Current portion of long term loans	71,768,643	74,729,214	85,311,252
Due to related parties	-	177,302,392	-
Taxation payable	-	7,662,073	6,499,376
	<u>155,732,553</u>	<u>397,681,695</u>	<u>173,918,201</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liability	4,838,202	6,567,363	9,447,872
Long term loans	180,800,982	19,642,722	248,338,046
	<u>185,639,184</u>	<u>26,210,085</u>	<u>257,785,918</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	257,960,325	39,053,297	258,217,124
Share premium	-	138,271,244	-
Capital reserve	345,742,071	207,470,827	345,742,071
Retained earnings	399,972,617	233,866,459	252,238,237
	<u>1,003,675,013</u>	<u>618,661,827</u>	<u>856,197,432</u>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>\$ <u>1,345,046,750</u></b>	<b><u>1,042,553,607</u></b>	<b><u>1,287,901,551</u></b>

Approved by the Board of Directors and signed on its behalf by:

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

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

# Dolphin Cove Limited

## Report To Stockholders

### Six Months ended June 30, 2011



#### DOLPHIN COVE LIMITED

#### Group Interim Statements of Comprehensive Income Six-months ended June 30, 2011

	Six-months ended June 30, 2011 <u>Unaudited</u>	Six-months ended June 30, 2010 <u>Unaudited</u>	Three-months ended June 30, 2011 <u>Unaudited</u>	Three-months ended June 30, 2010 <u>Unaudited</u>	Year ended December 31, 2010 <u>Audited</u>
OPERATING REVENUE:					
Dolphin attraction revenue	410,027,708	315,774,926	206,866,944	162,407,199	619,843,889
Less: Direct costs of dolphin attraction	<u>(65,660,883)</u>	<u>(53,358,836)</u>	<u>(34,278,699)</u>	<u>(25,219,545)</u>	<u>(101,168,676)</u>
	<u>344,366,825</u>	<u>262,416,090</u>	<u>172,588,245</u>	<u>137,187,654</u>	<u>518,675,213</u>
Ancillary services revenue	196,482,283	136,822,420	99,229,214	66,762,894	259,795,036
Less: Direct costs of ancillary services	<u>(32,121,690)</u>	<u>(23,236,228)</u>	<u>(16,856,595)</u>	<u>(12,676,772)</u>	<u>(47,313,516)</u>
	<u>164,360,593</u>	<u>113,586,192</u>	<u>82,372,619</u>	<u>54,086,122</u>	<u>212,481,520</u>
Gross profit	508,727,418	376,002,282	254,960,864	191,273,776	731,156,733
Other income	<u>6,563,247</u>	<u>57,500</u>	<u>3,883,255</u>	<u>-</u>	<u>1,476,365</u>
	<u>515,290,665</u>	<u>376,059,782</u>	<u>258,844,119</u>	<u>191,273,776</u>	<u>732,633,098</u>
OPERATING EXPENSES:					
Selling	149,211,328	124,003,934	73,284,525	62,741,253	257,447,514
Other operations	123,889,382	103,695,581	66,686,819	57,707,388	210,468,108
Administrative	<u>80,959,140</u>	<u>61,492,975</u>	<u>40,918,564</u>	<u>32,061,740</u>	<u>126,622,943</u>
	<u>354,059,850</u>	<u>289,192,490</u>	<u>180,889,908</u>	<u>152,510,381</u>	<u>594,538,565</u>
Profit before finance income and costs	161,230,815	86,867,292	77,954,211	38,763,395	138,094,533
Finance income	4,389,396	4,878,498	2,033,055	941,338	(1,910,952)
Finance costs	<u>(17,885,836)</u>	<u>(12,950,549)</u>	<u>(8,842,974)</u>	<u>(6,174,840)</u>	<u>(29,405,694)</u>
Profit before taxation	147,734,375	78,795,241	71,144,292	33,529,893	106,777,887
Taxation	<u>-</u>	<u>(27,997,506)</u>	<u>-</u>	<u>(13,061,832)</u>	<u>(37,608,374)</u>
Profit for the period	<u>147,734,375</u>	<u>50,797,735</u>	<u>71,144,292</u>	<u>20,468,061</u>	<u>69,169,513</u>

# Dolphin Cove Limited

## Report To Stockholders

Six Months ended June 30, 2011



### DOLPHIN COVE LIMITED

#### Group Interim Statement Changes in Stockholder's Equity Six months ended June 30, 2011

	Six months ended June 30, 2011	Six months ended June 30, 2010	Three months ended March 31, 2011	Three months ended March 31, 2010	Year ended December 31, 2010
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Balances at beginning of period	\$ 856,197,437	831,052,742	856,197,432	831,052,742	831,052,742
Transactions recorded directly in equity:					
Issue of shares and adjustments	(256,799)	-	(256,799)	-	219,163,827
Dividends		(263,188,650)		(263,188,650)	(263,188,650)
Profit for the period, being total comprehensive income:	\$ 147,734,375	50,797,735	76,590,083	30,329,674	69,169,513
Balance at end of period	\$ 1,003,675,013	618,661,827	932,530,716	598,193,766	856,197,432

# Dolphin Cove Limited

## Report To Stockholders

### Six Months ended June 30, 2011



#### DOLPHIN COVE LIMITED

#### Group Interim Statement of Cash Flows

	Six-months ended June 30, 2011 <u>Unaudited</u>	Six-months ended June 30, 2010 <u>Unaudited</u>	Year ended December 31, 2010 <u>Audited</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period	147,734,375	50,797,735	69,169,513
Adjustments for:			
Depreciation and amortisation	14,945,455	9,774,297	25,769,666
Interest income	(4,389,395)	(722,819)	(2,193,563)
Interest expense	17,885,836	7,349,232	21,743,943
Gain on disposal of property, plant and equipment	-	-	(642,400)
Tax expense	-	-	37,608,375
Operating profit before changes in working capital	176,176,271	67,198,446	151,455,534
Accounts receivable	(49,934,430)	(39,220,156)	(20,515,780)
Inventories	1,053,038	(3,781,830)	(5,854,348)
Accounts payable and provisions	16,511,827	3,643,244	24,943
Due from/to related parties, net	(5,083,345)	(94,690,421)	51,774,602
Cash generated from operations	138,723,361	(66,850,717)	176,884,951
Interest paid	(13,661,173)	(7,349,232)	(19,858,793)
Income tax paid/withheld	(12,144,120)	(14,092,496)	(52,073,051)
Net cash provided by operating activities	<u>112,918,068</u>	<u>(88,292,445)</u>	<u>104,953,107</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	4,389,395	722,819	2,193,563
Securities purchased under resale agreements	62,558,058	69,254,100	(134,170,523)
Additions to property, plant and equipment	(21,190,601)	19,153,261	(151,192,566)
Proceeds from disposal of property, plant and equipment	-	-	1,910,000
Additions to biological assets	(77,000)	-	(305,899)
Loan receivable	625,798	(4,679,289)	35,297,036
Net cash used by investing activities	<u>46,305,650</u>	<u>84,450,890</u>	<u>(246,268,389)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	(256,799)	-	(263,188,650)
Long term liabilities received, net	(81,079,673)	(69,196,348)	219,163,827
Net cash (used)/provided by financing activities	<u>(81,336,472)</u>	<u>(69,196,348)</u>	<u>126,056,191</u>
Net increase in cash resources	77,887,246	(73,037,903)	(15,259,091)
Cash resources at beginning of the period	(737,637)	14,521,454	14,521,454
CASH RESOURCES AT END OF PERIOD	\$ <u>77,149,609</u>	<u>(58,516,449)</u>	<u>(737,637)</u>
Comprising:			
Cash and cash equivalents	77,822,412	15,183,794	18,815,314
Bank overdrafts, unsecured	(672,803)	(73,700,243)	(19,552,951)
	\$ <u>77,149,609</u>	<u>(58,516,449)</u>	<u>(737,637)</u>

# Dolphin Cove Limited

## Report To Stockholders

### Six Months ended June 30, 2011



#### DOLPHIN COVE LIMITED

#### Selected Explanatory Notes

##### Six months ended June 30, 2011

##### Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with accounting policies set out in note 2 to the audited consolidated financial statement for the year ended December 31, 2010 which have been consistently applied from period to period.

##### Segment information

<b>Six month period to June 30, 2011</b>					
		Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$	<u>1,334,513,185</u>	<u>306,514,042</u>	<u>27,062,242</u>	<u>1,668,089,468</u>
Capital expenditure	\$	<u>4,470,792</u>	<u>1,484,669</u>	<u>-</u>	<u>5,955,461</u>
Reportable segment liabilities	\$	<u>333,727,309</u>	<u>297,466,909</u>	<u>-</u>	<u>631,194,218</u>

<b>Year ended December 31, 2010</b>					
		Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$	<u>1,297,975,594</u>	<u>277,082,490</u>	<u>24,593,134</u>	<u>1,599,651,218</u>
Capital expenditure	\$	<u>13,383,873</u>	<u>137,533,520</u>	<u>581,072</u>	<u>151,498,465</u>
Reportable segment liabilities	\$	<u>420,711,282</u>	<u>289,522,262</u>	<u>-</u>	<u>710,233,544</u>

<b>Six month period to June 30, 2011</b>					
		Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$	<u>456,508,356</u>	<u>99,799,628</u>	<u>50,202,007</u>	<u>606,509,991</u>
Finance Income	\$	<u>16,281,940</u>	<u>-</u>	<u>-</u>	<u>16,281,940</u>
Finance cost	\$	<u>(16,929,240)</u>	<u>(12,849,146)</u>	<u>-</u>	<u>(29,778,386)</u>
Depreciation and amortization	\$	<u>(11,206,239)</u>	<u>(2,949,143)</u>	<u>(790,073)</u>	<u>(14,945,455)</u>
Segment Profit	\$	<u>120,590,988</u>	<u>23,553,466</u>	<u>3,589,918</u>	<u>147,734,372</u>

<b>Year ended June 30, 2010</b>					
		Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$	<u>399,915,791</u>	<u>-</u>	<u>52,681,555</u>	<u>452,597,346</u>
Finance Income	\$	<u>4,878,498</u>	<u>-</u>	<u>-</u>	<u>4,878,498</u>
Finance cost	\$	<u>(12,950,549)</u>	<u>-</u>	<u>-</u>	<u>(12,950,549)</u>
Depreciation and amortization	\$	<u>9,774,297</u>	<u>-</u>	<u>-</u>	<u>9,774,297</u>
Taxation expense	\$	<u>(27,997,506)</u>	<u>-</u>	<u>-</u>	<u>(27,997,506)</u>
Segment profit after tax	\$	<u>39,506,803</u>	<u>-</u>	<u>11,290,932</u>	<u>50,797,735</u>

# Dolphin Cove Limited

## Report To Stockholders

Six Months ended June 30, 2011



### DOLPHIN COVE LIMITED

#### Selected Explanatory Notes

Six months ended June 30, 2011

	Unaudited June 30, <u>2011</u>	Audited December 31, <u>2010</u>
<u>Assets</u>		
Total asset for reportable segments	\$ 1,668,089,468	1,599,651,218
Elimination of investment in subsidiaries	\$ (33,220,242)	(33,220,242)
Elimination of due from subsidiary	\$ (289,822,481)	<u>(278,529,425)</u>
Consolidated total assets	\$ <u>1,345,046,750</u>	<u>1,287,901,551</u>

#### Liabilities

Total liabilities for reportable segments	\$ 631,194,218	710,233,544
Elimination of due to subsidiary	\$ (289,822,481)	<u>(278,529,425)</u>
Consolidated total liabilities	\$ <u>341,371,737</u>	<u>431,704,119</u>

	Unaudited June 30, <u>2011</u>	Unaudited June 30, <u>2010</u>
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#### Finance Income

Total finance income for reportable segments	\$ 16,281,940	4,878,498
Elimination of inter-company transaction	\$ (11,892,545)	-
Consolidated finance income	\$ <u>4,389,395</u>	<u>4,878,498</u>

#### Finance Cost

Total finance cost for reportable segments	\$ 29,778,386	12,950,549
Elimination of inter-company transaction	\$ (11,892,545)	-
Consolidated finance cost	\$ <u>17,885,841</u>	<u>12,950,549</u>