

Dolphin Cove Limited

Report To Stockholders

Three Months ended March 31st, 2017



Dolphin Cove limited
 Report to Stockholders
Three Months ended March 31, 2017

On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of Dolphin Cove Limited for the three months ended March 31, 2017.

OPERATIONS

OPERATIONS				
	Three-month period ended March 31, 2017	Three-month period ended March 31, 2016	% increase	Year ended December 31, 2016
Total Revenue (US\$mn)	\$4.3	\$4.1	5%	\$15.3
Profit after taxation (US\$mn)	\$1.4	\$1.5	-7%	\$2.9
Number of shares in issue	392,426,376	392,426,376		392,426,376
Earnings per share after tax	\$0.0036	\$0.0038	-7%	\$0.0074
Dividends declared per share	\$0.0000	\$0.0000		\$0.0048

Dolphin Cove ended the first quarter of 2017 with a profit of US\$ 1.4 million compared to US\$1.5 million for the same period in 2016. Per guest swim revenues were increased and there was a slight increase in the proportion of ancillary service revenue which is more profitable, and as a result the overall gross profit for the 3 first months of the year was 3% higher than the same period of 2016.

Since Easter fell in to the second quarter of 2017 and the first quarter of 2016, this year's first quarter of 2017 did not benefit from the usual significant spike in revenue during the Easter season. Despite this, revenues for Q1 2017 were above Q1 2016.

Expenses in this first quarter of the year increased by 7% compared with the same period of 2016, due primarily to a strong publicity campaign of our newest park, Yaa man Adventure Park, which caused an increase of 3% in the marketing expenditure and the revenue of this park increased significantly in comparison to 2016.

The administrative expenditure increased by 12% in comparison to 2016 due mainly to repairs to company vehicles.

We had an increase in animal welfare expenditure and utilities which caused the Other operations expense for the quarter to end 8% above 2016.

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FINANCIAL POSITION

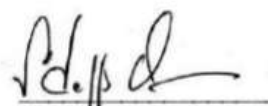
FINANCIAL POSITION					
	As at March 31, 2017	As at March 31, 2016	Increase/ (decrease)	As at December 31, 2016	Increase/ (decrease)
Working Capital (USmn)	\$2.3	\$3.4	-32%	\$1.4	64%
Fixed Assets (USmn)	\$21.8	\$17.8	22%	\$21.7	0%
Net Assets (USmn)	\$26.8	\$22.8	18%	\$25.4	6%
Debt to Equity ratio	0.05:1	0.07:1		0.05:1	
Net assets per share	\$0.07	\$0.06	18%	\$0.06	6%
Market price	\$14.50	\$9.20	58%	\$15.50	-6%
Market/Book value	2.12	1.58	34%	2.39	-11%

During the quarter the Group made capital expenditures of US\$0.4 million for the purchase of 2 dolphins and several improvements to the facilities of the Parks which is expected to have a positive impact on our performance going forward.

We continue to expand our marketing efforts in anticipation of the additional rooms that are expected to come on stream during 2017 and there is the prospect of increased local sales emanating from Kingston facilitated by the new highway and the establishment of a marketing presence in Kingston.

A dividend of 20 cents per share was declared in April and will be paid in second quarter of 2017.

The financial resources of the group remain strong and this will facilitate our plans to expand our operations locally and in other Caribbean countries.


 _____ Director
 Stafford Burrowes, OD
 Chairman and Chief Executive Officer



 Travis Burke TAM493
 Non Executive Director

Dolphin Cove Limited

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DOLPHIN COVE LIMITED

Group Interim Statement of Financial Position As At March 31, 2017

	3 Months Ended March 31, 2017	3 Months Ended March 31, 2016	Year Ended December 31, 2016
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
CURRENT ASSETS			
Cash and cash equivalents	2,176,712	1,445,851	1,223,530
Securities purchased under resale agreements	-	1,295,724	-
Investments	300,038	255,759	300,037
Accounts receivable	2,436,784	1,846,525	1,699,508
Due from related parties	-	-	-
Taxation recoverable	28,712	63,732	28,268
Inventories	397,123	408,955	343,703
	<u>5,339,369</u>	<u>5,316,546</u>	<u>3,595,046</u>
NON-CURRENT ASSETS			
Investments	63,501	148,706	-
Property, plant and equipment	20,310,203	17,764,318	20,292,633
Live assets	4,135,224	2,958,033	3,865,533
Due from related company	1,450,000	-	1,450,000
	<u>25,958,928</u>	<u>20,871,057</u>	<u>25,608,166</u>
TOTAL ASSETS	\$ <u>31,298,297</u>	<u>26,187,603</u>	<u>29,203,212</u>
CURRENT LIABILITIES			
Bank overdrafts	113,286	-	113,286
Accounts payable	2,172,341	1,148,299	1,340,354
Dividend Payable	-	-	-
Current portion of long term liabilities	740,635	740,635	740,635
Taxation payable	1,641	-	1,641
Taxation payable	22,112	-	22,112
	<u>3,050,015</u>	<u>1,888,934</u>	<u>2,218,028</u>
NON-CURRENT LIABILITY			
Deferred tax liability	936,917	566,350	936,916
Long-term liabilities	477,471	898,903	606,939
	<u>1,414,388</u>	<u>1,465,253</u>	<u>1,543,855</u>
SHAREHOLDERS' EQUITY			
Share capital	3,654,390	2,008,405	3,654,390
Equity Reserves	10,655,913	10,492,252	10,655,913
Retained Earnings	12,523,591	10,332,759	11,131,026
	<u>26,833,894</u>	<u>22,833,416</u>	<u>25,441,329</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	\$ <u>31,298,297</u>	<u>26,187,603</u>	<u>29,203,212</u>

Dolphin Cove Limited

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Three Months ended March 31st, 2017



DOLPHIN COVE LIMITED

Group Interim Statement of Profit or Loss and Other Comprehensive Income Three months ended March 31, 2017

	3 Months Ended March 31, 2017 <u>Unaudited</u>	3 Months Ended March 31, 2016 <u>Unaudited</u>	Year Ended December 31, 2016 <u>Audited</u>
OPERATING REVENUE:			
Dolphin attraction revenue	2,423,610	2,421,189	8,805,221
Less: Direct costs of dolphin attraction	<u>104,921</u>	<u>99,582</u>	<u>416,579</u>
	2,318,689	2,321,607	8,388,642
Ancillary services revenue	1,863,564	1,726,020	6,459,613
Less: Direct costs of ancillary services	<u>116,918</u>	<u>110,280</u>	<u>717,090</u>
	1,746,646	1,615,740	5,742,523
Gross profit	4,065,335	3,937,347	14,131,165
Gain on disposal of property, plant & equipment	-	-	-
Live assets retired	-	-	-
Other income	<u>-</u>	<u>-</u>	<u>427</u>
	4,065,335	3,937,347	14,131,592
OPERATING EXPENSES:			
Selling	1,076,271	1,042,517	4,410,924
Other operations	819,350	760,227	3,767,635
Administrative	<u>634,213</u>	<u>564,155</u>	<u>2,525,587</u>
	2,529,834	2,366,899	10,704,146
Profit before finance income and costs	1,535,501	1,570,448	3,427,446
Finance income	65,942	69,392	172,394
Finance costs	<u>(101,294)</u>	<u>(78,760)</u>	<u>(307,943)</u>
Profit before taxation	1,500,148	1,561,081	3,291,897
Taxation	<u>(107,583)</u>	<u>(83,255)</u>	<u>(431,737)</u>
Profit for the period	\$ <u>1,392,565</u>	<u>1,477,826</u>	<u>2,860,160</u>
Earnings per stock unit	<u>0.35€</u>	<u>0.38€</u>	<u>0.73€</u>
Other comprehensive Income:			
Items that are or may be reclassified to profit or loss:			
Translation adjustment on consolidation of foreign subsidiaries	-	47,968	-
Fair value appreciation of available-for-sale investments	<u>-</u>	<u>5,020</u>	<u>30,646</u>
	-	52,988	30,646
Total comprehensive income	\$ <u>1,392,565</u>	<u>1,530,814</u>	<u>2,890,806</u>

Dolphin Cove Limited

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Three Months ended March 31st, 2017



DOLPHIN COVE LIMITED

Group Interim Statement of Changes in Stockholders' Equity

Three months ended March 31, 2017

	3 Months Ended March 31, 2017 <u>Unaudited</u>	3 Months Ended March 31, 2016 <u>Unaudited</u>	Year Ended December 31, 2016 <u>Audited</u>
Balances at beginning of period	\$ 25,441,329	21,337,934	24,427,733
Transactions with owners of the company:			
Dividends	-	-	(1,877,210)
Total comprehensive income:			
Profit for the period	1,392,565	1,477,826	2,860,160
Other comprehensive income:			
Translation adjustment on consolidation of foreign subsidiaries	-	12,636	-
Fair value appreciation of available-for-sale investments	-	5,020	30,646
	\$ <u> -</u>	<u> 5,020</u>	<u> 30,646</u>
Balance at end of period	\$ 26,833,894	22,833,416	25,441,329

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DOLPHIN COVE LIMITED

Group Interim Statement of Cash Flows Three months ended March 31, 2017

	3 Months Ended March 31, 2017 <u>Unaudited</u>	3 Months Ended March 31, 2016 <u>Unaudited</u>	Year Ended December 31, 2016 <u>Audited</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	1,392,565	1,477,826	2,860,160
Adjustments for:			
Depreciation and amortisation	169,725	175,181	1,008,017
Gain on disposal of property, plant and equipment	-	-	-
Live assets retired	-	-	-
Interest income	(65,942)	(14,128)	(48,872)
Interest expense	30,586	32,819	104,787
Impairment loss on trade receivables	-	-	163,570
Taxation	107,583	83,255	431,737
Operating profit before changes in working capital	<u>1,634,518</u>	<u>1,754,953</u>	<u>4,519,399</u>
Accounts receivable	(553,295)	(449,528)	(353,589)
Inventories	(53,420)	(110,094)	(14,004)
Accounts payable	587,559	141,207	447,719
Due from/to related parties	-	-	22,112
Cash generated from operations	<u>1,615,363</u>	<u>1,336,538</u>	<u>4,621,637</u>
Interest paid	(27,286)	(32,819)	(290,695)
Income tax paid	(107,583)	(113,081)	(436,784)
Net cash provided by operating activities	<u>1,480,494</u>	<u>1,190,638</u>	<u>3,894,158</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,972	15,762	51,968
Securities purchased under resale agreements	-	(31,870)	1,357,588
Additions to property, plant and equipment	(79,551)	(559,715)	(1,443,361)
Proceeds from disposal of property, plant and equipment	-	-	-
Additions to live assets	(336,446)	(445,142)	(576,932)
Due from related company	-	-	(1,450,000)
Disposal/(acquisition) of investments	-	-	161,325
Investments acquired	-	1,650	-
Net cash provided/(used) by investing activities	<u>(414,026)</u>	<u>(1,019,315)</u>	<u>(1,899,412)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	-	-	(1,877,210)
Long term liabilities, net	-	(97,231)	(505,044)
Net cash (used)/provided by financing activities	<u>-</u>	<u>(97,231)</u>	<u>(2,382,254)</u>
Net increase in cash resources	1,066,468	74,002	(387,508)
Cash resources at beginning of the period	1,110,244	1,371,849	1,497,752
CASH RESOURCES AT END OF PERIOD	<u>\$ 2,176,712</u>	<u>1,445,851</u>	<u>1,110,244</u>
Comprising:			
Cash and cash equivalents	2,176,712	1,445,851	1,223,530
Bank overdrafts	-	-	(113,286)
	<u>\$ 2,176,712</u>	<u>1,445,851</u>	<u>1,110,244</u>

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Selected Explanatory Notes

Three months ended March 31, 2017

1. Basis of preparation and functional currency:

a) These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 and the Accounting policies set out in note 2 to the audited consolidated financial statement for the year ended December 31, 2016 which have been consistently applied from period to period.

b) The financial statements are presented in United States dollars (US\$), which is the functional currency of the company. During the last quarter of the financial year 2016, management at the direction of the Board of Directors, conducted a review of the accounting policies, which included a reassessment of the functional currency of the group, and concluded that the criteria outlined in IAS 21, The Effects of Changes in Foreign Exchange Rates, indicated that the appropriate functional currency is the United States dollar (US\$).

c) The translation of the statements of 2015 was done based on IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, in accordance to the Notes expressed in the Audited Financial Statements of 2016 [Note 2(b)].