

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30, 2012



On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of Dolphin Cove Limited for the six months ended June 30, 2012.

OPERATIONS

	Six-month period ended June 30, 2012	Six-month period ended June 30, 2011	Increase	Three-month period ended June 30, 2012	Three-month period ended June 30, 2011	Increase	Year ended December 31, 2011
Total Revenue	\$711,828,745	\$591,321,238	20%	\$346,738,420	\$298,415,413	16%	\$1,111,860,257
Profit after taxation	\$194,542,582	\$147,734,375	32%	\$84,238,788	\$71,144,292	18%	\$204,477,075
Number of shares in issue	392,426,376	392,426,376		392,426,376	392,426,276		392,426,376
Earnings per share after tax	\$0.50	\$0.38	32%	\$0.21	\$0.18	18%	\$0.52

The 32% increase in profit during the six months period was largely attributable to the Hanover park which now contributes 31% of the profit of the Group (16% in the prior year comparative) on increased revenue for that park of 55% in the period. The Ocho Rios park showed increased gross revenues of 14% for the six months compared to the prior year but still has spare capacity which will be available to cater to additions of hotel rooms and increases in cruise ship arrivals in its catchment area in the years to come.

In the meantime, following on the success of the Hanover Park development project, your directors have approved the establishment of a new park elsewhere in the Caribbean and land has been acquired for this purpose, as reflected in the segment information in this report under capital expenditure, as part of a project expected to cost US\$2.2M with a projected implementation date in early 2013.

FINANCIAL POSITION

	As at June 30, 2012	As at June 30, 2011	Increase/ (decrease)	As at December 31, 2011	Increase
Working Capital	\$309,356,961	\$272,398,692	14%	\$218,702,265	41%
Fixed Assets	\$979,756,012	\$916,915,505	7%	\$927,585,378	6%
Long-term debt	\$97,525,675	\$185,639,184	-47%	\$133,736,545	-27%
Net Assets	\$1,191,587,298	\$1,003,675,013	19%	\$1,012,551,098	18%
Net assets per share	\$3.04	\$2.56	19%	\$2.58	18%
Market price	\$6.50	\$7.60	-14%	\$5.85	11%

The consolidated financial position of the Group is strong, showing a solid increase in net current assets and net assets despite the increase in fixed assets, reductions in long term debt and the payment of dividends during the twelve and six month periods.

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On July 25, 2012 your directors declared a dividend of \$0.16 per share payable to shareholders on record as at July 9, 2012. This brings the dividends paid in 2012 to date, at the time of writing, to \$78,491,500 compared to \$47,090,446 for the entire year ended December 31, 2011.

Dolphin Cove sent a team to the Steer Town Basic School for the third year running to assist in effecting some much needed repairs and clean up.

Led by Roger Kerr, our main aim this year was to construct a safe and secure access way for teachers, students and parents to enter the school compound. This goal was successfully completed with assistance from the school body and volunteers from the Steer Town community.

We are expecting the Jamaican market to continue to grow at a steady rate while excited about opportunities in other Caribbean islands.

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

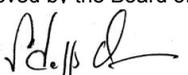
Report To Stockholders

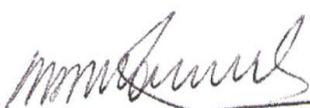
Six Months ended June 30, 2012



	As at June 30, 2012	As at June 30, 2011	As at December 31, 2011
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
CURRENT ASSETS			
Cash and cash equivalents	64,818,684	77,822,412	44,922,944
Securities purchased under resale agreements	74,191,043	115,142,188	63,558,935
Investments	54,394,538	25,724,377	54,394,538
Accounts receivable	239,409,517	174,569,619	164,342,854
Due from related parties	7,918,625	7,155,809	5,878,625
Taxation recoverable	4,848,657	3,450,509	4,036,524
Inventories	<u>30,890,047</u>	<u>24,266,331</u>	<u>24,994,578</u>
	<u>476,471,111</u>	<u>428,131,245</u>	<u>362,128,998</u>
NON-CURRENT ASSETS			
Property, plant and equipment	876,371,444	804,432,070	819,552,062
Biological assets	<u>103,384,568</u>	<u>112,483,435</u>	<u>108,033,316</u>
	<u>979,756,012</u>	<u>916,915,505</u>	<u>927,585,378</u>
TOTAL ASSETS	\$ <u>1,456,227,123</u>	<u>1,345,046,750</u>	<u>1,289,714,376</u>
CURRENT LIABILITIES			
Bank overdrafts, unsecured	9,050,071	672,803	6,769,468
Accounts payable and provisions	78,167,184	83,291,107	64,154,178
Current portion of long term loans	72,496,871	71,768,643	72,496,871
Taxation payable	<u>7,400,024</u>	<u>-</u>	<u>6,216</u>
	<u>167,114,150</u>	<u>155,732,553</u>	<u>143,426,733</u>
NON-CURRENT LIABILITY			
Deferred tax liability	9,022,612	4,838,202	8,873,757
Long term loans	<u>88,503,063</u>	<u>180,800,982</u>	<u>124,862,788</u>
	<u>97,525,675</u>	<u>185,639,184</u>	<u>133,736,545</u>
SHAREHOLDERSEQUITY			
Share capital	258,157,225	257,960,325	257,960,325
Capital reserve	344,965,907	345,742,071	344,965,907
Retained earnings	<u>588,464,166</u>	<u>399,972,617</u>	<u>409,624,866</u>
	<u>1,191,587,298</u>	<u>1,003,675,013</u>	<u>1,012,551,098</u>
TOTAL SHAREHOLDERS' EQUITIES AND LIABILITIES	\$ <u>1,456,227,123</u>	<u>1,345,046,750</u>	<u>1,289,714,376</u>

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


 _____ Director
 Stafford Burrowes, O.D.


 _____ Director
 Hon. William A. McConnell, O.J., C.D.

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30, 2012



	Six-months ended June 30, 2012	Six-months ended June 30, 2011	Three-months ended June 30, 2012	Three-months ended June 30, 2011	Year ended December 31, 2011
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
OPERATING REVENUE:					
Dolphin attraction revenue	526,956,828	416,565,727	266,375,344	210,731,000	794,006,489
Less: Direct costs of dolphin attraction	<u>(51,962,689)</u>	<u>(43,908,883)</u>	<u>(25,508,310)</u>	<u>(22,714,699)</u>	<u>(80,886,060)</u>
	<u>474,994,138</u>	<u>372,656,844</u>	<u>240,867,034</u>	<u>188,016,301</u>	<u>713,120,429</u>
Ancillary services revenue	184,573,331	174,730,283	80,085,610	87,665,214	317,853,768
Less: Direct costs of ancillary services	<u>(30,960,815)</u>	<u>(32,121,690)</u>	<u>(13,782,904)</u>	<u>(16,856,595)</u>	<u>(58,014,646)</u>
	<u>153,612,516</u>	<u>142,608,593</u>	<u>66,302,706</u>	<u>70,808,619</u>	<u>259,839,122</u>
Gross profit	628,606,654	515,265,437	307,169,740	258,824,920	972,959,551
Other income	<u>298,586</u>	<u>25,228</u>	<u>277,466</u>	<u>19,198</u>	<u>597,699</u>
	<u>628,905,241</u>	<u>515,290,665</u>	<u>307,447,206</u>	<u>258,844,119</u>	<u>973,557,250</u>
OPERATING EXPENSES:					
Selling	184,772,874	149,211,328	91,325,117	73,284,525	301,273,283
Other operations	134,834,560	123,889,382	71,212,483	66,686,819	263,960,059
Administrative	<u>103,303,793</u>	<u>80,959,140</u>	<u>55,252,692</u>	<u>40,918,564</u>	<u>177,819,869</u>
	<u>422,911,227</u>	<u>354,059,850</u>	<u>217,790,292</u>	<u>180,889,908</u>	<u>743,053,211</u>
Profit before finance income and costs	205,994,013	161,230,815	89,656,914	77,954,211	230,504,039
Finance income	3,023,932	4,389,396	1,952,176	2,033,055	8,722,172
Finance costs	<u>(14,475,363)</u>	<u>(17,885,836)</u>	<u>(7,370,302)</u>	<u>(8,842,974)</u>	<u>(35,317,035)</u>
Profit before taxation	194,542,582	147,734,375	84,238,788	71,144,292	203,909,176
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>567,899</u>
Profit for the period	\$ <u>194,542,582</u>	<u>147,734,375</u>	<u>84,238,788</u>	<u>71,144,292</u>	<u>204,477,075</u>
Other Comprehensive Income					
Fair value depreciation of available for sale investments					<u>(776,164)</u>
					<u>203,700,911</u>

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30, 2012



DOLPHIN COVE LIMITED

Group Interim Statement Changes in Stockholder's Equity Six-months ended June 30, 2012

	Six-months ended June 30, 2012	Six-months ended June 30, 2011	Year ended December 31, 2011
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Balances at beginning of period	\$ 1,012,551,098	856,197,437	856,197,437
Transactions recorded directly in equity:			
Issue of shares and adjustments	-	(256,799)	(256,799)
Dividends	(15,703,279)	-	(47,090,446)
Fair Value depn. of available -for- sale investments			(776,164)
Profit for the period, being total comprehensive income:	\$ 194,542,582	147,734,375	204,477,075
Balance at end of period	\$ 1,191,587,298	1,003,675,013	1,012,551,098

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30, 2012



DOLPHIN COVE LIMITED

Group Interim Statement of Cash Flows

	Six-months ended June 30, 2012	Six-months ended June 30, 2011	Year ended December 31, 2011
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	194,542,582	147,734,375	204,477,075
Adjustments for:			
Depreciation and amortisation	15,954,864	14,945,455	30,833,295
Interest income	(3,023,932)	(4,389,396)	(8,722,172)
Interest expense	14,475,363	(17,885,841)	22,640,117
Gain on disposal of property, plant and equipment	-	-	(570,000)
Tax expense	-	-	(567,899)
Operating profit before changes in working capital	221,948,876	140,404,593	248,090,416
Accounts receivable	(75,066,664)	(49,934,430)	(39,606,135)
Inventories	(5,895,468)	1,053,038	324,791
Accounts payable and provisions	14,013,006	20,736,485	152,981
Due from/to related parties, net	(2,039,999)	(4,132,104)	(3,480,718)
Cash generated from operations	152,959,752	108,127,582	205,481,335
Interest paid	(14,475,363)	17,885,841	(21,193,542)
Income tax paid/withheld	6,730,529	(12,469,563)	(8,445,908)
Net cash provided by operating activities	145,214,918	113,543,860	175,841,885
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	3,023,932	4,389,396	8,620,642
Securities purchased under resale agreements	(10,632,108)	88,282,435	139,865,688
Investment	(0)	(25,724,377)	-
Additions to property, plant and equipment	(67,916,169)	(21,190,596)	(49,180,314)
Proceeds from disposal of property, plant and equipment	-	-	2,250,000
Additions to biological assets	(209,330)	(77,000)	(325,000)
Loan receivable	-	-	625,798
Investments acquired	-	-	(55,170,702)
Net cash used by investing activities	(75,733,675)	45,679,858	46,686,112
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(15,703,279)	-	(47,090,446)
shares issued	196,900	(256,799)	(256,799)
Long term liabilities received, net of repayments	(36,359,726)	(81,079,673)	(136,289,639)
Net cash (used)/provided by financing activities	(51,866,105)	(81,336,472)	(183,636,884)
Net increase in cash resources	17,615,138	77,887,246	38,891,113
Cash resources at beginning of the period	38,153,476	(737,637)	(737,637)
CASH RESOURCES AT END OF PERIOD	\$ 55,768,614	77,149,609	38,153,476
Comprising:			
Cash and cash equivalents	64,818,685	77,822,412	44,922,944
Bank overdrafts, unsecured	(9,050,071)	(672,803)	(6,769,468)
	\$ 55,768,614	77,149,609	38,153,476

Dolphin Cove Limited

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Six Months ended June 30, 2012



DOLPHIN COVE LIMITED

Selected Explanatory Notes

Six-months ended June 30, 2012

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, 2011 which have been consistently applied from period to period.

Segment information

Six month period to June 30, 2012					
	Ocho Rios	Hanover	Other	Offshore Development	Total
Reportable segment assets	\$ 1,372,075,333	329,714,512	23,119,563	49,251,392	1,774,160,801
Capital expenditure	\$ 17,393,193	968,888	512,026	49,251,392	68,125,499
Reportable segment liabilities	\$ 247,665,550	252,436,319	-	49,251,392	549,353,261

Year ended December 31, 2011					
	Ocho Rios	Hanover	Other	Offshore Development	Total
Reportable segment assets	\$ 1,272,874,998	303,465,300	21,197,550	-	1,597,537,848
Capital expenditure	\$ 36,853,226	11,813,077	839,011	-	49,505,314
Reportable segment liabilities	\$ 264,337,553	287,428,955	-	-	551,766,508

Six month period to June 30, 2012					
	Ocho Rios	Hanover	Other	Offshore Development	Total
Gross revenue from external customers	\$ 503,020,295	164,853,925	43,954,525	-	711,828,745
Finance Income	\$ 10,955,208	-	-	-	10,955,208
Finance cost	\$ (13,044,693)	(9,361,947)	-	-	(22,406,640)
Depreciation and amortization	\$ (11,558,986)	(3,371,078)	(1,024,827)	-	(15,954,891)
Segment Profit/Loss	\$ 127,267,891	61,241,847	6,032,845	-	194,542,582

Six month period to June 30, 2011					
	Ocho Rios	Hanover	Other	Offshore Development	Total
Gross revenue from external customers	\$ 439,091,674	106,313,910	45,915,654	-	591,321,238
Finance Income	\$ 17,293,694	-	-	-	17,293,694
Finance cost	\$ (17,639,894)	(12,849,146)	-	-	(30,489,040)
Depreciation and amortization	\$ (11,206,239)	(2,949,143)	(790,073)	-	(14,945,455)
Taxation expense	\$ -	-	-	-	-
Segment profit after tax	\$ 120,503,969	23,553,469	3,676,937	-	147,734,375

Dolphin Cove Limited

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Six Months ended June 30, 2012



DOLPHIN COVE LIMITED

Selected Explanatory Notes

Six-months ended June 30, 2012

	Unaudited June 30, 2012	Audited December 31, 2011
<u>Assets</u>		
Total asset for reportable segments	\$ 1,774,160,801	1,597,537,848
Elimination of investment in subsidiaries	\$ (33,220,242)	(33,220,242)
Elimination of due from subsidiaries	\$ (284,713,436)	(274,603,230)
Consolidated total assets	\$ <u>1,456,227,123</u>	<u>1,289,714,376</u>

Liabilities

Total liabilities for reportable segments	\$ 549,353,261	551,766,508
Elimination of due from subsidiaries	\$ (284,713,436)	(274,603,230)
Consolidated total liabilities	\$ <u>264,639,825</u>	<u>277,163,278</u>

	Unaudited June 30, 2012	Unaudited June 30, 2011
<u>Finance Income</u>		
Total finance income for reportable segments	\$ 10,955,208	16,281,940
Elimination of inter-company transaction	\$ (7,931,277)	(11,892,544)
Consolidated finance income	\$ <u>3,023,932</u>	<u>4,389,396</u>

Finance Cost

Total finance cost for reportable segments	\$ 22,406,640	29,778,386
Elimination of inter-company transaction	\$ (7,931,277)	(11,892,545)
Consolidated finance cost	\$ <u>14,475,363</u>	<u>17,885,841</u>