

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30, 2013



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, 2013.

OPERATIONS

	Six-month period ended June 30, 2013	Six-month period ended June 30, 2012	% increase	Three-month period ended June 30, 2013	Three-month period ended June 30, 2012	% increase	Year ended December 31, 2012
Total Revenue (J\$mn)	\$787.1	\$706.4	11%	\$393.2	\$343.7	14%	\$1,287.6
Profit after taxation (J\$mn)	\$220.9	\$194.5	14%	\$103.3	\$84.2	23%	\$250.8
Number of shares in issue	392,426,376	392,426,376		392,426,376	392,426,376		392,426,376
Earnings per share after tax	\$0.56	\$0.50	14%	\$0.26	\$0.21	23%	\$0.64
Dividends declared per share	\$0.20	\$0.04		\$0.10	\$0.00		\$0.30

The performance for the half year ended June 30, 2013 reflected a 14% increase in profits over the 2012 comparative period. Dolphin Cove is ready for the anticipated reopening of several hotels locally that have been closed for renovation or expansion. As almost all of our income is denominated in United States dollars we are protected from any weakening of the Jamaican dollar.

The efforts of our Sales and Marketing team continue to yield favourable results. This is particularly reflective in the revenue for Q1 and Q2, 2013 exceeding the prior year results by 9% and 14% respectively (an average of 11%).

We remain resolute in our efforts to track and monitor overall costs so as to keep expenses at its minimum while at the same time ensuring that the quality of the product is in no way compromised. The increase in expenses of the Hanover Park (and the reduction in its profit - see segment information) is largely due to the more accurate, higher allocation of central administrative and marketing costs to that operation than in the prior period.

Reclassification

In prior years, we attributed all cruise ship revenue to Dolphin attraction revenue in the Group interim statements of comprehensive income. However, in 2013, we now allocate the portion of cruise ship revenue that is due to ancillary services to Ancillary services revenue. This explains the apparent lower rate of increase in Dolphin attraction revenue compared to the increase in Ancillary services revenue and is a consequence of our adoption of a new accounting system in 2013.

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30, 2013



FINANCIAL POSITION

	As at June 30, 2013	As at June 30, 2012	Increase/ (decrease)	As at December 31, 2012	Increase/ (decrease)
Working Capital (J\$mn)	\$251.8	\$309.2	-19%	\$156.5	61%
Fixed Assets (J\$mn)	\$1,211.2	\$979.8	24%	\$1,058.3	14%
Long-term debt including current portion (J\$mn)	\$172.5	\$161.0	7%	\$101.3	70%
Net Assets (J\$mn)	\$1,294.8	\$1,191.4	9%	\$1,152.4	12%
Net assets per share	\$3.30	\$3.04	9%	\$2.94	12%
Market price	\$8.65	\$7.00	24%	\$7.80	11%
Market/Book value	2.62	2.31	14%	2.66	-1%

The consolidated financial position of the Group is strong, showing a healthy net current and net assets position notwithstanding the increase in fixed assets and the payment of dividends (20 cents per share) during the six month period.

In keeping with our plan to open and operate additional parks in other Caribbean countries we have acquired real estate and additional dolphins. As a consequence there, has been an increase in long-term debt.

As part of our annual Labour Day project, Dolphin Cove extended some needed assistance to the Steer Town Primary School in repairing and rebuilding some facilities. The project was geared towards ensuring that the students and teachers are able to operate in a more comfortable environment.

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, 2013



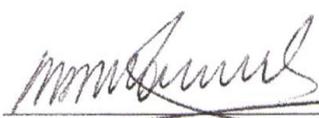
DOLPHIN COVE LIMITED

Group Interim Statement of Financial Position As At June 30, 2013

	As at June 30, 2013	As at June 30, 2012	As at December 31, 2012
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
CURRENT ASSETS			
Cash and cash equivalents	180,861,419	64,818,684	59,263,625
Securities purchased under resale agreements	-	74,191,043	-
Investments	24,532,101	54,394,538	54,686,189
Accounts receivable	191,985,301	239,409,517	144,134,941
Due from related parties	13,638,358	7,721,728	56,557,537
Taxation recoverable	5,807,559	4,848,657	5,663,025
Inventories	35,842,480	30,890,047	25,933,853
	<u>452,667,218</u>	<u>476,274,214</u>	<u>346,239,170</u>
NON-CURRENT ASSETS			
Property, plant and equipment	933,452,428	876,371,444	899,384,545
Biological assets	277,731,487	103,384,568	158,899,972
	<u>1,211,183,915</u>	<u>979,756,012</u>	<u>1,058,284,517</u>
TOTAL ASSETS	<u>\$ 1,663,851,133</u>	<u>1,456,030,226</u>	<u>1,404,523,687</u>
CURRENT LIABILITIES			
Bank overdrafts, unsecured	21,861,934	9,050,071	32,755,176
Short term loan	50,000,000	-	10,000,000
Accounts payable and provisions	107,469,732	78,167,184	90,802,506
Current portion of long term loans	21,580,000	72,496,871	56,219,347
Taxation payable	-	7,400,024	-
	<u>200,911,666</u>	<u>167,114,150</u>	<u>189,777,029</u>
NON-CURRENT LIABILITY			
Deferred tax liability	17,232,183	9,022,612	17,232,183
Long term loans	150,920,796	88,503,063	45,127,500
	<u>168,152,979</u>	<u>97,525,675</u>	<u>62,359,683</u>
SHAREHOLDERSEQUITY			
Share capital	257,960,325	257,960,325	257,960,325
Capital Reserve	351,729,563	344,965,907	351,729,563
Retained Earnings	685,096,600	588,464,169	542,697,087
	<u>1,294,786,488</u>	<u>1,191,390,401</u>	<u>1,152,386,975</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	<u>\$ 1,663,851,133</u>	<u>1,456,030,226</u>	<u>1,404,523,687</u>

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, 2013



DOLPHIN COVE LIMITED

Group Interim Statement of Comprehensive Income Six months ended June 30, 2013

	Six Months Ended June 30, 2013 <u>Unaudited</u>	Six Months Ended June 30, 2012 <u>Unaudited</u>	Three Months Ended June 30, 2013 <u>Unaudited</u>	Three Months Ended June 30, 2012 <u>Unaudited</u>	Year Ended December 31, 2012 <u>Audited</u>
OPERATING REVENUE:					
Dolphin attraction revenue	499,765,417	491,605,790 *	254,245,611	231,024,307	868,440,153
Less: Direct costs of dolphin attraction	<u>51,039,225</u>	<u>47,262,889</u>	<u>26,466,332</u>	<u>23,150,310</u>	<u>91,869,922</u>
	<u>448,726,192</u>	<u>444,342,901</u>	<u>227,779,279</u>	<u>207,873,997</u>	<u>776,570,231</u>
Ancillary services revenue	285,112,663	214,624,568 *	138,848,070	112,478,647 *	418,198,719
Less: Direct costs of ancillary services	<u>37,778,956</u>	<u>30,960,815</u>	<u>19,981,154</u>	<u>13,782,904</u>	<u>65,740,017</u>
	<u>247,333,707</u>	<u>183,663,753</u>	<u>118,866,916</u>	<u>98,695,743</u>	<u>352,458,702</u>
Gross profit	696,059,899	628,006,654	346,646,195	306,569,740	1,129,028,933
Other income	<u>2,237,159</u>	<u>212,954</u>	<u>131,645</u>	<u>191,834</u>	<u>924,285</u>
	<u>698,297,058</u>	<u>628,219,608</u>	<u>346,777,840</u>	<u>306,761,574</u>	<u>1,129,953,218</u>
OPERATING EXPENSES:					
Selling	211,151,467	194,426,968 *	103,503,714	100,979,211	328,745,119
Other operations	140,641,066	124,580,466 *	69,277,185	60,958,389	292,494,669
Administrative	<u>124,636,714</u>	<u>103,303,793</u>	<u>69,001,167</u>	<u>55,252,692</u>	<u>233,876,051</u>
	<u>476,429,247</u>	<u>422,311,227</u>	<u>241,782,066</u>	<u>217,190,293</u>	<u>855,115,839</u>
Profit before finance income and costs	221,867,811	205,908,380	104,995,774	89,571,281	274,837,379
Finance income/(cost), net	<u>(983,022)</u>	<u>(11,365,798)</u>	<u>(1,651,790)</u>	<u>(5,332,494)</u>	<u>(9,921,523)</u>
Profit before taxation	220,884,789	194,542,582	103,343,984	84,238,787	264,915,856
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,094,731</u>
Profit for the period	\$ <u>220,884,789</u>	<u>194,542,582</u>	<u>103,343,984</u>	<u>84,238,787</u>	<u>250,821,125</u>
Other Comprehensive Income					
Deffered tax on revalued buildings					6,485,207
Fair value appreciation /(depreciation) of available -for- sale investments.					<u>278,449</u>
					6,763,656
Total comprehensive income					<u>257,584,781</u>

* The figures for these captions in Q1 and Q2 2012 have been adjusted for comparative purposes to conform with the current classification of certain components of revenues and expenses

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30, 2013



DOLPHIN COVE LIMITED
Group Interim Statement of Changes in Stockholder's Equity
Six months ended June 30, 2013

	Six Months Ended June 30, 2013 <u>Unaudited</u>	Six Months Ended June 30, 2012 <u>Unaudited</u>	Year Ended December 31, 2012 <u>Audited</u>
Balances at beginning of period	\$ 1,152,386,975	1,012,551,098	1,012,551,098
Transactions recorded directly in equity:			
Dividends	(78,485,276)	(15,703,279)	(117,748,904)
Deffered tax on revalued buildings	-	-	6,485,207
Fair Value depn. of available -for- sale investments			278,449
Profit for the period, being total comprehensive income:	\$ 220,884,789	194,542,582	250,821,125
Balance at end of period	\$ 1,294,786,488	1,191,390,401	1,152,386,975

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30, 2013



DOLPHIN COVE LIMITED

Group Interim Statement of Cash Flows Six months ended June 30, 2013

	Six Months Ended June 30, 2013 <u>Unaudited</u>	Six Months Ended June 30, 2012 <u>Unaudited</u>	Year Ended December 31, 2012 <u>Audited</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	220,884,789	194,542,582	250,821,125
Adjustments for:			
Depreciation and amortisation	18,666,498	15,954,864	33,942,762
Adjustment to property plant & equipment	-	-	248,000
Loss on disposal of property, plant and equipment	63,333	-	-
Interest income	(680,778)	(3,023,932)	(3,892,443)
Interest expense	5,296,000	14,475,363	18,942,673
Tax expense	-	-	14,094,731
Operating profit before changes in working capital	<u>244,229,842</u>	<u>221,948,877</u>	<u>314,156,848</u>
Accounts receivable	(47,850,360)	(75,066,664)	20,207,913
Inventories	(9,908,627)	(5,895,468)	(939,275)
Accounts payable and provisions	14,246,966	14,013,006	19,218,191
Due from/to related parties, net	42,919,179	(1,843,100)	(50,678,912)
Cash generated from operations	<u>243,637,000</u>	<u>153,156,651</u>	<u>301,964,765</u>
Interest paid	(2,875,740)	(14,475,363)	(11,512,536)
Income tax paid/withheld	(144,534)	6,730,529	(883,815)
Net cash provided by operating activities	<u>240,616,726</u>	<u>145,411,817</u>	<u>289,568,414</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	680,778	3,023,932	3,892,443
Securities purchased under resale agreements	-	(10,632,108)	63,558,935
Investments	30,154,088	-	(13,202)
Additions to property, plant and equipment	(47,693,701)	(67,916,169)	(103,882,361)
Proceeds from disposal of property, plant and equipment	1,800,000	-	-
Additions to biological assets	(125,735,528)	(209,330)	(61,007,540)
Net cash provided/(used) by investing activities	<u>(140,794,363)</u>	<u>(75,733,675)</u>	<u>(97,451,725)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term loan received/repaid	40,000,000	-	10,000,000
Dividends paid	(78,485,276)	(15,703,279)	(117,748,904)
Long term liabilities received, net of repayment	71,153,949	(36,359,726)	(96,012,812)
Net cash (used)/provided by financing activities	<u>32,668,673</u>	<u>(52,063,005)</u>	<u>(203,761,716)</u>
Net increase in cash resources	132,491,036	17,615,137	(11,645,027)
Cash resources at beginning of the period	26,508,449	38,153,476	38,153,476
CASH RESOURCES AT END OF PERIOD	<u>\$ 158,999,485</u>	<u>\$ 55,768,613</u>	<u>\$ 26,508,449</u>
Comprising:			
Cash and cash equivalents	180,861,419	64,818,684	59,263,625
Bank overdrafts, unsecured	(21,861,934)	(9,050,071)	(32,755,176)
	<u>\$ 158,999,485</u>	<u>\$ 55,768,613</u>	<u>\$ 26,508,449</u>

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30, 2013



DOLPHIN COVE LIMITED

Selected Explanatory Notes Six-months ended June 30, 2013

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, 2012 which have been consistently applied from period to period.

Segment information

Six month period to June 30, 2013				
	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ 1,490,865,498	342,894,793	135,258,473	1,969,018,764
Capital expenditure	\$ 16,111,799	556,156	31,025,746	47,693,701
Reportable segment liabilities	\$ 347,392,901	196,415,065	97,007,168	640,815,134

Year ended December 31, 2012				
	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ 1,297,772,891	321,104,070	101,542,962	1,720,419,923
Capital expenditure	\$ 22,780,137	14,183,685	66,918,539	103,882,361
Reportable segment liabilities	\$ 239,223,705	229,118,087	66,274,014	534,615,806

Six month period to June 30, 2013				
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ 586,446,281	179,686,710	70,396,089	836,529,080
Finance Income	\$ 2,932,373	39,826	-	2,972,199
Finance cost	\$ (3,230,240)	(719,956)	(5,025)	(3,955,221)
Depreciation and amortization	\$ (14,307,636)	(3,412,764)	(946,098)	(18,666,498)
Segment Profit/Loss	\$ 138,635,743	54,493,746	27,755,300	220,884,789

Six month period to June 30, 2012				
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ 503,020,295	164,853,925	43,954,525	711,828,745
Finance Income	\$ 11,040,842	-	-	11,040,842
Finance cost	\$ (13,044,693)	(9,361,947)	-	(22,406,640)
Depreciation and amortization	\$ (11,558,986)	(3,371,051)	(1,024,827)	(15,954,864)
Segment profit after tax	\$ 127,267,891	61,241,846	6,032,845	194,542,582

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30, 2013



DOLPHIN COVE LIMITED

Selected Explanatory Notes

Six-months ended June 30, 2013

	Unaudited June 30, <u>2013</u>	Audited December 31, <u>2012</u>
<u>Assets</u>		
Total asset for reportable segments	\$ 1,969,018,764	1,720,419,923
Elimination of investment in subsidiaries	\$ (33,417,142)	(33,417,142)
Elimination of due from subsidiaries	\$ (271,750,489)	(282,479,094)
Consolidated total assets	\$ <u>1,663,851,133</u>	<u>1,404,523,687</u>

Liabilities

Total liabilities for reportable segments	\$ 640,815,134	534,615,806
Elimination of due from subsidiaries	\$ (271,750,489)	(282,479,094)
Consolidated total liabilities	\$ <u>369,064,645</u>	<u>252,136,712</u>

	Unaudited June 30, <u>2013</u>	Unaudited June 30, <u>2012</u>
--	--------------------------------------	--------------------------------------

Finance Income

Consolidated finance income	\$ 2,972,199	11,040,842
Elimination of inter-company transactions	\$ (2,832,050)	(7,931,277)
Consolidated finance income	\$ <u>140,149</u>	<u>3,109,565</u>

Finance Cost

Consolidated finance income	\$ 3,955,221	22,406,640
Elimination of inter-company transactions	\$ (2,832,050)	(7,931,277)
Consolidated finance income	\$ <u>1,123,171</u>	<u>14,475,363</u>