

Dolphin Cove Limited

Report To Stockholders

Nine Months ended September 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 nine months ended September 30, 2013.

OPERATIONS

	Nine-month period ended September 30, 2013	Nine-month period ended September 30, 2012	% increase	Three-month period ended September 30, 2013	Three-month period ended September 30, 2012	% increase	Year ended December 31, 2012
Total Revenue (J\$mn)	\$1,162.6	\$1,014.5	15%	\$375.5	\$308.1	22%	\$1,287.6
Profit after taxation (J\$mn)	\$316.8	\$248.5	27%	\$95.9	\$54.0	78%	\$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	\$0.81	\$0.63	27%	\$0.24	\$0.14	78%	\$0.64
Dividends declared per share	\$0.30	\$0.20		\$0.10	\$0.16		\$0.30

Dolphin Cove produced a strong third quarter performance by returning a 78% growth in profits when compared to the corresponding period in 2012. Year to date profits were 27% higher than for the nine months to September 2012. This positive outturn was largely due to new initiatives of our Sales and Marketing team which resulted in a good payback for the additional spending in this area. Our profitability was also helped by management's effectiveness in containing expenses during a period of rising costs.

The Board declared a further dividend of 10 cents per share at its meeting held on November 4, 2013 and this will be reflected in the results for the fourth quarter, bringing the total to 40 cents per share so far this year.

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.

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FINANCIAL POSITION

	As at September 30, 2013	As at September 30, 2012	Increase/ (decrease)	As at December 31, 2012	Increase/ (decrease)
Working Capital (J\$mn)	\$195.0	\$252.7	-23%	\$156.5	25%
Fixed Assets (J\$mn)	\$1,429.2	\$991.2	44%	\$1,058.3	35%
Long-term debt including current portion (J\$mn)	\$277.1	\$110.9	150%	\$101.3	174%
Net Assets (J\$mn)	\$1,351.4	\$1,182.6	14%	\$1,152.4	17%
Net assets per share	\$3.44	\$3.01	14%	\$2.94	17%
Market price	\$8.45	\$7.50	13%	\$7.80	8%
Market/Book value	2.45	2.49	-1%	2.66	-8%

The consolidated financial position of the Group is strong, showing an increasingly healthy net assets position. The increased investment in property plant and equipment and biological assets (and consequently the increase in long term debt) are in anticipation of our plans to open additional parks in other Caribbean countries in due course.

Dolphin Cove is the Caribbean's "Leading Adventure Tourist Attraction", an award conferred upon the company at the 2013 World Travel Awards: Caribbean & The Americas gala held in Antigua in September. This is the third consecutive annual honour being bestowed on Dolphin Cove at what is dubbed "The travel industry's equivalent to the Oscar's" by The Wall Street Journal, and follows on the heels of being awarded the "Attraction of the Year" by the Jamaica Hotel and Tourist Association at its awards ceremony held earlier this June.

The company remains committed to its vision of becoming the leading marine mammal attraction in the world by providing a memorable and fulfilling experience to all guests who visit our parks.

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

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Nine Months ended September 30, 2013



DOLPHIN COVE LIMITED

Group Interim Statement of Financial Position As at September 30, 2013

	As at September 30, 2013	As at September 30, 2012	As at December 31, 2012
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
CURRENT ASSETS			
Cash and cash equivalents	104,494,842	35,368,371	59,263,625
Securities purchased under resale agreements	-	55,956,623	-
Investments	45,008,793	54,394,538	54,686,189
Accounts receivable	146,324,614	211,974,960	144,134,941
Due from related parties	14,140,487	7,696,981	56,557,537
Taxation recoverable	6,083,330	5,056,804	5,663,025
Inventories	42,699,034	34,452,655	25,933,853
	<u>358,751,100</u>	<u>404,900,932</u>	<u>346,239,170</u>
NON-CURRENT ASSETS			
Property, plant and equipment	1,036,746,297	888,849,027	899,384,545
Biological assets	392,407,588	102,337,162	158,899,972
	<u>1,429,153,885</u>	<u>991,186,189</u>	<u>1,058,284,517</u>
TOTAL ASSETS	\$ <u>1,787,904,985</u>	<u>1,396,087,121</u>	<u>1,404,523,687</u>
CURRENT LIABILITIES			
Bank overdrafts, unsecured	18,099,243	19,119,499	32,755,176
Short term loan	48,484,848	-	10,000,000
Accounts payable and provisions	75,555,968	73,738,723	90,802,506
Current portion of long term loans	21,580,000	58,643,498	56,219,347
Taxation payable	-	721,448	-
	<u>163,720,059</u>	<u>152,223,168</u>	<u>189,777,029</u>
NON-CURRENT LIABILITY			
Deferred tax liability	17,232,183	9,022,612	17,232,183
Long term loans	255,525,798	52,250,000	45,127,500
	<u>272,757,981</u>	<u>61,272,612</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	741,737,057	579,665,109	542,697,087
	<u>1,351,426,945</u>	<u>1,182,591,341</u>	<u>1,152,386,975</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	\$ <u>1,787,904,985</u>	<u>1,396,087,121</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

Nine Months ended September 30, 2013



DOLPHIN COVE LIMITED

Group Interim Statement of Comprehensive Income Nine months ended September 30, 2013

	Nine-Months Ended September 30, 2013 <u>Unaudited</u>	Nine Months Ended September 30, 2012 <u>Unaudited</u>	Three Months Ended September 30, 2013 <u>Unaudited</u>	Three Months Ended September 30, 2012 <u>Unaudited</u>	Year Ended December 31, 2012 <u>Audited</u>
OPERATING REVENUE:					
Dolphin attraction revenue	748,873,875	692,628,985 *	249,108,458	201,023,195 *	868,440,153
Less: Direct costs of dolphin attraction	<u>67,761,828</u>	<u>69,220,840</u> *	<u>16,722,603</u>	<u>21,957,950</u> *	<u>91,869,922</u>
	<u>681,112,047</u>	<u>623,408,145</u>	<u>232,385,855</u>	<u>179,065,245</u>	<u>776,570,231</u>
Ancillary services revenue	411,383,503	321,390,185 *	126,270,840	106,765,617 *	418,198,719
Less: Direct costs of ancillary services	<u>54,614,663</u>	<u>46,805,556</u> *	<u>16,835,707</u>	<u>15,844,741</u> *	<u>65,740,017</u>
	<u>356,768,840</u>	<u>274,584,629</u>	<u>109,435,133</u>	<u>90,920,876</u>	<u>352,458,702</u>
Gross profit	1,037,880,887	897,992,774	341,820,988	269,986,121	1,129,028,933
Other income	<u>2,367,290</u>	<u>500,032</u> *	<u>130,131</u>	<u>287,078</u>	<u>924,285</u>
	<u>1,040,248,177</u>	<u>898,492,806</u>	<u>341,951,119</u>	<u>270,273,199</u>	<u>1,129,953,218</u>
OPERATING EXPENSES:					
Selling	317,296,261	271,039,760 *	106,144,794	76,612,792 *	328,745,119
Other operations	214,112,607	195,787,308 *	73,471,541	71,206,842 *	292,494,669
Administrative	<u>181,283,683</u>	<u>162,648,266</u>	<u>56,646,969</u>	<u>59,344,473</u>	<u>233,876,051</u>
	<u>712,692,551</u>	<u>629,475,334</u>	<u>236,263,304</u>	<u>207,164,107</u>	<u>855,115,839</u>
Profit before finance income and costs	327,555,626	269,017,472	105,687,815	63,109,092	274,837,379
Finance income	1,788,368	6,545,166 *	1,648,219	3,435,601	3,892,443
Finance cost	<u>(12,575,166)</u>	<u>(27,016,131)</u>	<u>(11,451,995)</u>	<u>(12,540,767)</u>	<u>(13,813,966)</u>
Profit before taxation	316,768,828	248,546,507	95,884,039	54,003,926	264,915,856
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,094,731</u>
Profit for the period	\$ <u>316,768,828</u>	<u>248,546,507</u>	<u>95,884,039</u>	<u>54,003,926</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 Q3 2012 have been adjusted for comparative purposes to conform with the current classification of certain components of revenues and expenses

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Nine Months ended September 30, 2013



DOLPHIN COVE LIMITED
Group Interim Statement Changes in Stockholder's Equity
Nine months ended September 30, 2013

	Nine Months Ended September 30, 2013 <u>Unaudited</u>	Nine Months Ended September 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	(117,728,858)	(78,506,264)	(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:	\$ 316,768,828	248,546,507	250,821,125
Balance at end of period	\$ 1,351,426,945	1,182,591,341	1,152,386,975

Dolphin Cove Limited

Report To Stockholders

Nine Months ended September 30, 2013



DOLPHIN COVE LIMITED

Group Interim Statement of Cash Flows Nine months ended September 30, 2013

	Nine Months Ended September 30, 2013 <u>Unaudited</u>	Nine Months Ended September 30, 2012 <u>Unaudited</u>	Year Ended December 31, 2012 <u>Audited</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	316,768,828	248,546,507	250,821,125
Adjustments for:			
Depreciation and amortisation	33,463,640	23,932,404	33,942,762
Adjustment to property plant & equipment	-	-	248,000
Loss on disposal of property, plant and equipment	4,882,935	-	-
Interest income	(1,829,473)	(3,102,515)	(3,892,443)
Interest expense	12,856,794	11,238,899	18,942,673
Tax expense	-	-	14,094,731
Operating profit before changes in working capital	<u>366,142,724</u>	<u>280,615,295</u>	<u>314,156,848</u>
Accounts receivable	(2,323,994)	(47,632,106)	20,207,913
Inventories	(16,765,181)	(9,458,077)	(939,275)
Accounts payable and provisions	(17,666,798)	9,584,546	19,218,191
Due from/to related parties, net	<u>42,417,050</u>	<u>(1,800,456)</u>	<u>(50,678,912)</u>
Cash generated from operations	371,803,801	231,309,202	301,964,765
Interest paid	(10,436,534)	(11,238,899)	(11,512,536)
Income tax paid/withheld	(420,305)	(156,193)	(883,815)
Net cash provided by operating activities	<u>360,946,962</u>	<u>219,914,110</u>	<u>289,568,414</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,963,794	3,102,515	3,892,443
Securities purchased under resale agreements	-	7,602,313	63,558,935
Investments	9,677,396	-	(13,202)
Additions to property, plant and equipment	(166,869,801)	(85,937,613)	(103,882,361)
Proceeds from disposal of property, plant and equipment	2,157,000	-	-
Additions to biological assets	<u>(244,503,142)</u>	<u>(1,613,504)</u>	<u>(61,007,540)</u>
Net cash provided/(used) by investing activities	<u>(397,574,753)</u>	<u>(76,846,289)</u>	<u>(97,451,725)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term loan received/repaid	38,484,848	-	10,000,000
Dividends paid	(117,728,858)	(78,506,264)	(117,748,904)
Long term liabilities received, net of repayment	<u>175,758,951</u>	<u>(86,466,161)</u>	<u>(96,012,812)</u>
Net cash (used)/provided by financing activities	<u>96,514,941</u>	<u>(164,972,425)</u>	<u>(203,761,716)</u>
Net increase in cash resources	59,887,150	(21,904,604)	(11,645,027)
Cash resources at beginning of the period	<u>26,508,449</u>	<u>38,153,476</u>	<u>38,153,476</u>
CASH RESOURCES AT END OF PERIOD	<u>\$ 86,395,599</u>	<u>16,248,872</u>	<u>26,508,449</u>
Comprising:			
Cash and cash equivalents	104,494,842	35,368,371	59,263,625
Bank overdrafts, unsecured	<u>(18,099,243)</u>	<u>(19,119,499)</u>	<u>(32,755,176)</u>
	<u>\$ 86,395,599</u>	<u>16,248,872</u>	<u>26,508,449</u>

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Nine Months ended September 30, 2013



DOLPHIN COVE LIMITED

Selected Explanatory Notes

Nine-months ended September 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

Nine month period to September 30, 2013				
	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ 1,599,405,861	316,332,449	242,874,442	2,158,612,753
Capital expenditure	\$ 25,381,620	830,822	140,657,359	166,869,801
Reportable segment liabilities	\$ 427,717,665	139,594,639	206,456,362	773,768,666

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

Nine month period to September 30, 2013				
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ 874,617,214	273,752,801	92,432,653	1,240,802,668
Finance Income	\$ 5,868,540	48,776	-	5,917,316
Finance cost	\$ (14,450,342)	(2,248,747)	(5,025)	(16,704,114)
Depreciation and amortization	\$ (27,032,133)	(5,142,053)	(1,289,454)	(33,463,640)
Segment Profit/Loss	\$ 201,103,629	84,751,828	30,913,370	316,768,828

Nine month period to September 30, 2012				
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ 762,487,878	238,473,666	65,835,857	1,066,797,402
Finance Income	\$ 17,717,953	-	-	17,717,953
Finance cost	\$ (24,863,294)	(13,325,624)	-	(38,188,918)
Depreciation and amortization	\$ (17,338,478)	(5,056,685)	(1,537,241)	(23,932,404)
Segment profit after tax	\$ 175,919,056	73,647,478	(1,020,027)	248,546,507

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DOLPHIN COVE LIMITED

Selected Explanatory Notes

Nine-months ended September 30, 2013

	Unaudited September 30, <u>2013</u>	Audited December 31, <u>2012</u>
<u>Assets</u>		
Total asset for reportable segments	\$ 2,158,612,753	1,720,419,923
Elimination of investment in subsidiaries	\$ (33,417,142)	(33,417,142)
Elimination of due from subsidiaries	\$ (337,290,626)	(282,479,094)
Consolidated total assets	\$ <u>1,787,904,985</u>	<u>1,404,523,687</u>

Liabilities

Total liabilities for reportable segments	\$ 773,768,666	534,615,806
Elimination of due from subsidiaries	\$ (337,290,626)	(282,479,094)
Consolidated total liabilities	\$ <u>436,478,040</u>	<u>252,136,712</u>

	Unaudited September 30, <u>2013</u>	Unaudited September 30, <u>2012</u>
<u>Revenue</u>		
Total Revenue for reportable segments	\$ 1,240,802,668	1,066,797,402
Elimination of inter-segment management fees	\$ (23,400,000)	(3,600,000)
Elimination of inter-segment rental income	\$ (54,778,000)	(48,678,200)
Consolidated total revenue	\$ <u>1,162,624,668</u>	<u>1,014,519,202</u>

Finance Income

Consolidated finance income	\$ 5,917,316	17,717,953
Elimination of inter-company transactions	\$ (4,128,948)	(11,172,787)
Consolidated finance income	\$ <u>1,788,368</u>	<u>6,545,166</u>

Finance Cost

Consolidated finance income	\$ 16,704,114	38,188,918
Elimination of inter-company transactions	\$ (4,128,948)	(11,172,787)
Consolidated finance income	\$ <u>12,575,166</u>	<u>27,016,131</u>