

Dolphin Cove Limited

Report To Stockholders

Nine Months ended September 30, 2014



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, 2014.

OPERATIONS

	Nine-month period ended September 30, 2014	Nine-month period ended September 30, 2013	% increase	Three-month period ended September 30, 2014	Three-month period ended September 30, 2013	% increase	Year ended December 31, 2013
Total Revenue (J\$mn)	\$1,334.6	\$1,162.6	15%	\$437.1	\$375.5	16%	\$1,504.7
Profit after taxation (J\$mn)	\$396.6	\$316.8	25%	\$109.4	\$95.9	14%	\$322.1
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	\$1.01	\$0.81	25%	\$0.28	\$0.24	14%	\$0.82
Dividends declared per share	\$0.45	\$0.30		\$0.15	\$0.10		\$0.40

Dolphin Cove Limited produced another pleasing quarterly result by returning a 14% increase in profits over the 2013 comparative quarter. Year to date profits at the end of the quarter were 25% above the prior period and reflected the continued growth in revenue as the group sought to maximize on the revenue to be derived from the additional cruise ships (14% more than 2013) which arrived at Jamaica's ports during the period.

Expenses for the nine month period increased at a lower rate than the increase in revenue. There was a notable decrease in the cost of renting dolphins in Q1 and Q2 in 2014 as those dolphins which were rented in the first half of 2013 were acquired in Q3 of that year. Dolphin Cove receives most of its income in United States dollars consequently, the performance in the first half benefited more significantly from the devaluation in the Jamaican dollar which was not as evident in Q3, 2014.

Dolphin Cove Limited

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Nine Months ended September 30, 2014



FINANCIAL POSITION

	As at September 30, 2014	As at September 30, 2013	Increase/ (decrease)	As at December 31, 2013	Increase/ (decrease)
Working Capital (J\$mn)	\$355.1	\$195.0	82%	\$184.8	92%
Fixed Assets (J\$mn)	\$1,483.2	\$1,429.2	4%	\$1,446.4	3%
Net Assets (J\$mn)	\$1,581.3	\$1,351.4	17%	\$1,342.4	18%
Long Term Debt to Equity ratio	0.18:1	0.21:1		0.24:1	
Net assets per share	\$4.03	\$3.44	17%	\$3.42	18%
Market price	\$8.00	\$8.45	-5%	\$8.42	-5%
Market/Book value	1.99	2.45	-19%	2.46	-19%

The consolidated financial position of the Group remains strong, reflecting an 18% increase in net assets and significant liquid resources to assist with future expansion plans.

Dividends

The Board of Directors declared a further dividend of 15 cents per share at its meeting held on September 22, 2014, which was accrued in Q3 and paid in Q4 of 2014. This brings the total dividend payment to 45 cents per share so far this year, a 50% increase over the dividends declared for the corresponding period in 2013.

School Donation

Dolphin Cove also partnered with the Lazarus foundation during the quarter and donated 100 school bags, packed with books and pencils, to the Steer Town Basic School as part of our contribution to their back to school initiative.

Awards

In October 2014, Dolphin Cove won the Caribbean's Leading Adventure Tourist Attraction award for the second consecutive year. This represents the fourth successive year in which Dolphin Cove has received a prestigious World Travel Award acknowledging the company's excellence in tourism hospitality.

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

Nine Months ended September 30, 2014



DOLPHIN COVE LIMITED

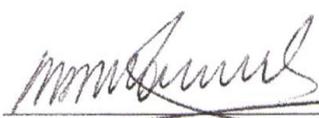
Group Interim Statement of Financial Position As At September 30, 2014

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	Year Ended December 31, 2013
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
CURRENT ASSETS			
Cash and cash equivalents	247,220,564	104,494,842	83,950,984
Securities purchased under resale agreements	104,562,591	-	92,894,355
Investments	32,734,417	45,008,793	30,409,595
Accounts receivable	165,928,344	146,324,614	142,903,849
Due from related parties	24,933,572	14,140,487	12,989,826
Taxation recoverable	7,288,754	6,083,330	6,215,420
Inventories	41,017,779	42,699,034	30,931,032
	<u>623,686,021</u>	<u>358,751,100</u>	<u>400,295,061</u>
NON-CURRENT ASSETS			
Property, plant and equipment	1,106,046,182	1,036,746,297	1,063,478,805
Live assets	377,126,159	392,407,588	382,941,758
	<u>1,483,172,341</u>	<u>1,429,153,885</u>	<u>1,446,420,563</u>
TOTAL ASSETS	\$ <u>2,106,858,362</u>	<u>1,787,904,985</u>	<u>1,846,715,624</u>
CURRENT LIABILITIES			
Bank overdrafts	14,105,932	18,099,243	17,882,751
Short-term loan	-	48,484,848	-
Accounts payable	123,993,532	75,555,968	126,005,139
Dividend Payable	58,863,957	-	-
Current portion of long term liabilities	71,580,004	21,580,000	71,580,004
	<u>268,543,425</u>	<u>163,720,059</u>	<u>215,467,894</u>
NON-CURRENT LIABILITY			
Deferred tax liability	37,500,774	17,232,183	37,500,774
Long-term liabilities	219,476,101	255,525,798	251,342,916
	<u>256,976,875</u>	<u>272,757,981</u>	<u>288,843,690</u>
SHAREHOLDERSEQUITY			
Share capital	257,960,325	257,960,325	257,960,325
Equity Reserves	395,596,811	351,729,563	376,657,164
Retained Earnings	927,780,926	741,737,057	707,786,551
	<u>1,581,338,062</u>	<u>1,351,426,945</u>	<u>1,342,404,040</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	\$ <u>2,106,858,362</u>	<u>1,787,904,985</u>	<u>1,846,715,624</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, 2014



DOLPHIN COVE LIMITED

Group Interim Statement of Profit or Loss and Other Comprehensive Income Nine months ended September 30, 2014

	Nine Months Ended September 30, 2014 <u>Unaudited</u>	Nine Months Ended September 30, 2013 <u>Unaudited</u>	Three Months Ended September 30, 2014 <u>Unaudited</u>	Three Months Ended September 30, 2013 <u>Unaudited</u>	Year Ended December 31, 2013 <u>Audited</u>
OPERATING REVENUE:					
Dolphin attraction revenue	911,210,121	773,820,817	304,293,688	256,175,274	993,582,643
Less: Direct costs of dolphin attraction	<u>58,240,465</u>	<u>67,761,828</u>	<u>21,127,838</u>	<u>16,722,603</u>	<u>87,041,667</u>
	<u>852,969,656</u>	<u>706,058,989</u>	<u>283,165,850</u>	<u>239,452,671</u>	<u>906,540,976</u>
Ancillary services revenue	422,660,827	386,436,561	132,286,692	119,204,024	508,626,796
Less: Direct costs of ancillary services	<u>57,017,353</u>	<u>54,614,663</u>	<u>18,951,318</u>	<u>16,835,707</u>	<u>73,629,323</u>
	<u>365,643,474</u>	<u>331,821,898</u>	<u>113,335,374</u>	<u>102,368,317</u>	<u>434,997,473</u>
Gross profit	1,218,613,130	1,037,880,887	396,501,224	341,820,988	1,341,538,449
Gain on disposal of property, plant & equipment	-	-	-	-	293,667
Live assets written off	-	-	-	-	(17,854,520)
Other income	<u>749,474</u>	<u>2,367,290</u>	<u>543,805</u>	<u>130,131</u>	<u>2,450,641</u>
	<u>1,219,362,604</u>	<u>1,040,248,177</u>	<u>397,045,029</u>	<u>341,951,119</u>	<u>1,326,428,237</u>
OPERATING EXPENSES:					
Selling	379,723,197	322,553,077	126,511,950	107,921,432	442,699,851
Other operations	244,889,036	211,531,387	83,401,224	72,655,361	296,715,508
Administrative	<u>191,905,815</u>	<u>178,608,087</u>	<u>70,575,929</u>	<u>55,686,511</u>	<u>239,484,244</u>
	<u>816,518,048</u>	<u>712,692,551</u>	<u>280,489,103</u>	<u>236,263,304</u>	<u>978,899,603</u>
Profit before finance income and costs	402,844,556	327,555,626	116,555,926	105,687,815	347,528,634
Finance income	30,570,192	17,057,822	4,629,358	3,921,242	35,107,069
Finance costs	<u>(36,826,851)</u>	<u>(27,844,620)</u>	<u>(11,783,567)</u>	<u>(13,725,018)</u>	<u>(40,303,795)</u>
Profit before taxation	396,587,897	316,768,828	109,401,717	95,884,039	342,331,908
Taxation	<u>(1,652)</u>	<u>-</u>	<u>(826)</u>	<u>-</u>	<u>(20,271,894)</u>
Profit for the period	<u>396,586,245</u>	<u>316,768,828</u>	<u>109,400,891</u>	<u>95,884,039</u>	<u>322,060,014</u>
Earnings per stock unit	<u>\$1.01</u>	<u>\$0.81</u>	<u>\$0.28</u>	<u>\$0.24</u>	<u>\$0.82</u>
Other comprehensive Income:					
Items that are or may be reclassified to profit or loss:					
Translation adjustment on consolidation of foreign subsidiaries	16,614,825	-	3,363,527	-	19,078,913
Fair value appreciation of available-for-sale investments	<u>2,324,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,848,688</u>
	<u>18,939,647</u>	<u>-</u>	<u>3,363,527</u>	<u>-</u>	<u>24,927,601</u>
Total comprehensive income	\$ <u>415,525,892</u>	<u>316,768,828</u>	<u>112,764,418</u>	<u>95,884,039</u>	<u>346,987,615</u>

Dolphin Cove Limited

Report To Stockholders

Nine Months ended September 30, 2014



DOLPHIN COVE LIMITED
Group Interim Statement of Changes in Stockholders' Equity
Nine months ended September 30, 2014

	Nine Months Ended September 30, 2014 <u>Unaudited</u>	Nine Months Ended September 30, 2013 <u>Unaudited</u>	Year Ended December 31, 2013 <u>Audited</u>
Balances at beginning of period	\$ 1,342,404,040	1,152,386,975	1,152,386,975
Transactions recorded directly in equity:			
Dividends	(176,591,870)	(117,728,858)	(156,970,550)
Total comprehensive income:			
Profit for the period	396,586,245	316,768,828	322,060,014
Other comprehensive income:			
Translation adjustment on consolidation of foreign subsidiaries	16,614,825	-	19,078,913
Fair value depn. of available -for- sale investmen	<u>2,324,822</u>	<u>-</u>	<u>5,848,688</u>
Balance at end of period	\$ <u>1,581,338,062</u>	<u>1,351,426,945</u>	<u>1,342,404,040</u>

Dolphin Cove Limited

Report To Stockholders

Nine Months ended September 30, 2014



DOLPHIN COVE LIMITED

Group Interim Statement of Cash Flows Nine months ended September 30, 2014

	Nine Months Ended September 30, 2014 <u>Unaudited</u>	Nine Months Ended September 30, 2013 <u>Unaudited</u>	Year Ended December 31, 2013 <u>Audited</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	396,586,245	316,768,828	322,060,014
Adjustments for:			
Depreciation and amortisation	41,496,280	33,463,640	48,032,325
Loss/(gain) on disposal of property, plant and equipment	-	4,882,935	(293,667)
Live assets written off	-	-	17,854,520
Interest income	(4,605,300)	(1,829,473)	(2,750,117)
Interest expense	22,352,393	12,856,794	20,318,062
Loss on disposal of investments	-	-	41,104
Impairment loss on trade receivables	-	-	12,355,478
Taxation	1,652	-	20,271,894
Operating profit before changes in working capital	<u>455,831,270</u>	<u>366,142,724</u>	<u>437,889,613</u>
Accounts receivable	(22,896,233)	(2,323,994)	(10,996,124)
Inventories	(10,086,747)	(16,765,181)	(4,997,179)
Accounts payable	(2,011,607)	(17,666,798)	37,608,854
Due from/to related parties	<u>(11,943,746)</u>	<u>42,417,050</u>	<u>43,567,711</u>
Cash generated from operations	408,892,937	371,803,801	503,072,875
Interest paid	(22,352,393)	(10,436,534)	(22,724,282)
Income tax paid	<u>(1,074,986)</u>	<u>(420,305)</u>	<u>(555,699)</u>
Net cash provided by operating activities	<u>385,465,558</u>	<u>360,946,962</u>	<u>479,792,894</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4,477,038	1,963,794	2,621,855
Securities purchased under resale agreements	(11,668,236)	-	(92,894,355)
Additions to property, plant and equipment	(44,417,323)	(166,869,801)	(172,940,058)
Proceeds from disposal of property, plant and equipment	-	2,157,000	2,157,000
Additions to live assets	(17,215,910)	(244,503,142)	(263,867,253)
Proceeds from the disposal of investments	-	9,677,396	30,554,897
Investments acquired	-	-	(470,719)
Net cash provided/(used) by investing activities	<u>(68,824,431)</u>	<u>(397,574,753)</u>	<u>(494,838,633)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term loan received/(repaid)	-	38,484,848	(10,000,000)
Dividends paid	(31,866,815)	(117,728,858)	(156,970,550)
Long term liabilities, net	<u>(117,727,913)</u>	<u>175,758,951</u>	<u>221,576,073</u>
Net cash (used)/provided by financing activities	<u>(149,594,728)</u>	<u>96,514,941</u>	<u>54,605,523</u>
Net increase in cash resources	167,046,399	59,887,150	39,559,784
Cash resources at beginning of the period	<u>66,068,233</u>	<u>26,508,449</u>	<u>26,508,449</u>
CASH RESOURCES AT END OF PERIOD	<u>\$ 233,114,632</u>	<u>86,395,599</u>	<u>66,068,233</u>
Comprising:			
Cash and cash equivalents	247,220,564	104,494,842	83,950,984
Bank overdrafts	<u>(14,105,932)</u>	<u>(18,099,243)</u>	<u>(17,882,751)</u>
	<u>\$ 233,114,632</u>	<u>86,395,599</u>	<u>66,068,233</u>

Dolphin Cove Limited

Report To Stockholders

Nine Months ended September 30, 2014



DOLPHIN COVE LIMITED

Selected Explanatory Notes

Nine-months ended September 30, 2014

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, 2013 which have been consistently applied from period to period.

Segment information

Nine month period to September 30, 2014				
	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ 1,893,296,440	406,537,096	282,240,484	2,582,074,020
Capital expenditure	\$ 36,382,623	1,510,385	6,524,315	44,417,323
Reportable segment liabilities	\$ 513,084,224	199,176,644	255,047,376	967,308,244

Year ended December 31, 2013				
	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ 1,636,370,323	340,362,765	266,603,710	2,243,336,798
Capital expenditure	\$ 20,878,126	2,257,427	149,974,396	172,940,058
Reportable segment liabilities	\$ 479,140,468	154,738,320	233,626,256	867,505,044

Nine month period to September 30, 2014				
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ 1,015,126,632	322,675,671	99,517,734	1,437,320,037
Finance Income	\$ 58,263,874	11,255,270	-	69,519,144
Finance cost	\$ (33,729,665)	(25,431,313)	-	(59,160,978)
Depreciation and amortisation	\$ (34,929,346)	(1,447,788)	(5,119,146)	(41,496,280)
Segment profit after tax	\$ 311,175,600	82,003,018	20,022,452	413,201,070

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	\$ 16,617,131	4,569,638	-	21,186,769
Finance cost	\$ (25,198,933)	(6,769,609)	(5,025)	(31,973,567)
Depreciation and amortisation	\$ (27,032,133)	(5,142,053)	(1,289,454)	(33,463,640)
Segment profit after tax	\$ 210,085,629	84,751,828	21,931,370	316,768,828

Dolphin Cove Limited

Report To Stockholders

Nine Months ended September 30, 2014



DOLPHIN COVE LIMITED

Selected Explanatory Notes

Nine-months ended September 30, 2014

	Unaudited September 30, <u>2014</u>	Audited December 31, <u>2013</u>
<u>Assets</u>		
Total asset for reportable segments	2,582,074,020	2,243,336,798
Elimination of investment in subsidiaries	(33,427,714)	(33,427,714)
Elimination of due from subsidiaries	<u>(441,787,944)</u>	<u>(363,193,460)</u>
Consolidated total assets	\$ <u>2,106,858,362</u>	<u>1,846,715,624</u>
<u>Liabilities</u>		
Total liabilities for reportable segments	967,308,244	867,505,044
Elimination of due from subsidiaries	<u>(441,787,944)</u>	<u>(363,193,460)</u>
Consolidated total liabilities	\$ <u>525,520,300</u>	<u>504,311,584</u>
	Unaudited September 30, <u>2014</u>	Unaudited September 30, <u>2013</u>
<u>Revenue</u>		
Total Revenue for reportable segments	1,437,320,037	1,240,802,668
Less other income	(749,474)	(2,367,290)
Elimination of inter-segment management fees	(23,400,000)	(23,400,000)
Elimination of inter-segment rental income	<u>(79,299,615)</u>	<u>(54,778,000)</u>
	\$ <u>1,333,870,948</u>	<u>1,160,257,378</u>
<u>Finance Income</u>		
Total finance income for reportable segments	69,519,144	21,186,769
Elimination of inter-company translation gains	(16,614,825)	-
Elimination of inter-company transactions	<u>(22,334,127)</u>	<u>(4,128,947)</u>
Consolidated finance income	\$ <u>30,570,192</u>	<u>17,057,822</u>
<u>Finance Cost</u>		
Total finance cost for reportable segments	59,160,978	31,973,567
Elimination of inter-company transactions	<u>(22,334,127)</u>	<u>(4,128,947)</u>
Consolidated finance cost	\$ <u>36,826,851</u>	<u>27,844,620</u>
<u>Profit after tax</u>		
Segment profit after tax	413,201,070	316,768,828
Translation adjustment on consolidation	<u>(16,614,825)</u>	<u>-</u>
Consolidated profit for the period	\$ <u>396,586,245</u>	<u>316,768,828</u>