

# Dolphin Cove Limited

## Report To Stockholders

Six Months ended June 30, 2015



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, 2015.

### OPERATIONS

	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014	% increase	Three-month period ended June 30, 2015	Three-month period ended June 30, 2014	% increase	Year ended December 31, 2014
Total Revenue (J\$m)	\$945.1	\$897.5	5%	\$475.2	\$461.4	3%	\$1,708.9
Profit after taxation (J\$m)	\$283.8	\$287.2	-1%	\$150.7	\$139.0	8%	\$439.7
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	\$0.72	\$0.73	-1%	\$0.38	\$0.35	8%	\$1.12
Dividends declared per share	\$0.15	\$0.30		\$0.15	\$0.15		\$0.60

Unaudited profit before tax for the six-months ended June 30, 2015 was \$289 million which was \$2 million or 1% above the outturn for the 2014 comparative period. Profit after deferred tax stood at \$284 million or 1% below the 2014 results due primarily to increased non-cash items offset by lower interest costs.

Total revenue for the six-months in 2015 grew by 5% as the Negril and Prospect OutBack and Adventure Parks returned improved results over 2014. The recent introduction of our Dune Buggy Tour at Prospect has resulted in a welcomed increase in business from both our cruise ship and hotel guests. The growth in revenue relating to the Ocho Rios Park was adversely affected by the delayed re-opening of the Moon Palace Hotel, formerly Jamaica Grande, which was closed for refurbishing in Q3, 2014. This position is expected to change within the upcoming months since Moon Palace has recently opened a section of the hotel.

Overall expenses increased almost proportionately with the movement in revenue although there were additional depreciation and insurance expenses as a result of the increase in value of the buildings which were professionally valued in the last quarter of 2014, and increased deferred tax. There were also higher costs relating to salaries and wages for the six-months ended June 30, 2015 given that salary increments for 2014 came into effect during the last quarter of that year. Interest costs reduced as debt was reduced.

# Dolphin Cove Limited Report To Stockholders

Six Months ended June 30, 2015



## FINANCIAL POSITION

	As at June 30, 2015	As at June 30, 2014	Increase/ (decrease)	As at December 31, 2014	Increase/ (decrease)
Working Capital (J\$m)	\$427.7	\$336.4	27%	\$250.3	71%
Fixed Assets (J\$m)	\$2,523.4	\$1,461.2	73%	\$2,495.1	1%
Net Assets (J\$m)	\$2,724.9	\$1,527.4	78%	\$2,497.5	9%
Debt to Equity ratio	0.09:1	0.2:1		0.11:1	
Net assets per share	\$6.94	\$3.89	78%	\$6.36	9%
Market price	\$13.00	\$8.50	53%	\$9.00	44%
Market/Book value	1.87	2.18	-14%	1.41	32%

The Group acquired two dolphins that were transported from overseas earlier in 2014. In addition to this, capital investment was directed at the 700-room Moon Palace Jamaica Grande Hotel where we have built a dedicated facility. The Group also added to its Admission offering at the Ocho Rios Park by erecting a 40 foot waterslide which so far seems to be popular among our younger guests.

An interim dividend of 15 cents per share was declared in July and will be paid in Q3 of 2015. The financial position of the group remains strong reflecting notable growth in its share price and working capital surplus.

Dolphin Cove won the 2014 Attractions of the Year Award at the Jamaica Hotel and Tourist Association (JHTA) meeting held in June 2015. The Group also assisted in constructing additional class room space at the Steer Town Basic School which was the major focus for our 2015 Labour Day project.

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, 2015



#### Group Interim Statement of Financial Position As At June 30, 2015

	<b>6 Months Ended June 30, 2015</b>	<b>6 Months Ended June 30, 2014</b>	<b>Year Ended December 31, 2014</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	236,174,536	203,694,006	213,590,514
Securities purchased under resale agreements	127,831,141	103,176,580	124,035,021
Investments	31,880,096	32,734,417	31,880,096
Accounts receivable	200,331,706	177,901,369	165,304,410
Due from related parties	2,527,375	33,972,216	-
Taxation recoverable	8,515,705	7,020,490	7,853,311
Inventories	55,384,302	35,324,387	36,738,081
	<u>662,644,861</u>	<u>593,823,465</u>	<u>579,401,433</u>
<b>NON-CURRENT ASSETS</b>			
Investments	17,762,546	-	16,680,300
Property, plant and equipment	2,177,699,999	1,092,234,875	2,149,897,273
Live assets	345,744,131	368,928,420	345,202,789
	<u>2,541,206,676</u>	<u>1,461,163,295</u>	<u>2,511,780,362</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>3,203,851,537</u></b>	<b><u>2,054,986,760</u></b>	<b><u>3,091,181,795</u></b>
<b>CURRENT LIABILITIES</b>			
Bank overdrafts	15,452,518	51,247,981	30,704,281
Accounts payable	122,804,795	134,849,301	142,866,230
Dividend Payable	-	-	58,863,957
Current portion of long term liabilities	96,707,504	71,316,672	96,707,504
	<u>234,964,817</u>	<u>257,413,954</u>	<u>329,141,972</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liability	88,305,977	37,500,774	83,107,651
Long-term liabilities	155,663,606	232,634,431	181,453,603
	<u>243,969,583</u>	<u>270,135,205</u>	<u>264,561,254</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	257,960,325	257,960,325	257,960,325
Equity Reserves	1,329,941,536	392,233,284	1,327,460,401
Retained Earnings	1,137,015,276	877,243,992	912,057,843
	<u>2,724,917,137</u>	<u>1,527,437,601</u>	<u>2,497,478,569</u>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>\$ <u>3,203,851,537</u></b>	<b><u>2,054,986,760</u></b>	<b><u>3,091,181,795</u></b>

# Dolphin Cove Limited

## Report To Stockholders

### Six Months ended June 30 2015



#### Group Interim Statement of Profit or Loss and Other Comprehensive Income Six months ended June 30, 2015

	6 Months Ended June 30, 2015 <u>Unaudited</u>	6 Months Ended June 30, 2014 <u>Unaudited</u>	3 Months Ended June 30, 2015 <u>Unaudited</u>	3 Months Ended June 30, 2014 <u>Unaudited</u>	Year Ended December 31, 2014 <u>Audited</u>
OPERATING REVENUE:					
Dolphin attraction revenue	628,530,371	606,916,433	319,262,237	320,223,502	1,161,746,199
Less: Direct costs of dolphin attraction	<u>34,923,712</u>	<u>37,112,627</u>	<u>18,025,177</u>	<u>17,549,512</u>	<u>79,266,238</u>
	<u>593,606,659</u>	<u>569,803,806</u>	<u>301,237,060</u>	<u>302,673,990</u>	<u>1,082,479,961</u>
Ancillary services revenue	316,499,116	290,374,135	155,802,752	141,145,439	545,936,254
Less: Direct costs of ancillary services	<u>36,122,729</u>	<u>38,066,035</u>	<u>16,990,509</u>	<u>19,555,050</u>	<u>76,353,512</u>
	<u>280,376,387</u>	<u>252,308,100</u>	<u>138,812,243</u>	<u>121,590,389</u>	<u>469,582,742</u>
Gross profit	873,983,046	822,111,906	440,049,303	424,264,379	1,552,062,703
Live assets retired	(12,995,357)	-	-	-	(32,487,173)
Other income	<u>100,003</u>	<u>205,669</u>	<u>100,000</u>	<u>63,680</u>	<u>1,234,540</u>
	<u>861,087,692</u>	<u>822,317,575</u>	<u>440,149,303</u>	<u>424,328,059</u>	<u>1,520,810,070</u>
OPERATING EXPENSES:					
Selling	252,005,957	253,211,247	120,983,390	133,599,385	492,913,768
Other operations	179,728,928	161,487,812	92,341,210	84,009,869	338,208,470
Administrative	<u>139,676,073</u>	<u>121,329,886</u>	<u>75,508,246</u>	<u>64,006,990</u>	<u>246,721,525</u>
	<u>571,410,958</u>	<u>536,028,945</u>	<u>288,832,846</u>	<u>281,616,244</u>	<u>1,077,843,763</u>
Profit before finance income and costs	289,676,734	286,288,630	151,316,457	142,711,815	442,966,307
Finance income	15,643,831	25,940,834	4,445,836	9,485,008	38,079,262
Finance costs	<u>(16,300,850)</u>	<u>(25,043,284)</u>	<u>(4,776,522)</u>	<u>(13,177,378)</u>	<u>(47,488,468)</u>
Profit before taxation	289,019,715	287,186,180	150,985,771	139,019,445	433,557,101
Taxation	<u>(5,198,326)</u>	<u>(826)</u>	<u>(278,547)</u>	<u>24</u>	<u>6,170,019</u>
Profit for the period	\$ <u>283,821,389</u>	<u>287,185,354</u>	<u>150,707,224</u>	<u>139,019,469</u>	<u>439,727,120</u>
Earnings per stock unit	<u>72.32¢</u>	<u>73.18¢</u>	<u>38.4¢</u>	<u>35.43¢</u>	<u>112.05¢</u>
Other comprehensive Income:					
Items that will never be reclassified to profit or loss:					
Surplus on revaluation of land and buildings	-	-	-	-	982,010,164
Deferred tax adjustment on revalued buildings	-	-	-	-	(51,776,896)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>930,233,268</u>
Items that are or may be reclassified to profit or loss:					
Translation adjustment on consolidation of foreign subsidiaries	2,481,135	13,251,298	(3,212,206)	4,864,673	19,156,592
Fair value appreciation of available-for-sale investments	<u>-</u>	<u>2,324,822</u>	<u>-</u>	<u>725,669</u>	<u>1,413,377</u>
	<u>2,481,135</u>	<u>15,576,120</u>	<u>(3,212,206)</u>	<u>5,590,342</u>	<u>20,569,969</u>
Total comprehensive income	\$ <u>286,302,524</u>	<u>302,761,474</u>	<u>147,495,018</u>	<u>144,609,811</u>	<u>1,390,530,357</u>

# Dolphin Cove Limited

## Report To Stockholders

### Six Months ended June 30, 2015



#### Group Interim Statement of Changes in Stockholders' Equity

##### Six months ended June 30, 2015

	<b>6 Months Ended June 30, 2015 <u>Unaudited</u></b>	<b>6 Months Ended June 30, 2014 <u>Unaudited</u></b>	<b>Year Ended December 31, 2014 <u>Audited</u></b>
Balances at beginning of period	\$ 2,497,478,569	1,342,404,040	1,342,404,040
Transactions recorded directly in equity:			
Dividends	(58,863,956)	(117,727,913)	(235,455,828)
Total comprehensive income:			
Profit for the period	283,821,389	287,185,354	439,727,120
Other comprehensive income:			
Surplus on revaluation of land and buildings		-	982,010,164
Deferred tax on revalued buildings		-	(51,776,896)
Translation adjustment on consolidation of foreign subsidiaries	2,481,135	13,251,298	19,156,592
Fair value appreciation of available-for-sale investments	\$ -	2,324,822	1,413,377
Balance at end of period	\$ 2,724,917,137	1,527,437,601	2,497,478,569

# Dolphin Cove Limited

## Report To Stockholders

### Six Months ended June 30, 2015



#### Group Interim Statement of Cash Flows

##### Six months ended June 30, 2015

	6 Months Ended June 30, 2015 <u>Unaudited</u>	6 Months Ended June 30, 2014 <u>Unaudited</u>	Year Ended December 31, 2014 <u>Audited</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period	283,821,389	287,185,354	439,727,120
Adjustments for:			
Depreciation and amortisation	35,826,120	27,705,601	59,709,206
Gain on disposal of property, plant and equipment	-	-	-
Live assets retired	12,995,357	-	32,487,173
Interest income	(3,720,328)	(3,303,884)	(7,195,384)
Interest expense	6,399,033	15,012,379	29,307,333
Loss on disposal of investments	-	-	-
Impairment loss on trade receivables	-	-	1,398,333
Taxation	5,198,326	826	(6,170,019)
Operating profit before changes in working capital	<u>340,519,897</u>	<u>326,600,276</u>	<u>549,263,762</u>
Accounts receivable	(35,443,149)	(34,869,258)	(23,511,336)
Inventories	(18,646,221)	(4,393,355)	(5,807,049)
Accounts payable	(14,798,501)	8,844,162	11,714,396
Due from/to related parties	<u>(2,527,375)</u>	<u>(20,982,390)</u>	<u>12,989,826</u>
Cash generated from operations	269,104,651	275,199,435	544,649,599
Interest paid	(11,661,967)	(15,012,379)	(24,160,638)
Income tax paid	<u>(662,394)</u>	<u>(805,896)</u>	<u>(1,637,891)</u>
Net cash provided by operating activities	<u>256,780,290</u>	<u>259,381,160</u>	<u>518,851,070</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	3,053,935	3,175,622	6,907,826
Securities purchased under resale agreements	(3,796,120)	(10,282,225)	(31,140,666)
Additions to property, plant and equipment	(46,857,278)	(27,852,648)	(115,064,611)
Proceeds from disposal of property, plant and equipment	-	-	-
Additions to live assets	(27,827,132)	(1,344,387)	(24,644,511)
Proceeds from the disposal of investments	-	-	-
Investments acquired	-	-	(16,737,424)
Net cash provided/(used) by investing activities	<u>(75,426,595)</u>	<u>(36,303,638)</u>	<u>(180,679,386)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term loan received/(repaid)	-	-	-
Dividends paid	(117,727,913)	(117,727,913)	(176,591,871)
Long term liabilities, net	<u>(25,789,997)</u>	<u>(18,971,817)</u>	<u>(44,761,813)</u>
Net cash (used)/provided by financing activities	<u>(143,517,910)</u>	<u>(136,699,730)</u>	<u>(221,353,684)</u>
Net increase in cash resources	37,835,785	86,377,792	116,818,000
Cash resources at beginning of the period	<u>182,886,233</u>	<u>66,068,233</u>	<u>66,068,233</u>
CASH RESOURCES AT END OF PERIOD	<u>\$ 220,722,018</u>	<u>\$ 152,446,025</u>	<u>\$ 182,886,233</u>
Comprising:			
Cash and cash equivalents	236,174,536	203,694,006	213,590,514
Bank overdrafts	<u>(15,452,518)</u>	<u>(51,247,981)</u>	<u>(30,704,281)</u>
	<u>\$ 220,722,018</u>	<u>\$ 152,446,025</u>	<u>\$ 182,886,233</u>

# Dolphin Cove Limited

## Report To Stockholders

### Six Months ended June 30, 2015



#### Selected Explanatory Notes

##### Six-months ended June 30, 2015

#### 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, 2014 which have been consistently applied from period to period.

#### Segment information

<b>Six month period to June 30, 2015</b>				
	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ 2,553,129,296	789,461,190	365,772,274	3,708,362,760
Capital expenditure	\$ 37,427,017	780,307	8,649,954	46,857,278
Reportable segment liabilities	\$ 466,064,096	196,347,608	287,605,205	950,016,909

<b>Year ended December 31, 2014</b>				
	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ 2,458,379,074	810,444,162	342,786,087	3,611,609,323
Capital expenditure	\$ 66,625,630	1,653,162	46,785,819	115,064,611
Reportable segment liabilities	\$ 581,041,104	227,006,133	272,654,803	1,080,702,040

<b>Six month period to June 30, 2015</b>				
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ 677,625,595	225,864,368	113,135,082	1,016,625,045
Finance Income	\$ 34,899,462	798,690	-	35,698,152
Finance cost	\$ (18,067,657)	(11,766,978)	-	(29,834,635)
Depreciation and amortisation	\$ (28,063,096)	(5,145,862)	(2,617,162)	(35,826,120)
Segment profit after tax	\$ 177,058,592	69,293,036	47,999,182	294,350,810

<b>Six month period to June 30, 2014</b>				
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ 671,474,826	216,487,325	77,454,951	965,417,102
Finance income	\$ 45,623,352	9,611,266	-	55,234,618
Finance cost	\$ (22,750,443)	(18,335,327)	-	(41,085,770)
Depreciation and amortisation	\$ (23,329,327)	(3,412,764)	(963,510)	(27,705,601)
Segment profit after tax	\$ 220,599,759	50,942,623	28,894,270	300,436,652

# Dolphin Cove Limited

## Report To Stockholders

Six Months ended June 30, 2015



### Selected Explanatory Notes

Six-months ended June 30, 2015

	Unaudited June 30, <u>2015</u>	Audited December 31, <u>2014</u>
<u>Assets</u>		
Total asset for reportable segments	3,708,362,760	3,611,609,323
Elimination of investment in subsidiaries	(33,428,714)	(33,428,714)
Elimination of due from subsidiaries	<u>(471,082,509)</u>	<u>(486,998,814)</u>
Consolidated total assets	\$ <u>3,203,851,537</u>	<u>3,091,181,795</u>
<u>Liabilities</u>		
Total liabilities for reportable segments	950,016,909	1,080,702,040
Elimination of due from subsidiaries	<u>(471,082,509)</u>	<u>(486,998,814)</u>
Consolidated total liabilities	\$ <u>478,934,400</u>	<u>593,703,226</u>
	Unaudited June 30, <u>2015</u>	Unaudited June 30, <u>2014</u>
<u>Revenue</u>		
Total Revenue for reportable segments	1,016,625,045	965,417,102
Less other income	(100,003)	(205,669)
Elimination of inter-segment management fees	(15,600,000)	(15,600,000)
Elimination of inter-segment rental income	<u>(55,895,555)</u>	<u>(52,320,865)</u>
	\$ <u>945,029,487</u>	<u>897,290,568</u>
<u>Finance Income</u>		
Total finance income for reportable segments	35,698,152	55,234,618
Elimination of inter-company translation gains	(2,481,136)	(13,251,298)
Elimination of inter-company transactions	<u>(17,573,185)</u>	<u>(16,042,486)</u>
Consolidated finance income	\$ <u>15,643,831</u>	<u>25,940,834</u>
<u>Finance Cost</u>		
Total finance cost for reportable segments	29,834,635	41,085,770
Elimination of inter-company transactions	<u>(13,533,785)</u>	<u>(16,042,486)</u>
Consolidated finance cost	\$ <u>16,300,850</u>	<u>25,043,284</u>
<u>Profit after tax</u>		
Segment profit after tax	294,350,810	300,436,652
Depreciation charge on consolidation	(4,008,885)	-
Elimination of inter-company transactions	(4,039,400)	-
Translation adjustment on consolidation	<u>(2,481,136)</u>	<u>(13,251,298)</u>
Consolidated profit for the period	\$ <u>283,821,389</u>	<u>287,185,354</u>