

Dolphin Cove Limited

Report To Stockholders

Three Months ended March 31, 2016



On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of Dolphin Cove Limited for the three months ended March 31, 2016.

OPERATIONS

OPERATIONS				
	Three-month period ended March 31, 2016	Three-month period ended March 31, 2015	% increase	Year ended December 31, 2015
Total Revenue (J \$mn)	\$520.4	\$470.0	11%	\$1,769.0
Profit after taxation (J \$mn)	\$185.4	\$133.1	39%	\$406.2
Number of shares in issue	392,426,376	392,426,376		392,426,376
Earnings per share after tax	\$0.47	\$0.34	39%	\$1.04
Dividends declared per share	\$0.00	\$0.00		\$0.45

The first quarter results of 2015 saw profit after tax of \$185mn an increase of \$52mn or 39% above the corresponding period in the previous year.

Revenue increased by 11% due primarily to a 35% growth in ancillary revenue although the decline in ship arrivals had a marginally (2%) negative impact on Dolphin Attraction Revenue. Gross profit increased by 14% as a result of the growth in revenue and a decline in direct cost of sales.

The increase in operating expenses was only 5% over Q1, 2015 notwithstanding the depreciation of the Jamaican dollar and the incurrence of new operating and administrative costs which contributed to the improved service delivery.

Corporation tax at 12.5% on profits began in December 2015 resulting in a \$5.5 million increase in corporation/deferred tax expense for the first quarter of 2016.

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FINANCIAL POSITION

	As at March 31, 2016	As at March 31, 2015	Increase/ (decrease)	As at December 31, 2015	Increase/ (decrease)
Working Capital (J\$mn)	\$440.2	\$379.3	16%	\$376.2	17%
Fixed Assets (J\$mn)	\$2,661.6	\$2,496.0	7%	\$2,549.0	4%
Net Assets (J\$mn)	\$2,932.7	\$2,636.3	11%	\$2,740.7	7%
Debt to Equity ratio	0.07:1	0.1:1		0.08:1	
Net assets per share	\$7.47	\$6.72	11%	\$6.98	7%
Market price	\$14.50	\$9.20	58%	\$15.50	-6%
Market/Book value	1.94	1.37	42%	2.22	-13%

During the quarter the Group made capital expenditures of \$130 million to improve the facilities of the Parks which is expected to have a positive impact on our performance going forward.

A dividend of 20 cents per share was declared in April and will be paid in second quarter of 2016. The Group was in a strong financial position as at the end of the quarter with improvements in working capital and net assets.

We continue to expand our marketing efforts in anticipation of the additional rooms that are expected to come on stream during 2016 and there is the prospects of increased local sales with the recent opening of the Caymanas to Ocho Rios toll road which will significantly reduce the travelling time from Kingston. We also anticipate that our new enhanced website will continue to generate growth in our internet bookings and by extension our revenue. The financial resources of the group remain strong and this will facilitate our plans to expand our operations locally and in other Caribbean countries.

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

Three Months ended March 31, 2016



Group Interim Statement of Financial Position As At March 31, 2016

	3 Months Ended March 31, 2016	3 Months Ended March 31, 2015	Year Ended December 31, 2015
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
CURRENT ASSETS			
Cash and cash equivalents	185,705,708	216,503,293	183,922,829
Securities purchased under resale agreements	166,423,316	127,339,183	162,424,403
Investments	32,849,744	31,880,096	32,219,794
Accounts receivable	237,168,628	195,280,354	180,968,611
Due from related parties	-	2,882,077	-
Taxation recoverable	8,185,717	8,162,299	7,853,311
Inventories	52,526,327	41,353,898	38,712,162
	<u>682,859,440</u>	<u>623,401,200</u>	<u>606,101,110</u>
NON-CURRENT ASSETS			
Investments	19,099,805	17,511,516	19,311,712
Property, plant and equipment	2,281,656,128	2,170,894,485	2,218,872,625
Live assets	379,930,964	325,132,217	330,131,936
	<u>2,680,686,897</u>	<u>2,513,538,218</u>	<u>2,568,316,273</u>
TOTAL ASSETS	\$ <u>3,363,546,337</u>	3,136,939,418	3,174,417,383
CURRENT LIABILITIES			
Bank overdrafts	-	20,448,329	4,759,548
Accounts payable	147,487,976	126,911,476	129,769,834
Dividend Payable	-	-	-
Current portion of long term liabilities	95,127,504	96,707,504	95,127,504
Taxation payable	-	-	210,764
	<u>242,615,480</u>	<u>244,067,309</u>	<u>229,867,650</u>
NON-CURRENT LIABILITY			
Deferred tax liability	72,742,212	88,027,430	75,941,494
Long-term liabilities	115,455,524	168,558,604	127,955,525
	<u>188,197,736</u>	<u>256,586,034</u>	<u>203,897,019</u>
SHAREHOLDERS' EQUITY			
Share capital	257,960,325	257,960,325	257,960,325
Equity Reserves	1,347,629,077	1,333,153,742	1,340,980,355
Retained Earnings	1,327,143,719	1,045,172,008	1,141,712,034
	<u>2,932,733,121</u>	<u>2,636,286,075</u>	<u>2,740,652,714</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	\$ <u>3,363,546,337</u>	3,136,939,418	3,174,417,383

Dolphin Cove Limited

Report To Stockholders

Three Months ended March 31, 2016



DOLPHIN COVE LIMITED

Group Interim Statement of Profit or Loss and Other Comprehensive Income Three months ended March 31, 2016

	3 Months Ended March 31, 2016 <u>Unaudited</u>	3 Months Ended March 31, 2015 <u>Unaudited</u>	Year Ended December 31, 2015 <u>Audited</u>
OPERATING REVENUE:			
Dolphin attraction revenue	303,801,079	309,268,134	1,167,844,775
Less: Direct costs of dolphin attraction	<u>12,495,182</u>	<u>16,898,535</u>	<u>72,867,274</u>
	<u>291,305,897</u>	<u>292,369,599</u>	<u>1,094,977,501</u>
Ancillary services revenue	216,574,031	160,696,364	600,277,759
Less: Direct costs of ancillary services	<u>13,837,481</u>	<u>19,132,220</u>	<u>87,814,172</u>
	<u>202,736,550</u>	<u>141,564,144</u>	<u>512,463,587</u>
Gross profit	494,042,447	433,933,743	1,607,441,088
Gain on disposal of property, plant & equipment	-	-	628,232
Live assets retired	-	(12,995,357)	(12,995,357)
Other income	<u>-</u>	<u>3</u>	<u>838,269</u>
	<u>494,042,447</u>	<u>420,938,389</u>	<u>1,595,912,232</u>
OPERATING EXPENSES:			
Selling	130,810,845	131,022,567	496,934,352
Other operations	95,390,265	87,387,718	394,636,149
Administrative	<u>70,787,800</u>	<u>64,167,827</u>	<u>303,408,296</u>
	<u>296,988,910</u>	<u>282,578,112</u>	<u>1,194,978,797</u>
Profit before finance income and costs	197,053,537	138,360,277	400,933,435
Finance income	8,707,070	11,197,995	35,643,680
Finance costs	<u>(9,882,428)</u>	<u>(11,524,328)</u>	<u>(35,839,034)</u>
Profit before taxation	195,878,179	138,033,944	400,738,081
Taxation	<u>(10,446,494)</u>	<u>(4,919,779)</u>	<u>5,507,981</u>
Profit for the period	\$ <u>185,431,685</u>	<u>133,114,165</u>	<u>406,246,062</u>
Earnings per stock unit	<u><u>47.25€</u></u>	<u><u>33.92€</u></u>	<u><u>103.52€</u></u>
Other comprehensive Income:			
Items that are or may be reclassified to profit or loss:			
Translation adjustment on consolidation of foreign subsidiaries	6,018,772	5,693,341	13,196,021
Fair value appreciation of available-for-sale investments	<u>629,950</u>	<u>-</u>	<u>323,933</u>
	<u>6,648,722</u>	<u>5,693,341</u>	<u>13,519,954</u>
Total comprehensive income	\$ <u>192,080,407</u>	<u>138,807,506</u>	<u>419,766,016</u>

Dolphin Cove Limited

Report To Stockholders

Three Months ended March 31, 2016



DOLPHIN COVE LIMITED
Group Interim Statement of Changes in Stockholders' Equity
Three months ended March 31, 2016

	3 Months Ended March 31, 2016 <u>Unaudited</u>	3 Months Ended March 31, 2015 <u>Unaudited</u>	Year Ended December 31, 2015 <u>Audited</u>
Balances at beginning of period	\$ 2,740,652,714	2,497,478,569	2,497,478,569
Transactions with owners of the company:			
Dividends	-	-	(176,591,871)
Total comprehensive income:			
Profit for the period	185,431,685	133,114,165	406,246,062
Other comprehensive income:			
Translation adjustment on consolidation of foreign subsidiaries	6,018,772	5,693,341	13,196,021
Fair value appreciation of available-for-sale investments	\$ 629,950	-	323,933
Balance at end of period	\$ 2,932,733,121	2,636,286,075	2,740,652,714

Dolphin Cove Limited

Report To Stockholders

Three Months ended March 31, 2016



DOLPHIN COVE LIMITED

Group Interim Statement of Cash Flows Three months ended March 31, 2016

	3 Months Ended March 31, 2016 <u>Unaudited</u>	3 Months Ended March 31, 2015 <u>Unaudited</u>	Year Ended December 31, 2015 <u>Audited</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	185,431,685	133,114,165	406,246,062
Adjustments for:			
Depreciation and amortisation	22,500,372	18,098,548	84,512,778
Gain on disposal of property, plant and equipment	-	-	(628,232)
Live assets retired	-	12,995,357	12,995,357
Interest income	(1,772,709)	(1,892,754)	(7,647,374)
Interest expense	4,117,949	6,546,338	15,986,982
Impairment loss on trade receivables	-	-	389,627
Taxation	10,446,494	4,919,779	(5,507,981)
Operating profit before changes in working capital	<u>220,723,791</u>	<u>173,781,433</u>	<u>506,347,219</u>
Accounts receivable	(56,405,014)	(30,391,797)	(16,840,096)
Inventories	(13,814,165)	(4,615,817)	(1,974,081)
Accounts payable	17,718,142	(15,868,104)	(9,218,405)
Due from/to related parties	-	(2,882,077)	-
Cash generated from operations	<u>168,222,754</u>	<u>120,023,638</u>	<u>478,314,637</u>
Interest paid	(4,117,949)	(6,632,988)	(19,864,973)
Income tax paid	(14,188,945)	(308,988)	(1,447,412)
Net cash provided by operating activities	<u>149,915,860</u>	<u>113,081,662</u>	<u>457,002,252</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,977,706	1,477,391	8,433,642
Securities purchased under resale agreements	(3,998,913)	(3,304,162)	(38,389,382)
Additions to property, plant and equipment	(71,889,972)	(26,257,204)	(112,535,558)
Proceeds from disposal of property, plant and equipment	-	-	4,051,565
Additions to live assets	(57,174,160)	(70,000)	(29,104,388)
Investments acquired	211,907	-	(2,647,177)
Net cash provided/(used) by investing activities	<u>(130,873,432)</u>	<u>(28,153,975)</u>	<u>(170,191,298)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	-	(58,863,957)	(235,455,828)
Long term liabilities, net	(12,500,001)	(12,894,999)	(55,078,078)
Net cash (used)/provided by financing activities	<u>(12,500,001)</u>	<u>(71,758,956)</u>	<u>(290,533,906)</u>
Net increase in cash resources	6,542,427	13,168,731	(3,722,952)
Cash resources at beginning of the period	179,163,281	182,886,233	182,886,233
CASH RESOURCES AT END OF PERIOD	<u>\$ 185,705,708</u>	<u>196,054,964</u>	<u>179,163,281</u>
Comprising:			
Cash and cash equivalents	185,705,708	216,503,293	183,922,829
Bank overdrafts	-	(20,448,329)	(4,759,548)
	<u>\$ 185,705,708</u>	<u>196,054,964</u>	<u>179,163,281</u>

Dolphin Cove Limited

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Three Months ended March 31, 2016



Selected Explanatory Notes

Three-months ended March 31, 2016

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, 2015 which have been consistently applied from period to period.

Segment information

Three month period to March 31, 2016

	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ 2,659,941,712	787,502,203	458,334,927	3,905,778,842
Capital expenditure	\$ 31,157,601	10,406,085	87,500,446	129,064,132
Reportable segment liabilities	\$ 421,212,794	197,495,061	320,909,152	939,617,007

Year ended December 31, 2015

	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ 2,520,848,451	768,661,239	412,465,214	3,701,974,904
Capital expenditure	\$ 83,275,199	3,365,187	54,999,560	141,639,946
Reportable segment liabilities	\$ 409,936,011	208,753,144	309,204,321	927,893,476

Three month period to March 31, 2016

	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ 317,554,349	120,191,123	88,013,023	525,758,495
Finance Income	\$ 25,519,683	311,798	-	25,831,481
Finance cost	\$ (8,958,712)	(9,256,256)	-	(18,214,968)
Depreciation and amortisation	\$ (15,349,842)	(2,491,518)	(4,659,012)	(22,500,372)
Taxations	\$ 7,822,005	977,751	1,646,738	10,446,494
Segment profit after tax	\$ 115,107,385	47,074,033	34,046,580	196,227,998

Three month period to March 31, 2015

	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ 347,270,522	101,244,064	57,698,567	506,213,153
Finance income	\$ 28,750,770	887,578	-	29,638,348
Finance cost	\$ (9,112,751)	(12,715,622)	-	(21,828,373)
Depreciation and amortisation	\$ (14,060,259)	(2,572,932)	(1,465,357)	(18,098,548)
Segment profit after tax	\$ 94,153,257	20,737,638	28,364,020	143,254,915

Dolphin Cove Limited

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Three Months ended March 31, 2016



DOLPHIN COVE LIMITED

Selected Explanatory Notes

Three-months ended March 31, 2016

	Unaudited March 31, <u>2016</u>	Audited December 31, <u>2015</u>
<u>Assets</u>		
Total asset for reportable segments	3,905,778,842	3,701,974,904
Elimination of investment in subsidiaries	(33,428,714)	(33,428,714)
Elimination of due from subsidiaries	<u>(508,803,791)</u>	<u>(494,128,807)</u>
Consolidated total assets	\$ <u>3,363,546,337</u>	<u>3,174,417,383</u>
<u>Liabilities</u>		
Total liabilities for reportable segments	939,617,007	927,893,476
Elimination of due from subsidiaries	<u>(508,803,791)</u>	<u>(494,128,807)</u>
Consolidated total liabilities	\$ <u>430,813,216</u>	<u>433,764,669</u>
	Unaudited March 31, <u>2016</u>	Unaudited March 31, <u>2015</u>
<u>Revenue</u>		
Total Revenue for reportable segments	525,758,495	506,213,153
Less other income	-	(3)
Elimination of inter-segment management fees	-	(7,800,000)
Elimination of inter-segment rental income	<u>(5,383,385)</u>	<u>(28,448,652)</u>
	\$ <u>520,375,110</u>	<u>469,964,498</u>
<u>Finance Income</u>		
Total finance income for reportable segments	25,831,481	29,638,348
Elimination of inter-company translation gains	(6,030,735)	(5,693,341)
Elimination of inter-company transactions	<u>(11,093,676)</u>	<u>(12,747,012)</u>
Consolidated finance income	\$ <u>8,707,070</u>	<u>11,197,995</u>
<u>Finance Cost</u>		
Total finance cost for reportable segments	18,214,968	21,828,373
Elimination of inter-company transactions	<u>(8,332,540)</u>	<u>(10,304,045)</u>
Consolidated finance cost	\$ <u>9,882,428</u>	<u>11,524,328</u>
<u>Profit after tax</u>		
Segment profit after tax	196,227,998	143,254,915
Depreciation charge on consolidation	(2,004,442)	(2,004,442)
Elimination of inter-company transactions	(2,761,136)	(2,442,967)
Translation adjustment on consolidation	<u>(6,030,735)</u>	<u>(5,693,341)</u>
Consolidated profit for the period	\$ <u>185,431,685</u>	<u>133,114,165</u>

Dolphin Cove Limited

Report To Stockholders

Three Months ended March 31 2016



DOLPHIN COVE LIMITED

DISCLOSURE OF SHAREHOLDINGS

As At March 31, 2016

TOP TEN (10) SHAREHOLDERS	
Shareholders	Stockholding
World of Dolphins	313,901,858
Garden House Holdings Limited	37,491,168
Stafford Burrowes	7,876,770
JCSD Trustees Services Ltd. a/c#76579-02	3,315,729
ATL Group Pension Fund Trustees Nom Ltd	2,222,530
NCB Insurance Co. Ltd. a/c WT040	2,070,761
SJIML A/C 831	2,028,678
NCB Insurance Co. Ltd. a/c WT160	1,652,357
SJIML A/C 2884	1,303,798
Lorna A Myers	1,245,972

STOCKHOLDINGS OF DIRECTORS AND CONNECTED PERSONS			
Directors	Stockholding	Connected Persons	Stockholding
Stafford Burrowes	7,876,770	Garden House Holdings	37,491,168
Noel D. Levy	200,000	None	-

STOCKHOLDINGS OF SENIOR MANAGEMENT AND CONNECTED PERSONS			
Senior Management	Stockholding	Connected Persons	Stockholding
Stafford Burrowes	7,876,770	Garden House Holdings	37,491,168
Mishka Stennett	3,000	None	-
David Russell	24,298	None	-
Marilyn Burrowes	1,000,008	Stafford Burrowes	7,876,770