

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30, 2016



On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of Dolphin Cove Limited for the quarter and six months ended June 30, 2016.

OPERATIONS						
	Six-month period ended June 30, 2016	Six-month period ended June 30, 2015	% increase	Three-month period ended June 30, 2016	Three-month period ended June 30, 2015	Year ended December 31, 2015
Total Revenue (J\$mn)	\$1,008.4	\$945.1	7%	\$488.0	\$475.2	\$1,769.0
Profit after taxation (J\$mn)	\$344.9	\$283.8	22%	\$159.5	\$150.7	\$406.2
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	\$0.88	\$0.72	22%	\$0.41	\$0.38	\$1.04
Dividends declared per share	\$0.40	\$0.15		\$0.40	\$0.15	\$0.45

For the six month ended June 2016 profits after tax was \$344mn, an increase of \$61mn or 22% above the corresponding period in the previous year. The dividends declared in the six month period amounted to 40 cents per share compared to 15 cents for the same period in the prior year.

Revenue increased by 7% due primarily to a 32% growth in ancillary revenue, although the decline in ship arrivals to Ocho Rios by Royal Caribbean and to Falmouth by Disney Cruise lines, had a marginally negative impact (2%) on Dolphin Attractions revenue. Also the decline in arrivals from the Canadian Market had a small impact. Gross profit increased by 9% as a result of the growth in revenue and a decline in direct cost of sales.

The increase in operating expenses was only 4% over the corresponding period in 2015, notwithstanding the depreciation of the Jamaican dollar and the incurrence of new operating and administrative costs which contributed to improved service delivery.

Dolphin Cove Limited Report To Stockholders

Six Months ended June 30, 2016



FINANCIAL POSITION

	As at June 30, 2016	As at June 30, 2015	Increase/ (decrease)	As at December 31, 2015	Increase/ (decrease)
Working Capital (J\$mn)	\$414.1	\$427.7	-3%	\$376.2	10%
Fixed Assets (J\$mn)	\$2,698.7	\$2,523.4	7%	\$2,549.0	6%
Net Assets (J\$mn)	\$2,936.9	\$2,724.9	8%	\$2,740.7	7%
Debt to Equity ratio	0.07:1	0.09:1		0.08:1	
Net assets per share	\$7.48	\$6.94	8%	\$6.98	7%
Market price	\$11.65	\$13.00	-10%	\$15.50	-25%
Market/Book value	1.56	1.87	-17%	2.22	-30%

During the six months we incurred capital expenditure of \$218 million to improve the facilities of the parks in Jamaica and this is expected to have a positive impact on our performance going forward.

Two dividends of 20 cents per share were declared and paid in the quarter. The Group was in a strong financial position as at the end of the quarter maintaining working capital and improving net assets in spite of the extra dividend and capital expenditure.

We continue to upgrade all our parks by adding additional interactive experiences. The loving care and attention to our dolphins is being rewarded by the birth of new calves. In the last twelve months we have had four babies born.

An additional 1,200 rooms coming on stream in Jamaica this winter, and the announcement of an additional 12,000 rooms by 2020 is very encouraging. Our upgrade and expansion will position us to benefit from the additional visitor arrivals that are expected.

As more and more residents become acquainted with the new North/South Highway we are seeing a steady increase in our local visitors to our Ocho Rios Park.

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, 2016



Group Interim Statement of Financial Position As At June 30, 2016

	6 Months Ended June 30, 2016	6 Months Ended June 30, 2015	Year Ended December 31, 2015
	Unaudited	Unaudited	Audited
CURRENT ASSETS			
Cash and cash equivalents	194,451,869	236,174,536	183,922,829
Securities purchased under resale agreements	171,684,689	127,831,141	162,424,403
Investments	34,543,186	31,880,096	32,219,794
Accounts receivable	239,235,467	200,331,706	180,968,611
Due from related parties	8,836,680	2,527,375	-
Taxation recoverable	8,502,643	8,515,705	7,853,311
Inventories	66,518,291	55,384,302	38,712,162
	<u>723,772,825</u>	<u>662,644,861</u>	<u>606,101,110</u>
NON-CURRENT ASSETS			
Investments	-	17,762,546	19,311,712
Property, plant and equipment	2,312,283,395	2,177,699,999	2,218,872,625
Live assets	386,373,687	345,744,131	330,131,936
	<u>2,698,657,082</u>	<u>2,541,206,676</u>	<u>2,568,316,273</u>
TOTAL ASSETS	<u>\$ 3,422,429,907</u>	<u>3,203,851,537</u>	<u>3,174,417,383</u>
CURRENT LIABILITIES			
Bank overdrafts	-	15,452,518	4,759,548
Accounts payable	135,809,801	122,804,795	129,769,834
Dividend Payable	77,863,282	-	-
Current portion of long term liabilities	95,127,504	96,707,504	95,127,504
Taxation payable	832,758	-	210,764
	<u>309,633,345</u>	<u>234,964,817</u>	<u>229,867,650</u>
NON-CURRENT LIABILITY			
Deferred tax liability	72,933,615	88,305,977	75,941,494
Long-term liabilities	102,955,525	155,663,606	127,955,525
	<u>175,889,140</u>	<u>243,969,583</u>	<u>203,897,019</u>
SHAREHOLDERSEQUITY			
Share capital	257,960,325	257,960,325	257,960,325
Equity Reserves	1,349,322,519	1,329,941,536	1,340,980,355
Retained Earnings	1,329,624,578	1,137,015,276	1,141,712,034
	<u>2,936,907,422</u>	<u>2,724,917,137</u>	<u>2,740,652,714</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	<u>\$ 3,422,429,907</u>	<u>3,203,851,537</u>	<u>3,174,417,383</u>

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30 2016



DOLPHIN COVE LIMITED

Group Interim Statement of Profit or Loss and Other Comprehensive Income Six months ended June 30, 2016

	6 Months Ended June 30, 2016 <u>Unaudited</u>	6 Months Ended June 30, 2015 <u>Unaudited</u>	3 Months Ended June 30, 2016 <u>Unaudited</u>	3 Months Ended June 30, 2015 <u>Unaudited</u>	Year Ended December 31, 2015 <u>Audited</u>
OPERATING REVENUE:					
Dolphin attraction revenue	590,347,698	628,530,371	286,546,619	319,262,237	1,167,844,775
Less: Direct costs of dolphin attraction	<u>24,945,376</u>	<u>34,923,712</u>	<u>12,450,194</u>	<u>18,025,177</u>	<u>72,867,274</u>
	<u>565,402,322</u>	<u>593,606,659</u>	<u>274,096,425</u>	<u>301,237,060</u>	<u>1,094,977,501</u>
Ancillary services revenue	417,986,352	316,499,116	201,412,321	155,802,752	600,277,759
Less: Direct costs of ancillary services	<u>28,746,707</u>	<u>36,122,729</u>	<u>14,909,226</u>	<u>16,990,509</u>	<u>87,814,172</u>
	<u>389,239,645</u>	<u>280,376,387</u>	<u>186,503,095</u>	<u>138,812,243</u>	<u>512,463,587</u>
Gross profit	954,641,967	873,983,046	460,599,520	440,049,303	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>53,562</u>	<u>100,003</u>	<u>53,562</u>	<u>100,000</u>	<u>838,269</u>
	<u>954,695,529</u>	<u>861,087,692</u>	<u>460,653,082</u>	<u>440,149,303</u>	<u>1,595,912,232</u>
OPERATING EXPENSES:					
Selling	249,522,260	252,005,957	118,711,415	120,983,390	496,934,352
Other operations	199,052,125	179,728,928	103,661,860	92,341,210	394,636,149
Administrative	<u>148,175,402</u>	<u>139,676,073</u>	<u>77,387,602</u>	<u>75,508,246</u>	<u>303,408,296</u>
	<u>596,749,787</u>	<u>571,410,958</u>	<u>299,760,877</u>	<u>288,832,846</u>	<u>1,194,978,797</u>
Profit before finance income and costs	357,945,742	289,676,734	160,892,205	151,316,457	400,933,435
Finance income	30,751,126	15,643,831	22,044,056	4,445,836	35,643,680
Finance costs	<u>(19,705,748)</u>	<u>(16,300,850)</u>	<u>(9,823,320)</u>	<u>(4,776,522)</u>	<u>(35,839,034)</u>
Profit before taxation	368,991,120	289,019,715	173,112,941	150,985,771	400,738,081
Taxation	<u>(24,108,025)</u>	<u>(5,198,326)</u>	<u>(13,661,531)</u>	<u>(278,547)</u>	<u>5,507,981</u>
Profit for the period	\$ <u>344,883,095</u>	<u>283,821,389</u>	<u>159,451,410</u>	<u>150,707,224</u>	<u>406,246,062</u>
Earnings per stock unit	<u>87.88¢</u>	<u>72.32¢</u>	<u>40.63¢</u>	<u>38.4¢</u>	<u>103.52¢</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	2,481,135	-	(3,212,206)	13,196,021
Fair value appreciation of available-for-sale investments	<u>2,323,392</u>	<u>-</u>	<u>1,693,442</u>	<u>-</u>	<u>323,933</u>
	<u>8,342,164</u>	<u>2,481,135</u>	<u>1,693,442</u>	<u>(3,212,206)</u>	<u>13,519,954</u>
Total comprehensive income	\$ <u>353,225,259</u>	<u>286,302,524</u>	<u>161,144,852</u>	<u>147,495,018</u>	<u>419,766,016</u>

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30, 2016



DOLPHIN COVE LIMITED

Group Interim Statement of Changes in Stockholders' Equity Six months ended June 30, 2016

	6 Months Ended June 30, 2016 <u>Unaudited</u>	6 Months Ended June 30, 2015 <u>Unaudited</u>	Year Ended December 31, 2015 <u>Audited</u>
Balances at beginning of period	\$ <u>2,740,652,714</u>	<u>2,497,478,569</u>	<u>2,497,478,569</u>
Transactions with owners of the company:			
Dividends	(156,970,551)	(58,863,956)	(176,591,871)
Total comprehensive income:			
Profit for the period	344,883,095	283,821,389	406,246,062
Other comprehensive income:			
Translation adjustment on consolidation of foreign subsidiaries	6,018,772	2,481,135	13,196,021
Fair value appreciation of available-for-sale investments	\$ <u>2,323,392</u>	<u>-</u>	<u>323,933</u>
Balance at end of period	\$ <u>2,936,907,422</u>	<u>2,724,917,137</u>	<u>2,740,652,714</u>

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30, 2016



DOLPHIN COVE LIMITED

Six months ended June 30, 2016

Group Interim Statement of Cash Flows

	6 Months Ended June 30, 2016 <u>Unaudited</u>	6 Months Ended June 30, 2015 <u>Unaudited</u>	Year Ended December 31, 2015 <u>Audited</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	344,883,095	283,821,389	406,246,062
Adjustments for:			
Depreciation and amortisation	44,591,682	35,826,120	84,512,778
Gain on disposal of property, plant and equipment	-	-	(628,232)
Live assets retired	-	12,995,357	12,995,357
Interest income	(3,569,637)	(3,720,328)	(7,647,374)
Interest expense	7,939,835	6,399,033	15,986,982
Impairment loss on trade receivables	-	-	389,627
Taxation	24,108,025	5,198,326	(5,507,981)
Operating profit before changes in working capital	<u>417,953,000</u>	<u>340,519,897</u>	<u>506,347,219</u>
Accounts receivable	(58,637,313)	(35,443,149)	(16,840,096)
Inventories	(27,806,129)	(18,646,221)	(1,974,081)
Accounts payable	6,039,967	(14,798,501)	(9,218,405)
Due from/to related parties	<u>(8,836,680)</u>	<u>(2,527,375)</u>	<u>-</u>
Cash generated from operations	328,712,844	269,104,651	478,314,637
Interest paid	(7,939,835)	(11,661,967)	(19,864,973)
Income tax paid	<u>(27,143,241)</u>	<u>(662,394)</u>	<u>(1,447,412)</u>
Net cash provided by operating activities	<u>293,629,768</u>	<u>256,780,290</u>	<u>457,002,252</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	3,940,086	3,053,935	8,433,642
Securities purchased under resale agreements	(9,260,286)	(3,796,120)	(38,389,382)
Additions to property, plant and equipment	(117,218,026)	(46,857,278)	(112,535,558)
Proceeds from disposal of property, plant and equipment	-	-	4,051,565
Additions to live assets	(71,007,397)	(27,827,132)	(29,104,388)
Investments acquired	19,311,712	-	(2,647,177)
Net cash provided/(used) by investing activities	<u>(174,233,912)</u>	<u>(75,426,595)</u>	<u>(170,191,298)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(79,107,269)	(117,727,913)	(235,455,828)
Long term liabilities, net	<u>(25,000,000)</u>	<u>(25,789,997)</u>	<u>(55,078,078)</u>
Net cash (used)/provided by financing activities	<u>(104,107,269)</u>	<u>(143,517,910)</u>	<u>(290,533,906)</u>
Net increase in cash resources	15,288,588	37,835,785	(3,722,952)
Cash resources at beginning of the period	<u>179,163,281</u>	<u>182,886,233</u>	<u>182,886,233</u>
CASH RESOURCES AT END OF PERIOD	<u>\$ 194,451,869</u>	<u>220,722,018</u>	<u>179,163,281</u>
Comprising:			
Cash and cash equivalents	194,451,869	236,174,536	183,922,829
Bank overdrafts	-	(15,452,518)	(4,759,548)
	<u>\$ 194,451,869</u>	<u>220,722,018</u>	<u>179,163,281</u>

Dolphin Cove Limited

Report To Stockholders

Six Months ended June 30, 2016



Selected Explanatory Notes **Six months ended June 30, 2016**

Basis of preparation:

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 and the 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, with the exception that segment reporting is no longer applied as explained below.

The Group maintains discrete financial information for each of its parks, which is used by the Chief Operating Decision Maker ("CODM"), identified as the Group's Managing Director, as a basis for allocating resources. Each park has been identified as an operating segment and meets the criteria for aggregation under IFRS 8 due to similar economic characteristics and all of the parks provide similar products and services, share similar processes for delivering services and target the same type and class of customer. Accordingly, based on these economic and operational similarities and the way the CODM monitors the operations, the Group has concluded that its operating segments should be aggregated and that it has one operating segment.

Dolphin Cove Limited Report To Stockholders

Six Months ended June 30, 2016



DOLPHIN COVE LIMITED

DISCLOSURE OF SHAREHOLDINGS

As At June 30, 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
SJML A/C 831	2,028,678
NBC 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 Limited	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 Limited	37,491,168
Mishka Stennett	3,000	None	-
David Russell	24,298	None	-
Marilyn Burrowes	1,000,008	Stafford Burrowes	7,876,770