

# Dolphin Cove Limited

## Report To Stockholders

### Nine Months ended September 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 nine months ended September 30, 2015.

#### OPERATIONS

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014	% increase	Three-month period ended September 30, 2015	Three-month period ended September 30, 2014	% increase	Year ended December 31, 2014
Total Revenue (J\$mn)	\$1,402.0	\$1,334.6	5%	\$456.8	\$437.1	5%	\$1,708.9
Profit before taxation (J\$mn)	\$418.7	\$396.6	6%	\$129.7	\$109.4	19%	\$433.6
Profit after taxation (J\$mn)	\$411.9	\$396.6	4%	\$128.1	\$109.4	17%	\$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	\$1.05	\$1.01	4%	\$0.33	\$0.28	17%	\$1.12
Dividends declared per share	\$0.45	\$0.45		\$0.15	\$0.15		\$0.60

The Group's profit before tax for the nine months ended September 30, 2015 rose to \$419 million and represented a 6% increase over the outturn for the 2014 comparative period. Cash flow from operating activities increased by 26%, from \$385 million as at Q3, 2014 to \$486 million in 2015. The improved results were largely reflective of a 10% growth in ancillary revenue and better receivables collections in 2015. There was also noticeable growth in the number of customers who visited our Hanover and Half Moon Parks and the Group also benefited from the devaluation in the Jamaican dollar in Q3, 2015 as most of our income is earned in United States dollars.

Overall revenue grew by 5% although, as anticipated, there was a reduction in the number of hotel guests who visited the Ocho Rios Park given the temporary closure (for expansion) of one of the major hotels in this region. The resulting reduction in revenue and profit in this area was however surpassed by strong growth in the other operating segments and an increase in local business on account of our summer promotion which was introduced in Q3, 2015.

The increase in operating expenses was restricted to 7% year to date and 6% for Q3, 2015 and was primarily due to the additional depreciation which resulted from the revaluation of buildings and the staff benefited from salary increments which came into effect in the latter quarter of 2014.

# Dolphin Cove Limited

## Report To Stockholders

Nine Months ended September 30, 2015



### FINANCIAL POSITION

FINANCIAL POSITION					
	As at September 30, 2015	As at September 30, 2014	Increase/ (decrease)	As at December 31, 2014	Increase/ (decrease)
Working Capital (J\$mn)	\$422.9	\$355.1	19%	\$250.3	69%
Fixed Assets (J\$mn)	\$2,534.4	\$1,483.2	71%	\$2,495.1	2%
Net Assets (J\$mn)	\$2,743.5	\$1,581.3	73%	\$2,497.5	10%
Debt to Equity ratio	0.09:1	0.18:1		0.11:1	
Net assets per share	\$6.99	\$4.03	73%	\$6.36	10%
Market price	\$11.50	\$8.00	44%	\$9.00	28%
Market/Book value	1.64	1.99	-17%	1.41	16%

The Group continued to maintain a strong financial position with more than sufficient liquid resources to meet its current operating and capital expenditure without heavy reliance on borrowed funds.

We recently increased our assets at our Prospect location and we also anticipate additional revenue to be generated from our capital investment in the Dolphinarium (as mentioned in Q2, 2015's report) at Moon Palace, Ocho Rios especially since a section of the hotel was opened in the latter part of Q3, 2015.

### Dividends

The Board of Directors declared a further interim dividend of 15 cents per share at its meeting held in September 2015, which was accrued in Q3 and is to be paid in Q4, 2015. This brings the total dividend declared to date to 45 cents and equals the same level of dividend which was declared as at Q3, 2014.

### Community Events

Dolphin Cove continued its investment in the young minds in the community by donating back to school care packages to the students at one of our neighbouring basic school. We also issued gift certificates in support of various social outreach projects in the parish of St. Ann and hosted the 9 to 17 year old participants in the Jamaica Music Camp at our Hanover Park in July.

### Awards

Dolphin Cove is thrilled to have won the Caribbean's Leading Adventure Tourist Attraction award for the third consecutive year and this represents the fifth consecutive year in which we have received a prestigious World Travel Award signifying the Group'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, 2015



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

	<b>9 Months Ended September 30, 2015</b>	<b>9 Months Ended September 30, 2014</b>	<b>Year Ended December 31, 2014</b>
	<b><u>Unaudited</u></b>	<b><u>Unaudited</u></b>	<b><u>Audited</u></b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	353,302,885	247,220,564	213,590,514
Securities purchased under resale agreements	130,535,966	104,562,591	124,035,021
Investments	31,880,096	32,734,417	31,880,096
Accounts receivable	127,505,968	165,928,344	165,304,410
Due from related parties	-	24,933,572	-
Taxation recoverable	8,863,302	7,288,754	7,853,311
Inventories	53,033,726	41,017,779	36,738,081
	<u>705,121,943</u>	<u>623,686,021</u>	<u>579,401,433</u>
<b>NON-CURRENT ASSETS</b>			
Investments	18,812,631	-	16,680,300
Property, plant and equipment	2,194,635,726	1,106,046,182	2,149,897,273
Live assets	339,812,271	377,126,159	345,202,789
	<u>2,553,260,628</u>	<u>1,483,172,341</u>	<u>2,511,780,362</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>3,258,382,571</u></b>	<b><u>2,106,858,362</u></b>	<b><u>3,091,181,795</u></b>
<b>CURRENT LIABILITIES</b>			
Bank overdrafts	3,888,101	14,105,932	30,704,281
Accounts payable	122,720,836	123,993,532	142,866,230
Dividend Payable	58,863,956	58,863,957	58,863,957
Current portion of long term liabilities	96,707,504	71,580,004	96,707,504
	<u>282,180,397</u>	<u>268,543,425</u>	<u>329,141,972</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liability	89,922,190	37,500,774	83,107,651
Long-term liabilities	142,768,608	219,476,101	181,453,603
	<u>232,690,798</u>	<u>256,976,875</u>	<u>264,561,254</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	257,960,325	257,960,325	257,960,325
Equity Reserves	1,338,208,840	395,596,811	1,327,460,401
Retained Earnings	1,147,342,211	927,780,926	912,057,843
	<u>2,743,511,376</u>	<u>1,581,338,062</u>	<u>2,497,478,569</u>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>\$ <u>3,258,382,571</u></b>	<b><u>2,106,858,362</u></b>	<b><u>3,091,181,795</u></b>

# Dolphin Cove Limited

## Report To Stockholders

### Nine Months ended September 30 2015



#### Group Interim Statement of Profit or Loss and Other Comprehensive Income

##### Nine months ended September 30, 2015

	<b>9 Months Ended September 30, 2015 <u>Unaudited</u></b>	<b>9 Months Ended September 30, 2014 <u>Unaudited</u></b>	<b>3 Months Ended September 30, 2015 <u>Unaudited</u></b>	<b>3 Months Ended September 30, 2014 <u>Unaudited</u></b>	<b>Year Ended December 31, 2014 <u>Audited</u></b>
OPERATING REVENUE:					
Dolphin attraction revenue	937,309,978	911,210,121	308,779,607	304,293,688	1,161,746,199
Less: Direct costs of dolphin attraction	<u>51,500,607</u>	<u>58,240,465</u>	<u>16,576,895</u>	<u>21,127,838</u>	<u>79,266,238</u>
	<u>885,809,371</u>	<u>852,969,656</u>	<u>292,202,712</u>	<u>283,165,850</u>	<u>1,082,479,961</u>
Ancillary services revenue	464,565,056	422,660,827	148,065,940	132,286,692	545,936,254
Less: Direct costs of ancillary services	<u>51,488,228</u>	<u>57,017,353</u>	<u>15,365,499</u>	<u>18,951,318</u>	<u>76,353,512</u>
	<u>413,076,828</u>	<u>365,643,474</u>	<u>132,700,441</u>	<u>113,335,374</u>	<u>469,582,742</u>
Gross profit	1,298,886,199	1,218,613,130	424,903,153	396,501,224	1,552,062,703
Live assets retired	(12,995,357)	-	-	-	(32,487,173)
Other income	<u>102,928</u>	<u>749,474</u>	<u>2,925</u>	<u>543,805</u>	<u>1,234,540</u>
	<u>1,285,993,770</u>	<u>1,219,362,604</u>	<u>424,906,078</u>	<u>397,045,029</u>	<u>1,520,810,070</u>
OPERATING EXPENSES:					
Selling	376,654,422	379,723,197	124,648,465	126,511,950	492,913,768
Other operations	278,877,532	244,889,036	99,148,604	83,401,224	338,208,470
Administrative	<u>215,715,100</u>	<u>191,905,815</u>	<u>76,039,027</u>	<u>70,575,929</u>	<u>246,721,525</u>
	<u>871,247,054</u>	<u>816,518,048</u>	<u>299,836,096</u>	<u>280,489,103</u>	<u>1,077,843,763</u>
Profit before finance income and costs	414,746,716	402,844,556	125,069,982	116,555,926	442,966,307
Finance income	30,357,116	30,570,192	14,713,285	4,629,358	38,079,262
Finance costs	<u>(26,413,056)</u>	<u>(36,826,851)</u>	<u>(10,112,206)</u>	<u>(11,783,567)</u>	<u>(47,488,468)</u>
Profit before taxation	418,690,776	396,587,897	129,671,061	109,401,717	433,557,101
Taxation	<u>(6,814,539)</u>	<u>(1,652)</u>	<u>(1,616,213)</u>	<u>(826)</u>	<u>6,170,019</u>
Profit for the period	\$ <u>411,876,237</u>	<u>396,586,245</u>	<u>128,054,848</u>	<u>109,400,891</u>	<u>439,727,120</u>
Earnings per stock unit	<b><u>104.96¢</u></b>	<b><u>101.06¢</u></b>	<b><u>32.63¢</u></b>	<b><u>27.88¢</u></b>	<b><u>112.05¢</u></b>
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	-	-	-	-	<u>(51,776,896)</u>
	<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	10,748,439	16,614,825	8,267,304	3,363,527	19,156,592
Fair value appreciation of available-for-sale investments	<u>-</u>	<u>2,324,822</u>	<u>-</u>	<u>-</u>	<u>1,413,377</u>
	<u>10,748,439</u>	<u>18,939,647</u>	<u>8,267,304</u>	<u>3,363,527</u>	<u>20,569,969</u>
Total comprehensive income	\$ <u>422,624,676</u>	<u>415,525,892</u>	<u>136,322,152</u>	<u>112,764,418</u>	<u>1,390,530,357</u>

# Dolphin Cove Limited

## Report To Stockholders

### Nine Months ended September 30, 2015



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

##### Nine months ended September 30, 2015

	<b>9 Months Ended September 30, 2015 <u>Unaudited</u></b>	<b>9 Months Ended September 30, 2014 <u>Unaudited</u></b>	<b>Year Ended December 31, 2014 <u>Audited</u></b>
Balances at beginning of period	\$ <u>2,497,478,569</u>	<u>1,342,404,040</u>	<u>1,342,404,040</u>
Transactions recorded directly in equity:			
Dividends	(176,591,869)	(176,591,870)	(235,455,828)
Total comprehensive income:			
Profit for the period	411,876,237	396,586,245	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	10,748,439	16,614,825	19,156,592
Fair value appreciation of available-for-sale investments	\$ <u>-</u>	<u>2,324,822</u>	<u>1,413,377</u>
Balance at end of period	\$ <u>2,743,511,376</u>	<u>1,581,338,062</u>	<u>2,497,478,569</u>

# Dolphin Cove Limited

## Report To Stockholders

### Nine Months ended September 30, 2015



#### Group Interim Statement of Cash Flows

##### Nine months ended September 30, 2015

	9 Months Ended September 30, 2015 <u>Unaudited</u>	9 Months Ended September 30, 2014 <u>Unaudited</u>	Year Ended December 31, 2014 <u>Audited</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period	411,876,237	396,586,245	439,727,120
Adjustments for:			
Depreciation and amortisation	59,889,885	41,496,280	59,709,206
Gain on disposal of property, plant and equipment	-	-	-
Live assets retired	12,995,357	-	32,487,173
Interest income	(5,584,055)	(4,605,300)	(7,195,384)
Interest expense	11,161,948	22,352,393	29,307,333
Loss on disposal of investments	-	-	-
Impairment loss on trade receivables	-	-	1,398,333
Taxation	6,814,539	1,652	(6,170,019)
Operating profit before changes in working capital	<u>497,153,911</u>	<u>455,831,270</u>	<u>549,263,762</u>
Accounts receivable	37,382,622	(22,896,233)	(23,511,336)
Inventories	(16,295,645)	(10,086,747)	(5,807,049)
Accounts payable	(14,882,460)	(2,011,607)	11,714,396
Due from/to related parties	-	(11,943,746)	12,989,826
Cash generated from operations	<u>503,358,428</u>	<u>408,892,937</u>	<u>544,649,599</u>
Interest paid	(16,424,882)	(22,352,393)	(24,160,638)
Income tax paid	(1,009,991)	(1,074,986)	(1,637,891)
Net cash provided by operating activities	<u>485,923,555</u>	<u>385,465,558</u>	<u>518,851,070</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	3,867,544	4,477,038	6,907,826
Securities purchased under resale agreements	(6,500,945)	(11,668,236)	(31,140,666)
Additions to property, plant and equipment	(72,395,351)	(44,417,323)	(115,064,611)
Proceeds from disposal of property, plant and equipment	-	-	-
Additions to live assets	(29,089,387)	(17,215,910)	(24,644,511)
Proceeds from the disposal of investments	-	-	-
Investments acquired	-	-	(16,737,424)
Net cash provided/(used) by investing activities	<u>(104,118,139)</u>	<u>(68,824,431)</u>	<u>(180,679,386)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term loan received/(repaid)	-	-	-
Dividends paid	(176,591,870)	(117,727,913)	(176,591,871)
Long term liabilities, net	(38,684,995)	(31,866,815)	(44,761,813)
Net cash (used)/provided by financing activities	<u>(215,276,865)</u>	<u>(149,594,728)</u>	<u>(221,353,684)</u>
Net increase in cash resources	166,528,551	167,046,399	116,818,000
Cash resources at beginning of the period	182,886,233	66,068,233	66,068,233
CASH RESOURCES AT END OF PERIOD	<u>\$ 349,414,784</u>	<u>233,114,632</u>	<u>182,886,233</u>
Comprising:			
Cash and cash equivalents	353,302,885	247,220,564	213,590,514
Bank overdrafts	(3,888,101)	(14,105,932)	(30,704,281)
	<u>\$ 349,414,784</u>	<u>233,114,632</u>	<u>182,886,233</u>

# Dolphin Cove Limited

## Report To Stockholders

### Nine Months ended September 30, 2015



#### Selected Explanatory Notes

##### Nine months ended September 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>Nine month period to September 30, 2015</b>				
	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ <u>2,643,567,527</u>	<u>760,845,345</u>	<u>366,697,550</u>	<u>3,771,110,422</u>
Capital expenditure	\$ <u>51,382,086</u>	<u>2,235,296</u>	<u>18,777,969</u>	<u>72,395,351</u>
Reportable segment liabilities	\$ <u>505,235,960</u>	<u>188,008,363</u>	<u>300,926,009</u>	<u>994,170,332</u>

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

<b>Nine month period to September 30, 2015</b>				
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ <u>1,009,715,936</u>	<u>348,132,164</u>	<u>152,282,813</u>	<u>1,510,130,913</u>
Finance Income	\$ <u>69,320,291</u>	<u>1,261,613</u>	<u>-</u>	<u>70,581,904</u>
Finance cost	\$ <u>(27,287,723)</u>	<u>(21,122,891)</u>	<u>-</u>	<u>(48,410,614)</u>
Depreciation and amortisation	\$ <u>(42,821,691)</u>	<u>(7,903,659)</u>	<u>(9,164,535)</u>	<u>(59,889,885)</u>
Segment profit after tax	\$ <u>280,190,491</u>	<u>105,539,915</u>	<u>50,386,389</u>	<u>436,116,795</u>

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

# Dolphin Cove Limited

## Report To Stockholders

Nine Months ended September 30, 2015



### Selected Explanatory Notes

Nine months ended September 30, 2015

	<b>Unaudited September 30, 2015</b>	<b>Audited December 31, 2014</b>
<b>Assets</b>		
Total asset for reportable segments	3,771,110,422	3,611,609,323
Elimination of investment in subsidiaries	(33,428,714)	(33,428,714)
Elimination of due from subsidiaries	<u>(479,299,137)</u>	<u>(486,998,814)</u>
Consolidated total assets	\$ <u>3,258,382,571</u>	<u>3,091,181,795</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	994,170,332	1,080,702,040
Elimination of due from subsidiaries	<u>(479,299,137)</u>	<u>(486,998,814)</u>
Consolidated total liabilities	\$ <u>514,871,195</u>	<u>593,703,226</u>
	<b>Unaudited September 30, 2015</b>	<b>Unaudited September 30, 2014</b>
<b>Revenue</b>		
Total Revenue for reportable segments	1,510,130,913	1,437,320,037
Less other income	(102,928)	(749,474)
Elimination of inter-segment management fees	(23,400,000)	(23,400,000)
Elimination of inter-segment rental income	<u>(84,752,951)</u>	<u>(79,299,615)</u>
	\$ <u>1,401,875,034</u>	<u>1,333,870,948</u>
<b>Finance Income</b>		
Total finance income for reportable segments	70,581,904	69,519,144
Elimination of inter-company translation gains	(10,748,439)	(16,614,825)
Elimination of inter-company transactions	<u>(29,476,349)</u>	<u>(22,334,127)</u>
Consolidated finance income	\$ <u>30,357,116</u>	<u>30,570,192</u>
<b>Finance Cost</b>		
Total finance cost for reportable segments	48,410,614	59,160,978
Elimination of inter-company transactions	<u>(21,997,558)</u>	<u>(22,334,127)</u>
Consolidated finance cost	\$ <u>26,413,056</u>	<u>36,826,851</u>
<b>Profit after tax</b>		
Segment profit after tax	436,116,795	413,201,070
Depreciation charge on consolidation	(6,013,327)	-
Elimination of inter-company transactions	(7,478,792)	-
Translation adjustment on consolidation	<u>(10,748,439)</u>	<u>(16,614,825)</u>
Consolidated profit for the period	\$ <u>411,876,237</u>	<u>396,586,245</u>



# Dolphin Cove Limited

## Report To Stockholders

Nine Months ended September 30, 2015



### DISCLOSURE OF SHAREHOLDINGS

As At September 30, 2015

<b>TOP TEN (10) SHAREHOLDERS</b>	
<b>Shareholders</b>	<b>Stockholding</b>
Stafford Burrowes	270,959,997
Garden House Holdings Limited	37,491,168
Sagicor PIF Equity Fund	11,249,043
JCSD Trustees Services Ltd - Optima Sigma	9,952,376
JCSD Trustees Services Ltd - Sigma Venture	7,619,750
St. Elizabeth Holdings Limited	5,000,000
Ravers Limited	5,000,000
JCSD Trustees Services Ltd. a/c#76579-02	3,315,729
Mayberry West Indies Limited	2,243,152
ATL Group Pension Fund Trustees Nom Ltd	2,222,530
NCB Insurance Co. Ltd. a/c WT040	2,070,761

<b>STOCKHOLDINGS OF DIRECTORS AND CONNECTED PERSONS</b>			
<b>Directors</b>	<b>Stockholding</b>	<b>Connected Persons</b>	<b>Stockholding</b>
Stafford Burrowes	270,959,997	Garden House Holdings	37,491,168
The Hon. R. Danvers Williams	-	Ravers Ltd	5,000,000
The Hon. W.A. McConnell	-	St. Elizabeth Holdings Ltd	5,000,000
Noel D. Levy	1,000,000	None	-
Marilyn Burrowes	1,000,008	Stafford Burrowes	270,959,997
Gregory Burrowes	500,000	None	-
Richard L. Downer	514,000	None	-

<b>STOCKHOLDINGS OF SENIOR MANAGEMENT AND CONNECTED PERSONS</b>			
<b>Senior Management</b>	<b>Stockholding</b>	<b>Connected Persons</b>	<b>Stockholding</b>
Stafford Burrowes	270,959,997	Garden House Holdings	37,491,168
Mishka Stennett	3,000	None	-
Eric Bogden	100,390	None	-
Marilyn Burrowes	1,000,008	Stafford Burrowes	270,959,997
Gregory Burrowes	500,000	None	-