

Dolphin Cove Limited

Report To Stockholders

Three Months ended March 31, 2015



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, 2015.

OPERATIONS

	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014	% increase	Year ended December 31, 2014
Total Revenue (J\$mn)	\$470.0	\$436.1	8%	\$1,708.9
Profit after taxation (J\$mn)	\$133.1	\$148.2	-10%	\$439.7
Number of shares in issue	392,426,376	392,426,376		392,426,376
Earnings per share after tax	\$0.34	\$0.38	-10%	\$1.12
Dividends declared per share	\$0.00	\$0.15		\$0.60

The first quarter results of 2015 reflected profit after taxation of \$133mn a decline of \$15mn or 10% below the 2014 corresponding period. Cash flow from operating activities increased by 7%, from \$106mn in Q1, 2014 to \$113mn in Q1, 2015. This occurred as the reduction in profits was mainly due to the accumulated effect of non-cash charges including a one-off, \$13mn, adjustment following the retirement of one of our dolphins; \$4.9mn increase in the deferred tax charge in Q1, 2015; and \$4mn in additional depreciation which arose from the revaluation of buildings in 2014.

Overall revenue increased by 8% in Q1 2015 compared to the prior year as the Group continued with the various marketing programs which were engaged in 2014. The growth in revenue experienced by all operating segments is particularly pleasing given the increased investment in sales and marketing.

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FINANCIAL POSITION

	As at March 31, 2015	As at March 31, 2014	Increase/ (decrease)	As at December 31, 2014	Increase/ (decrease)
Working Capital (J\$mn)	\$379.3	\$270.1	40%	\$250.3	52%
Fixed Assets (J\$mn)	\$2,496.0	\$1,454.4	72%	\$2,495.1	0%
Net Assets (J\$mn)	\$2,636.3	\$1,441.7	83%	\$2,497.5	6%
Debt to Equity ratio	0.1:1	0.22:1		0.11:1	
Net assets per share	\$6.72	\$3.67	83%	\$6.36	6%
Market price	\$9.20	\$8.37	10%	\$9.00	2%
Market/Book value	1.37	2.28	-40%	1.41	-3%

The Group made an additional \$26mn capital investment mainly at the 700-room Moon Palace Jamaica Grand Hotel in Ocho Rios where we have built a dedicated facility at this hotel which has been closed for the last 8 months. It is scheduled to reopen by the third quarter of this year.

A dividend of 15 cents per share was declared in April and will be paid in second quarter of 2015. The Group maintained a strong financial position as at the end of the quarter, reflecting noticeable improvements in its working capital, net assets and cash flow positions.

The financial resources of the group remain strong and this will facilitate our plans to expand our operations to other Caribbean countries.

Stafford Burrowes, OD
Chairman and Chief Executive Officer

Hon. William A. McConnell, O.J., C.D.
Chairman of Audit Committee

Dolphin Cove Limited

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DOLPHIN COVE LIMITED

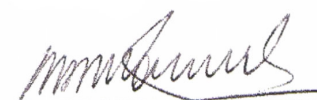
Group Interim Statement of Financial Position As At March 31, 2015

	3 Months Ended March 31, 2015	3 Months Ended March 31, 2014	Year Ended December 31, 2014
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
CURRENT ASSETS			
Cash and cash equivalents	216,503,293	158,957,248	213,590,514
Securities purchased under resale agreements	127,339,183	100,164,949	124,035,021
Investments	31,880,096	32,008,748	31,880,096
Accounts receivable	195,280,354	151,127,122	165,304,410
Due from related parties	2,882,077	32,607,662	-
Taxation recoverable	8,162,299	6,635,344	7,853,311
Inventories	41,353,898	36,817,262	36,738,081
	<u>623,401,200</u>	<u>518,318,335</u>	<u>579,401,433</u>
NON-CURRENT ASSETS			
Investments	17,511,516	-	16,680,300
Property, plant and equipment	2,170,894,485	1,078,921,464	2,149,897,273
Live assets	325,132,217	375,467,467	345,202,789
	<u>2,513,538,218</u>	<u>1,454,388,931</u>	<u>2,511,780,362</u>
TOTAL ASSETS	<u>\$ 3,136,939,418</u>	<u>1,972,707,266</u>	<u>3,091,181,795</u>
CURRENT LIABILITIES			
Bank overdrafts	20,448,329	12,478,009	30,704,281
Accounts payable	126,911,476	164,190,634	142,866,230
Dividend Payable	-	-	58,863,957
Current portion of long term liabilities	96,707,504	71,580,004	96,707,504
	<u>244,067,309</u>	<u>248,248,647</u>	<u>329,141,972</u>
NON-CURRENT LIABILITY			
Deferred tax liability	88,027,430	37,500,774	83,107,651
Long-term liabilities	168,558,604	245,266,098	181,453,603
	<u>256,586,034</u>	<u>282,766,872</u>	<u>264,561,254</u>
SHAREHOLDERS' EQUITY			
Share capital	257,960,325	257,960,325	257,960,325
Equity Reserves	1,333,153,742	386,642,942	1,327,460,401
Retained Earnings	1,045,172,008	797,088,480	912,057,843
	<u>2,636,286,075</u>	<u>1,441,691,747</u>	<u>2,497,478,569</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	<u>\$ 3,136,939,418</u>	<u>1,972,707,266</u>	<u>3,091,181,795</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

Three Months ended March 31, 2015



DOLPHIN COVE LIMITED

Group Interim Statement of Profit or Loss and Other Comprehensive Income Three months ended March 31, 2015

	3 Months Ended March 31, 2015 <u>Unaudited</u>	3 Months Ended March 31, 2014 <u>Unaudited</u>	Year Ended December 31, 2014 <u>Audited</u>
OPERATING REVENUE:			
Dolphin attraction revenue	309,268,134	286,692,931	1,161,746,199
Less: Direct costs of dolphin attraction	<u>16,898,535</u>	<u>19,563,115</u>	<u>79,266,238</u>
	292,369,599	267,129,816	1,082,479,961
Ancillary services revenue	160,696,364	149,228,696	545,936,254
Less: Direct costs of ancillary services	<u>19,132,220</u>	<u>18,510,985</u>	<u>76,353,512</u>
	141,564,144	130,717,711	469,582,742
Gross profit	433,933,743	397,847,527	1,552,062,703
Live assets retired	(12,995,357)	-	(32,487,173)
Other income	<u>3</u>	<u>141,989</u>	<u>1,234,540</u>
	420,938,389	397,989,516	1,520,810,070
OPERATING EXPENSES:			
Selling	131,022,567	119,611,862	492,913,768
Other operations	87,387,718	77,477,943	338,208,470
Administrative	<u>64,167,827</u>	<u>57,322,896</u>	<u>246,721,525</u>
	282,578,112	254,412,701	1,077,843,763
Profit before finance income and costs	138,360,277	143,576,815	442,966,307
Finance income	11,197,995	16,455,826	38,079,262
Finance costs	<u>(11,524,328)</u>	<u>(11,865,906)</u>	<u>(47,488,468)</u>
Profit before taxation	138,033,944	148,166,735	433,557,101
Taxation	<u>(4,919,779)</u>	<u>(850)</u>	<u>6,170,019</u>
Profit for the period	\$ <u>133,114,165</u>	<u>148,165,885</u>	<u>439,727,120</u>
Earnings per stock unit	<u>33.92¢</u>	<u>37.76¢</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	<u>-</u>	<u>-</u>	<u>(51,776,896)</u>
	-	-	930,233,268
Items that are or may be reclassified to profit or loss:			
Translation adjustment on consolidation of foreign subsidiaries	5,693,341	8,386,625	19,156,592
Fair value appreciation of available-for-sale investments	<u>-</u>	<u>1,599,153</u>	<u>1,413,377</u>
	5,693,341	9,985,778	20,569,969
Total comprehensive income	\$ <u>138,807,506</u>	<u>158,151,663</u>	<u>1,390,530,357</u>

Dolphin Cove Limited

Report To Stockholders

Three Months ended March 31, 2015



DOLPHIN COVE LIMITED
Group Interim Statement of Changes in Stockholders' Equity
Three months ended March 31, 2015

	3 Months Ended March 31, 2015 <u>Unaudited</u>	3 Months Ended March 31, 2014 <u>Unaudited</u>	Year Ended December 31, 2014 <u>Audited</u>
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)	(235,455,828)
Total comprehensive income:			
Profit for the period	133,114,165	148,165,885	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	5,693,341	8,386,625	19,156,592
Fair value appreciation of available-for-sale investments	\$ -	1,599,153	1,413,377
Balance at end of period	\$ 2,636,286,075	1,441,691,747	2,497,478,569

Dolphin Cove Limited

Report To Stockholders

Three Months ended March 31, 2015



DOLPHIN COVE LIMITED

Group Interim Statement of Cash Flows Three months ended March 31, 2015

	3 Months Ended March 31, 2015 <u>Unaudited</u>	3 Months Ended March 31, 2014 <u>Unaudited</u>	Year Ended December 31, 2014 <u>Audited</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	133,114,165	148,165,885	439,727,120
Adjustments for:			
Depreciation and amortisation	18,098,548	13,914,922	59,709,206
Gain on disposal of property, plant and equipment	-	-	-
Live assets retired	12,995,357	-	32,487,173
Interest income	(1,892,754)	(1,673,116)	(7,195,384)
Interest expense	6,546,338	7,607,046	29,307,333
Loss on disposal of investments	-	-	-
Impairment loss on trade receivables	-	-	1,398,333
Taxation	4,919,779	850	(6,170,019)
Operating profit before changes in working capital	<u>173,781,433</u>	<u>168,015,587</u>	<u>549,263,762</u>
Accounts receivable	(30,391,797)	(8,095,011)	(23,511,336)
Inventories	(4,615,817)	(5,886,230)	(5,807,049)
Accounts payable	(15,868,104)	(20,678,461)	11,714,396
Due from/to related parties	(2,882,077)	(19,617,836)	12,989,826
Cash generated from operations	<u>120,023,638</u>	<u>113,738,049</u>	<u>544,649,599</u>
Interest paid	(6,632,988)	(7,607,046)	(24,160,638)
Income tax paid	(308,988)	(420,774)	(1,637,891)
Net cash provided by operating activities	<u>113,081,662</u>	<u>105,710,229</u>	<u>518,851,070</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,477,391	1,544,854	6,907,826
Securities purchased under resale agreements	(3,304,162)	(7,270,594)	(31,140,666)
Additions to property, plant and equipment	(26,257,204)	(13,287,015)	(115,064,611)
Proceeds from disposal of property, plant and equipment	-	-	-
Additions to live assets	(70,000)	(209,650)	(24,644,511)
Proceeds from the disposal of investments	-	-	-
Investments acquired	-	-	(16,737,424)
Net cash provided/(used) by investing activities	<u>(28,153,975)</u>	<u>(19,222,405)</u>	<u>(180,679,386)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term loan received/(repaid)	-	-	-
Dividends paid	(58,863,957)	-	(176,591,871)
Long term liabilities, net	(12,894,999)	(6,076,818)	(44,761,813)
Net cash (used)/provided by financing activities	<u>(71,758,956)</u>	<u>(6,076,818)</u>	<u>(221,353,684)</u>
Net increase in cash resources	13,168,731	80,411,006	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>\$ 196,054,964</u>	<u>\$ 146,479,239</u>	<u>\$ 182,886,233</u>
Comprising:			
Cash and cash equivalents	216,503,293	158,957,248	213,590,514
Bank overdrafts	(20,448,329)	(12,478,009)	(30,704,281)
	<u>\$ 196,054,964</u>	<u>\$ 146,479,239</u>	<u>\$ 182,886,233</u>

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Three Months ended March 31, 2015



DOLPHIN COVE LIMITED

Selected Explanatory Notes Three-months ended March 31, 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

Three month period to March 31, 2015				
	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ 2,508,378,321	807,542,207	367,466,473	3,683,387,001
Capital expenditure	\$ 19,135,688	5,858,180	1,263,336	26,257,204
Reportable segment liabilities	\$ 491,762,251	239,920,173	281,989,788	1,013,672,212

Year ended December 31, 2014				
	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

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	887,579	-	29,638,349
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	28,364,021	143,254,916

Three month period to March 31, 2014				
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ 325,058,815	98,227,771	42,352,030	465,638,616
Finance income	\$ 23,924,959	2,186,195	-	26,111,154
Finance cost	\$ (10,820,820)	(2,313,789)	-	(13,134,609)
Depreciation and amortisation	\$ (11,729,308)	(1,706,382)	(479,232)	(13,914,922)
Segment profit after tax	\$ 109,293,542	31,975,974	15,282,994	156,552,510

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DOLPHIN COVE LIMITED

Selected Explanatory Notes

Three-months ended March 31, 2015

	Unaudited March 31, 2015	Audited December 31, 2014
<u>Assets</u>		
Total asset for reportable segments	3,683,387,001	3,611,609,323
Elimination of investment in subsidiaries	(33,428,714)	(33,428,714)
Elimination of due from subsidiaries	(513,018,869)	(486,998,814)
Consolidated total assets	\$ <u>3,136,939,418</u>	<u>3,091,181,795</u>
<u>Liabilities</u>		
Total liabilities for reportable segments	1,013,672,212	1,080,702,040
Elimination of due from subsidiaries	(513,018,869)	(486,998,814)
Consolidated total liabilities	\$ <u>500,653,343</u>	<u>593,703,226</u>
	Unaudited March 31, 2015	Unaudited March 31, 2014
<u>Revenue</u>		
Total Revenue for reportable segments	506,213,153	465,638,616
Less other income	(3)	(141,989)
Elimination of inter-segment management fees	(7,800,000)	(7,800,000)
Elimination of inter-segment rental income	(28,448,652)	(21,775,000)
	\$ <u>469,964,498</u>	<u>435,921,627</u>
<u>Finance Income</u>		
Total finance income for reportable segments	29,638,349	26,111,154
Elimination of inter-company translation gains	(5,693,341)	(8,386,625)
Elimination of inter-company transactions	(12,747,012)	(1,268,703)
Consolidated finance income	\$ <u>11,197,996</u>	<u>16,455,826</u>
<u>Finance Cost</u>		
Total finance cost for reportable segments	21,828,373	13,134,609
Elimination of inter-company transactions	(10,304,045)	(1,268,703)
Consolidated finance cost	\$ <u>11,524,328</u>	<u>11,865,906</u>
<u>Profit after tax</u>		
Segment profit after tax	143,254,916	156,552,510
Depreciation charge on consolidation	(2,004,442)	-
Elimination of inter-company transactions	(2,442,967)	-
Translation adjustment on consolidation	(5,693,341)	(8,386,625)
Consolidated profit for the period	\$ <u>133,114,166</u>	<u>148,165,885</u>

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