

Dolphin Cove Limited

Report To Stockholders

Nine Months ended September 30, 2011



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, 2011.

HIGHLIGHTS

	Nine-month period ended September 30, 2011	Nine-month period ended September 30, 2010	Increase	Three-month period ended September 30, 2011	Three-month period ended September 30, 2010	Increase
	Unaudited	Unaudited		Unaudited	Unaudited	
Total revenue	\$870,348,946	\$681,939,351	28%	\$279,052,936	\$229,342,005	22%
Profit before taxation	\$196,783,689	\$102,021,707	93%	\$ 49,049,314	\$ 23,226,466	111%
Number of shares in issue	392,426,376	312,426,376		392,426,376	312,426,376	
Earnings per share: pre tax	\$0.50	\$0.33	54%	\$0.12	\$0.07	68%
after tax	\$0.50	\$0.21	142%	\$0.12	\$0.04	181%

Your directors are pleased to report the above increases in revenues and profits for the nine and three months periods ended September 30, 2011 compared to the same periods in the previous year.

The Hanover park, which was opened in August 2010, accounted for 89% of the increase in revenues and 45% of the increase in profits before tax, and contributed 19% of total group revenues and 22% of total group Profits Before Tax ("PBT") in the nine month period. The Hanover park was established in large part with debt finance and showed a return on equity during the nine month period of some 150%.

The park at Ocho Rios showed a 26% increase in PBT (excluding finance income) on an increase in sales of 4% in the nine month period. This again demonstrates the fixed cost nature of the operation. This increase in revenue at Ocho Rios is acceptable given that the major portion of hotel guests between Negril and Western Montego Bay are now being sent to our Hanover park and given that the Falmouth port is only now getting into stride.

More diversity is being added to the marine parks. An aviary is scheduled to be completed at the Ocho Rios

park in November 2011 and additional features are planned for both Ocho Rios and Hanover.

In the fourth quarter of 2010 the Hanover park was in the start-up phase and a loss of approximately \$10 million was incurred in that quarter (for that park). Given that the Hanover park has since reported regular monthly profits for the nine months ended 30 September 2011, we do not expect that the group results for the fourth quarter of 2011 will be similarly burdened.

Shareholders' equity at September 30, 2011 stood at \$1,021 million after payment of an interim dividend of \$31.4 million on September 28, 2011.

At its meeting on October 24, 2011 the directors approved another interim dividend of 4 cents per share amounting to \$15.7 million to shareholders of record on November 14, 2011 and payable on November 30, 2011. This will bring interim dividends in 2011 to date to 12 cents per share or \$47.1 million.

Dolphin Cove Limited

Report To Stockholders

Nine Months ended September 30, 2011



Team

Gregory Burrowes, Vice President of Operations, was elected President of the Association of Jamaica Attractions Limited on September 24, 2011.

We were awarded the Caribbean's Leading Adventure Excursion Operator for 2011 at the World Travel Awards for the Caribbean and The Americas held on October 19, 2011.

On October 11, 2011 Dolphin Cove sponsored the premier of the movie "Dolphin Tale" at The Palace Cineplex in Kingston. The Premiere was in aid of "Chain of Hope Jamaica" which assists children to receive life-saving cardiac operations at the Bustamante Children's Hospital.

Community building

Dolphin Cove in Ocho Rios participated in the International Coastal Cleanup Day on September 17, 2011 by providing a team of volunteers to clean up the Rio Nuevo coastline in St. Mary and sponsoring refreshments. This was done in conjunction with the White River Watershed and Ocho Rios Marine Park.

Dolphin Cove in Hanover also participated in the International Coastal Cleanup Day by providing a team of volunteers to clean up the Meeting Place Beach at Catherine Hall in Montego Bay. This was done in conjunction with the Montego Bay Marine Park.

We established the Environment Awareness & Community Involvement Initiative and the first meeting was held on September 22nd, 2011. This initiative brings together the Social Development Commission, Hanover Parish Council, JCF Community Safety, Lucea Development Initiative, Chamber of Commerce, Sandy Bay Environment Club, Jamaica Fire Brigade, Jamaica Information Service, National Solid Waste Management Authority, Public Development Corporation, Hanover Rastafarian Committee, the Ministry of Health and the

Custos of Hanover to join Dolphin Cove in its commitment to be meaningfully involved in the social development of the town of Lucea and the wider community in Hanover.

Outlook


The impact of the Falmouth Cruise Ship Terminal which opened in March 2011 has increased the cruise ship berthing capacity in Jamaica by 50%. This will benefit the new winter season that started in October.

Norwegian Cruise Lines, which has not visited Jamaica for several years, is projecting 38 calls for the 2011/2012 season. They started with two calls into Ocho Rios October 19, 2011 and these, along with two Carnival ships in Montego Bay and one Royal Caribbean ship in Falmouth, saw five cruise ships berthed in Jamaica on that day in our market area.

Our Sea Trek tour that we have been working on for sometime has been accepted by the cruise industry and sales will commence shortly.

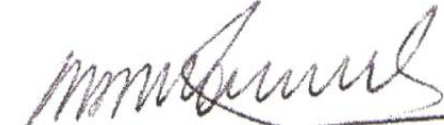
The potential of the local market is recognized and we plan to continue our efforts to attract larger numbers of local visitors.

Work continues on developing our "Dining with the Dolphins" evening show. This is expected to start in early December in time for the coming winter season.



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, 2011

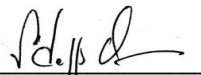


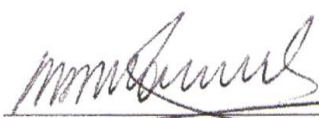
DOLPHIN COVE LIMITED

Group Interim Statement of Financial Position As at September 30, 2011

	As at September 30, 2011	As at September 30, 2010	As at December 31, 2010
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
CURRENT ASSETS			
Cash and cash equivalents	41,124,731	36,804,534	18,815,314
Securities purchased under resale agreements	175,758,986	-	203,424,623
Accounts receivable	165,290,575	123,649,784	124,635,189
Due from related parties	4,386,571	491,310	2,397,907
Taxation recoverable	3,991,569	2,546,653	2,089,992
Inventories	<u>25,936,473</u>	<u>21,402,397</u>	<u>25,319,369</u>
	<u>416,488,906</u>	<u>184,894,678</u>	<u>376,682,394</u>
NON-CURRENT ASSETS			
Property, plant and equipment	807,388,414	785,626,348	793,153,307
Biological assets	111,014,682	119,836,558	117,440,052
Loan receivable	-	-	625,798
	<u>918,403,096</u>	<u>905,462,906</u>	<u>911,219,157</u>
TOTAL ASSETS	\$ <u>1,334,892,001</u>	<u>1,090,357,584</u>	<u>1,287,901,551</u>
CURRENT LIABILITIES			
Bank overdrafts, unsecured	1,415,451	27,305,723	19,552,951
Accounts payable and provisions	68,374,194	78,591,218	62,554,622
Current portion of long term loans	71,768,643	23,604,212	85,311,252
Due to related parties	-	24,497,703	-
Taxation payable	<u>4,911,444</u>	<u>9,734,440</u>	<u>6,499,376</u>
	<u>146,469,732</u>	<u>163,733,296</u>	<u>173,918,201</u>
NON-CURRENT LIABILITY			
Deferred tax liability	4,838,202	6,567,363	9,447,872
Long term loans	<u>162,253,376</u>	<u>287,517,665</u>	<u>248,338,046</u>
	<u>167,091,578</u>	<u>294,085,028</u>	<u>257,785,918</u>
SHAREHOLDER EQUITY			
Share capital	257,960,325	39,053,297	258,217,124
Capital reserve	345,742,071	345,742,071	345,742,071
Retained earnings	<u>417,628,295</u>	<u>247,743,892</u>	<u>252,238,237</u>
	<u>1,021,330,691</u>	<u>632,539,260</u>	<u>856,197,432</u>
AND LIABILITIES	\$ <u>1,334,892,001</u>	<u>1,090,357,584</u>	<u>1,287,901,551</u>

Approved by the Board of Directors and signed on its behalf by:


 _____ Director
 Stafford Burrowes, O.D.


 _____ Director
 Hon. William A. McConnell, O.J., C.D.

Dolphin Cove Limited

Report To Stockholders

Nine Months ended September 30, 2011



DOLPHIN COVE LIMITED

Group Interim Statements of Comprehensive Income Nine-months ended September 30, 2011

	Nine-months ended September 30, 2011 <u>Unaudited</u>	Nine-months ended September 30, 2010 <u>Unaudited</u>	Three-months ended September 30, 2011 <u>Unaudited</u>	Three-months ended September 30, 2010 <u>Unaudited</u>	Year ended December 31, 2010 <u>Audited</u>
OPERATING REVENUE:					
Dolphin attraction revenue	618,995,214	480,628,543	202,429,487	164,853,617	619,843,890
Less: Direct costs of dolphin attraction	<u>(67,755,518)</u>	<u>(78,867,179)</u>	<u>(23,846,635)</u>	<u>(25,508,343)</u>	<u>(101,168,575)</u>
	<u>551,239,695</u>	<u>401,761,364</u>	<u>178,582,852</u>	<u>139,345,274</u>	<u>518,675,315</u>
Ancillary services revenue	251,353,732	201,310,808	76,623,449	64,488,388	259,795,036
Less: Direct costs of ancillary services	<u>(46,457,226)</u>	<u>(36,938,274)</u>	<u>(14,335,536)</u>	<u>(13,702,046)</u>	<u>(47,313,517)</u>
	<u>204,896,506</u>	<u>164,372,534</u>	<u>62,287,913</u>	<u>50,786,342</u>	<u>212,481,519</u>
Gross profit	756,136,202	566,133,898	240,870,765	190,131,616	731,156,834
Other income	<u>105,882</u>	<u>693,241</u>	<u>80,654</u>	<u>635,741</u>	<u>1,476,365</u>
	<u>756,242,084</u>	<u>566,827,139</u>	<u>240,951,419</u>	<u>190,767,357</u>	<u>732,633,199</u>
OPERATING EXPENSES:					
Selling	225,396,073	197,016,100	76,184,745	73,012,166	257,447,511
Other operations	191,609,837	149,101,688	67,720,455	45,406,107	210,468,109
Administrative	<u>123,318,882</u>	<u>95,852,219</u>	<u>42,359,742</u>	<u>34,359,244</u>	<u>126,623,043</u>
	<u>540,324,792</u>	<u>441,970,007</u>	<u>186,264,942</u>	<u>152,777,517</u>	<u>594,538,663</u>
Profit before finance income and costs	215,917,292	124,857,132	54,686,477	37,989,840	138,094,536
Finance income	7,387,702	4,995,262	2,998,306	116,764	(1,910,952)
Finance costs	<u>(26,521,305)</u>	<u>(27,830,687)</u>	<u>(8,635,469)</u>	<u>(14,880,138)</u>	<u>(29,405,696)</u>
Profit before taxation	196,783,689	102,021,707	49,049,314	23,226,466	106,777,888
Taxation	<u>-</u>	<u>(37,346,539)</u>	<u>-</u>	<u>(9,349,033)</u>	<u>(37,608,374)</u>
Profit for the period	<u>\$ 196,783,689</u>	<u>64,675,168</u>	<u>49,049,314</u>	<u>13,877,433</u>	<u>69,169,514</u>

Dolphin Cove Limited

Report To Stockholders

Nine Months ended September 30, 2011



DOLPHIN COVE LIMITED

Group Interim Statement Changes in Stockholder's Equity Nine-months ended September 30, 2011

	Nine months ended September 30, 2011	Nine months ended September 30, 2010	Year ended December 31, 2010
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Balances at beginning of period	\$ <u>856,197,432</u>	<u>831,052,742</u>	<u>831,052,742</u>
Transactions recorded directly in equity:			
Issue of shares and adjustments	(256,799)		219,163,827
Dividends	(31,393,631)	(263,188,650)	(263,188,650)
Profit for the period, being total comprehensive income:	\$ <u>196,783,689</u>	<u>64,675,168</u>	<u>69,169,514</u>
Balance at end of period	\$ <u>1,021,330,691</u>	<u>632,539,260</u>	<u>856,197,432</u>

Dolphin Cove Limited

Report To Stockholders

Nine Months ended September 30, 2011



DOLPHIN COVE LIMITED

Group Interim Statement of Cash Flows

	Nine-months ended September 30, 2011 <u>Unaudited</u>	Nine-months ended September 30, 2010 <u>Unaudited</u>	Year ended December 31, 2010 <u>Audited</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	196,783,689	64,675,168	69,169,513
Adjustments for:			
Depreciation and amortisation	22,613,203	17,661,876	25,769,666
Interest income	(7,387,702)	(4,995,262)	(2,193,563)
Interest expense	26,521,305	26,700,171	21,743,943
Gain on disposal of property, plant and equipment	(70,000)	(642,400)	(642,400)
Tax expense	-	37,346,539	37,608,375
Operating profit before changes in working capital	238,460,495	140,746,093	151,455,534
Accounts receivable	(40,655,386)	(19,530,375)	(20,515,780)
Inventories	(617,104)	(1,937,376)	(5,854,348)
Accounts payable and provisions	5,819,572	17,946,689	24,943
Due from/to related parties, net	(1,988,664)	78,178,902	51,774,602
Cash generated from operations	201,018,914	215,403,933	176,884,951
Interest paid	(26,521,305)	(26,700,171)	(19,858,793)
Income tax paid/withheld	(8,099,179)	(51,913,321)	(52,073,051)
Net cash provided by operating activities	<u>166,398,430</u>	<u>136,790,440</u>	<u>104,953,107</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	7,387,702	4,995,262	2,193,563
Securities purchased under resale agreements	27,665,637	69,254,100	(134,170,523)
Additions to property, plant and equipment	(30,288,939)	(138,105,825)	(151,192,566)
Proceeds from disposal of property, plant and equipment	70,000	1,910,000	1,910,000
Additions to biological assets	(134,000)	(154,398)	(305,899)
Loan receivable	625,798	35,922,834	35,297,036
Net cash used by investing activities	<u>5,326,197</u>	<u>(26,178,027)</u>	<u>(246,268,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(31,650,430)	(263,188,650)	(263,188,650)
shares issued			219,163,827
Long term liabilities received, net of repayments	(99,627,279)	147,553,593	170,081,014
Net cash (used)/provided by financing activities	<u>(131,277,709)</u>	<u>(115,635,057)</u>	<u>126,056,191</u>
Net increase in cash resources	40,446,918	(5,022,643)	(15,259,091)
Cash resources at beginning of the period	(737,637)	14,521,454	14,521,454
CASH RESOURCES AT END OF PERIOD	\$ <u>39,709,281</u>	\$ <u>9,498,811</u>	\$ <u>(737,637)</u>
Comprising:			
Cash and cash equivalents	41,124,731	36,804,534	18,815,314
Bank overdrafts, unsecured	(1,415,451)	(27,305,723)	(19,552,951)
	\$ <u>39,709,281</u>	\$ <u>9,498,811</u>	\$ <u>(737,637)</u>

Dolphin Cove Limited

Report To Stockholders

Nine Months ended September 30, 2011



DOLPHIN COVE LIMITED

Selected Explanatory Notes

Nine-months ended September 30, 2011

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, 2010 which have been consistently applied from period to period.

Segment information

Nine month period to September 30, 2011				
	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ 1,309,721,226	312,829,124	21,922,475	1,644,472,825
Capital expenditure	\$ -	-	-	-
Reportable segment liabilities	\$ 301,117,643	288,804,249	-	589,921,892

Year ended December 31, 2010				
	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ 1,297,975,594	277,082,490	24,593,134	1,599,651,218
Capital expenditure	\$ 13,383,873	137,533,520	581,072	151,498,465
Reportable segment liabilities	\$ 420,711,282	289,522,262	-	710,233,544

Nine month period to September 30, 2011				
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ 639,963,020	169,748,565	60,637,361	870,348,946
Finance Income	\$ 24,678,669	-	-	24,678,669
Finance cost	\$ (25,073,369)	(18,738,902)	-	(43,812,271)
Depreciation and amortization	\$ (17,250,452)	(4,481,255)	(881,496)	(22,613,203)
Segment Profit	\$ 164,144,209	36,762,143	(4,122,662)	196,783,689

Nine month period to September 30, 2010				
	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ 613,154,468	1,315,578	67,469,305	681,939,351
Finance Income	\$ (4,995,262)	-	-	(4,995,262)
Finance cost	\$ (27,830,687)	-	-	(27,830,687)
Depreciation and amortization	\$ (16,380,490)	(455,074)	(826,312)	(17,661,876)
Taxation expense	\$ (37,346,539)	-	-	(37,346,539)
Segment profit after tax	\$ 73,331,156	(6,301,567)	(2,354,421)	64,675,168

Dolphin Cove Limited

Report To Stockholders

Nine Months ended September 30, 2011



DOLPHIN COVE LIMITED

Selected Explanatory Notes

Nine-months ended September 30, 2011

	Unaudited September 30, <u>2011</u>	Audited December 31, <u>2010</u>
<u>Assets</u>		
Total asset for reportable segments	\$ 1,644,472,825	1,599,651,218
Elimination of investment in subsidiaries	\$ (33,220,242)	(33,220,242)
Elimination of due from subsidiary	\$ <u>(276,360,582)</u>	<u>(278,529,425)</u>
Consolidated total assets	\$ <u>1,334,892,001</u>	<u>1,287,901,551</u>

Liabilities

Total liabilities for reportable segments	\$ 589,921,892	710,233,544
Elimination of due to subsidiary	\$ <u>(276,360,582)</u>	<u>(278,529,425)</u>
Consolidated total liabilities	\$ <u>313,561,310</u>	<u>431,704,119</u>

	Unaudited September 30, <u>2011</u>	Unaudited September 30, <u>2010</u>
<u>Finance Income</u>		
Total finance income for reportable segments	\$ 24,678,669	(4,995,262)
Elimination of inter-company transaction	\$ <u>(17,290,967)</u>	<u>-</u>
Consolidated finance income	\$ <u>7,387,702</u>	<u>(4,995,262)</u>

Finance Cost

Total finance cost for reportable segments	\$ 43,812,271	27,830,687
Elimination of inter-company transaction	\$ <u>(17,290,967)</u>	<u>-</u>
Consolidated finance cost	\$ <u>26,521,305</u>	<u>27,830,687</u>