

# Dolphin Cove Limited

## Report To Stockholders

Three Months ended March 31, 2012



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, 2012.

### HIGHLIGHTS

	Three month period ended March 31, 2012	Three month period ended March 31, 2011		Year ended December 31, 2011
	Unaudited	Unaudited	Increase	Audited
	J\$	J\$		J\$
Total Revenue	365,069,204	292,899,795	25%	1,111,860,257
Profit before taxation	110,303,795	76,590,083	44%	204,477,075
Number of shares in issue	392,426,376	392,426,376		392,426,376
Earnings per share: pre tax	\$0.28	\$0.20	44%	\$0.52
after tax	\$0.28	\$0.20	44%	\$0.52
Dividends per share in period	0.04	-		0.12
Book value per share	2.82	2.38	19%	2.58
Shareholders' Equity	1,107,157,837	932,530,716	19%	1,012,551,098
Net Current Assets	285,471,840	231,403,289	23%	218,702,265

Your directors are happy to report that, on a 25% increase in consolidated revenues for the first quarter in 2012 compared to Q1 in 2011, there was an increase in consolidated profits before tax of 44%.

In Q1 2012 our Ocho Rios park showed increased revenue of 18% and benefited from increased cruise ship revenue as a result of the Falmouth port which opened in March 2011. The Hanover park showed increased revenue of 70% in the same period. We believe we can increase our market share of land based visitors and our parks have ample capacity for this.

After payment of regular dividends we show creditable growth in our equity and net current assets. We have the

financial resources to comfortably pursue an expansion plan involving nearby tourism destinations that cater to our present clientele.

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Stafford Burrowes, OD  
Chairman and Chief Executive Officer

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

# Dolphin Cove Limited

## Report To Stockholders

### Three Months ended March 31, 2012

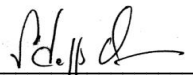


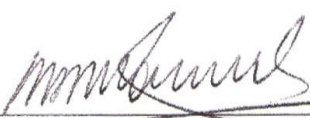
#### DOLPHIN COVE LIMITED

#### Group Interim Statement of Financial Position As at March 31, 2012

	As at March 31, 2012	As at March 31, 2011	As at December 31, 2011
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	37,971,808	26,615,530	44,922,944
Securities purchased under resale agreements	151,772,913	164,851,095	63,558,935
Investments	-	-	54,394,538
Accounts receivable	226,684,769	185,704,865	164,342,854
Due from related parties	20,345	127,538	-
Loan receivable	5,061,607	1,633,532	5,878,625
Taxation recoverable	4,582,947	2,445,991	4,036,524
Inventories	28,711,851	21,032,268	24,994,578
	<u>454,806,239</u>	<u>402,410,819</u>	<u>362,128,998</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	827,047,990	793,666,480	819,552,062
Biological assets	105,769,548	115,044,139	108,033,316
	<u>932,817,538</u>	<u>908,710,619</u>	<u>927,585,378</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,387,623,778</u></b>	<b><u>1,311,121,438</u></b>	<b><u>1,289,714,376</u></b>
<b>CURRENT LIABILITIES</b>			
Bank overdrafts, unsecured	16,042,251	14,361,733	6,769,468
Accounts payable and provisions	75,891,603	80,710,494	64,154,178
Current portion of long term loans	72,496,871	75,935,303	72,496,871
Taxation payable	4,903,674	-	6,216
	<u>169,334,399</u>	<u>171,007,530</u>	<u>143,426,733</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liability	4,420,712	9,447,872	8,873,757
Long term loans	106,710,830	198,135,320	124,862,788
	<u>111,131,542</u>	<u>207,583,192</u>	<u>133,736,545</u>
<b>SHAREHOLDERSEQUITY</b>			
Share capital	257,960,325	257,960,325	257,960,325
Capital reserve	344,965,907	345,742,071	344,965,907
Retained earnings	504,231,604	328,828,320	409,624,866
	<u>1,107,157,837</u>	<u>932,530,716</u>	<u>1,012,551,098</u>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>\$ <u>1,387,623,778</u></b>	<b><u>1,311,121,438</u></b>	<b><u>1,289,714,376</u></b>

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

  
\_\_\_\_\_  
Stafford Burrowes, O.D. Director

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

# Dolphin Cove Limited

## Report To Stockholders

### Three Months ended March 31, 2012



#### DOLPHIN COVE LIMITED

#### Group Interim Statements of Comprehensive Income Three-months ended March 31, 2012

	Three-months ended March 31, 2012 <u>Unaudited</u>	Three-months ended March 31, 2011 <u>Unaudited</u>		Year ended December 31, 2011 <u>Audited</u>
OPERATING REVENUE:				
Dolphin attraction revenue	260,581,483	205,834,726	*	794,006,489
Less: Direct costs of dolphin attraction	<u>(26,454,379)</u>	<u>(21,194,184)</u>	*	<u>(80,886,060)</u>
	<u>234,127,104</u>	<u>184,640,542</u>	*	<u>713,120,429</u>
Ancillary services revenue	104,487,721	87,065,069	*	317,853,768
Less: Direct costs of ancillary services	<u>(17,177,911)</u>	<u>(15,265,095)</u>	*	<u>(58,014,646)</u>
	<u>87,309,810</u>	<u>71,799,974</u>	*	<u>259,839,122</u>
Gross profit	321,436,914	256,440,516	*	972,959,551
Other income	<u>21,120</u>	<u>6,030</u>	*	<u>597,699</u>
	<u>321,458,034</u>	<u>256,446,546</u>		<u>973,557,250</u>
OPERATING EXPENSES:				
Selling	93,447,757	75,926,803		301,273,283
Other operations	63,622,077	57,202,563		263,960,059
Administrative	<u>48,051,101</u>	<u>40,040,576</u>		<u>177,819,869</u>
	<u>205,120,935</u>	<u>173,169,942</u>		<u>743,053,211</u>
Profit before finance income and costs	116,337,099	83,276,604		230,504,039
Finance income	1,071,756	2,356,341		8,722,172
Finance costs	<u>(7,105,061)</u>	<u>(9,042,862)</u>		<u>(35,317,035)</u>
Profit before taxation	110,303,795	76,590,083		203,909,176
Taxation	<u>-</u>	<u>-</u>		<u>567,899</u>
Profit for the period	<u>\$ 110,303,795</u>	<u>76,590,083</u>		<u>204,477,075</u>
Other Comprehensive Income				
Fair value depreciation of available for sale investments				<u>(776,164)</u>
Total comprehensive income				<u>203,700,911</u>

\* The figures for these captions in Q1 2011 have been adjusted for comparative purposes to conform with the current classification of certain components of revenues and expenses.

# Dolphin Cove Limited

## Report To Stockholders

Three Months ended March 31, 2012



### DOLPHIN COVE LIMITED

#### Group Interim Statement Changes in Stockholder's Equity Three-months ended March 31, 2012

		Three months ended March 31, 2012	Three months ended March 31, 2011	Year ended December 31, 2011
		<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Balances at beginning of period	\$	<u>1,012,551,098</u>	<u>856,197,432</u>	<u>856,197,432</u>
Transactions recorded directly in equity:				
Issue of shares and adjustments		-	(256,799)	(256,799)
Dividends		(15,697,055)	-	(47,090,446)
Fair Value depn. of available -for- sale investments				(776,164)
Profit for the period, being total comprehensive income:	\$	<u>110,303,795</u>	<u>76,590,083</u>	<u>204,477,075</u>
Balance at end of period	\$	<u>1,107,157,837</u>	<u>932,530,716</u>	<u>1,012,551,098</u>

# Dolphin Cove Limited

## Report To Stockholders

### Three Months ended March 31, 2012



#### DOLPHIN COVE LIMITED

#### Group Interim Statement of Cash Flows

	Three-months ended March 31, 2012 <u>Unaudited</u>	Three-months ended March 31, 2011 <u>Unaudited</u>	Year ended December 31, 2011 <u>Audited</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period	110,303,795	76,590,083	204,477,075
Adjustments for:			
Depreciation and amortisation	7,977,377	7,615,559	30,833,295
Interest income	(1,071,756)	(2,356,341)	(8,722,172)
Interest expense	7,105,061	9,042,862	22,640,117
Gain on disposal of property, plant and equipment	-	-	(570,000)
Tax expense	-	-	(567,899)
Operating profit before changes in working capital	<u>124,314,476</u>	<u>90,892,163</u>	<u>248,090,416</u>
Accounts receivable	(62,341,915)	(61,069,676)	(39,606,135)
Inventories	(3,717,273)	4,287,101	324,791
Accounts payable and provisions	11,737,425	16,025,461	152,981
Due from/to related parties, net	<u>796,673</u>	<u>2,270,369</u>	<u>(3,480,718)</u>
Cash generated from operations	70,789,387	52,405,418	205,481,335
Interest paid	(7,105,061)	(6,912,451)	(21,193,542)
Income tax paid/withheld	<u>(102,009)</u>	<u>(6,855,375)</u>	<u>(8,445,908)</u>
Net cash provided by operating activities	<u>63,582,317</u>	<u>38,637,592</u>	<u>175,841,885</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	1,071,756	2,356,341	8,620,642
Securities purchased under resale agreements	(88,213,978)	38,573,528	139,865,688
Investment	54,394,538	-	-
Additions to property, plant and equipment	(13,036,807)	(5,697,819)	(49,180,314)
Proceeds from disposal of property, plant and equipment	-	-	2,250,000
Additions to biological assets	(172,730)	(35,000)	(325,000)
Loan receivable	-	(1,007,734)	625,798
Investments acquired	<u>-</u>	<u>-</u>	<u>(55,170,702)</u>
Net cash used by investing activities	<u>(45,957,221)</u>	<u>34,189,316</u>	<u>46,686,112</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	(15,697,055)	-	(47,090,446)
shares issued, net of expenses	-	(256,799)	(256,799)
Long term liabilities received, net of repayments	<u>(18,151,959)</u>	<u>(59,578,675)</u>	<u>(136,289,639)</u>
Net cash (used)/provided by financing activities	<u>(33,849,014)</u>	<u>(59,835,474)</u>	<u>(183,636,884)</u>
Net increase in cash resources	(16,223,919)	12,991,434	38,891,113
Cash resources at beginning of the period	<u>38,153,476</u>	<u>(737,637)</u>	<u>(737,637)</u>
<b>CASH RESOURCES AT END OF PERIOD</b>	<b>\$ <u>21,929,557</u></b>	<b>\$ <u>12,253,797</u></b>	<b>\$ <u>38,153,476</u></b>
Comprising:			
Cash and cash equivalents	37,971,808	26,615,530	44,922,944
Bank overdrafts, unsecured	<u>(16,042,251)</u>	<u>(14,361,733)</u>	<u>(6,769,468)</u>
	<b>\$ <u>21,929,557</u></b>	<b>\$ <u>12,253,797</u></b>	<b>\$ <u>38,153,476</u></b>

# Dolphin Cove Limited

## Report To Stockholders

### Three Months ended March 31, 2012



#### DOLPHIN COVE LIMITED

#### Selected Explanatory Notes

Three-months ended March 31, 2012

#### 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, 2011 which have been consistently applied from period to period except as indicated below\*.

#### Segment information

#### Three month period to March 31, 2012

	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ 1,338,562,656	310,942,951	22,692,005	1,672,197,612
Capital expenditure	\$ 13,209,537	-	-	13,209,537
Reportable segment liabilities	\$ 261,310,574	268,782,787	-	530,093,362

#### Year ended December 31, 2011

	Ocho Rios	Hanover	Other	Total
Reportable segment assets	\$ 1,272,874,998	303,465,300	21,197,550	1,597,537,848
Capital expenditure	\$ 36,853,226	11,813,077	839,011	49,505,314
Reportable segment liabilities	\$ 264,337,553	287,428,955	-	551,766,508

#### Three month period to March 31, 2012

	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ 261,932,172	75,858,168	27,278,865	365,069,204
Finance Income	\$ 5,205,911	-	-	5,205,911
Finance cost	\$ (6,368,364)	(4,870,852)	-	(11,239,216)
Depreciation and amortization	\$ (6,291,906)	(1,685,471)	-	(7,977,377)
Segment Profit	\$ 75,129,709	26,123,816	9,050,270	110,303,795

#### Three month period to March 31, 2011

	Ocho Rios	Hanover	Other	Total
Gross revenue from external customers	\$ 221,565,545	44,684,206	26,650,044	292,899,795*
Finance Income	\$ 8,253,841	-	-	8,253,841
Finance cost	\$ (8,606,657)	(6,333,705)	-	(14,940,362)
Depreciation and amortization	\$ (5,940,616)	(1,457,747)	(217,196)	(7,615,559)
Taxation expense	\$ -	-	-	-
Segment profit after tax	\$ 62,997,835	9,594,506	3,997,742	76,590,083

\* The figures for this caption in Q1 2011 in respect of Ocho Rios and the total have been adjusted for comparative purposes to conform with the current classification of certain components of gross revenue.

# Dolphin Cove Limited

## Report To Stockholders

Three Months ended March 31, 2012



### DOLPHIN COVE LIMITED

#### Selected Explanatory Notes

Three-months ended March 31, 2012

	Unaudited March 31, <u>2012</u>	Audited December 31, <u>2011</u>
<u>Assets</u>		
Total asset for reportable segments	\$ 1,670,455,269	1,597,537,848
Elimination of investment in subsidiaries	\$ (33,220,242)	(33,220,242)
Elimination of due from subsidiary	\$ <u>(249,611,250)</u>	<u>(274,603,230)</u>
Consolidated total assets	\$ <u>1,387,623,778</u>	<u>1,289,714,376</u>

#### Liabilities

Total liabilities for reportable segments	\$ 530,077,191	551,766,508
Elimination of due to subsidiary	\$ <u>(249,611,250)</u>	<u>(274,603,230)</u>
Consolidated total liabilities	\$ <u>280,465,941</u>	<u>277,163,278</u>

Unaudited March 31, <u>2012</u>	Unaudited March 31, <u>2011</u>
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#### Finance Income

Total finance income for reportable segments	\$ 5,205,911	8,253,841
Elimination of inter-company transaction	\$ <u>(4,134,155)</u>	<u>(5,897,500)</u>
Consolidated finance income	\$ <u>1,071,756</u>	<u>2,356,341</u>

#### Finance Cost

Total finance cost for reportable segments	\$ 11,239,216	14,940,362
Elimination of inter-company transaction	\$ <u>(4,134,155)</u>	<u>(5,897,500)</u>
Consolidated finance cost	\$ <u>7,105,061</u>	<u>9,042,862</u>