

Dolphin Cove Limited
Report to Stockholders
Three months ended March 31, 2021



Dolphin Cove limited
Report to Stockholders
Three months ended March 31, 2021

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 March 31, 2021.

OPERATIONS

OPERATIONS							
	3 Months Ended	3 Months Ended	% var	LTM Ended	LTM Ended	% var	Year Ended
	March 31, 2021	March 31, 2020		March 31, 2021	March 31, 2020		December 31, 2020
	<u>Unaudited</u>	<u>Unaudited</u>		<u>Unaudited</u>	<u>Unaudited</u>		<u>Audited</u>
Total Revenue (US\$mn)	\$0.7	\$3.3	-79%	\$1.7	\$14.3	-88%	\$13.0
Profit after taxation (US\$mn)	-\$0.2	\$0.7	-129%	-\$2.0	\$1.5	-233%	\$1.6
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 (US\$)	-\$0.001	\$0.002	-129%	-\$0.005	\$0.004	-233%	\$0.004
Dividends declared per share	\$0.0000	\$0.0030		\$0.0000	\$0.0090		\$0.0600

Visitor arrivals to Jamaica in the quarter were 50% or 46,333 below Q1 2020. In February 2021 the Jamaica Tourist Board reported a similar number of arrivals as in January 2021, however, in March the arrivals increased by 24% and this impacted positively our sales for the second half of the month.

The focus of our management has been to set strategies and generate more business but at the same time to ensure that the parks maintain a slim and controlled operation sufficient to provide a high-quality service to our guests and maintaining the well-being of our staff members and the animals under our care.

As a result of the measures implemented, the company reached a quarterly operating profit for the second time since we resumed operations.

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FINANCIAL POSITION

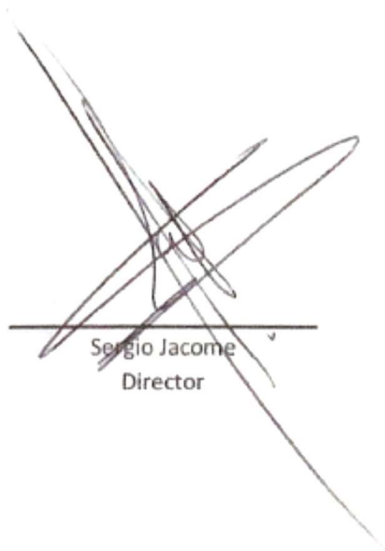
FINANCIAL POSITION					
	As at March 31, 2021	As at March 31, 2020	% var	As at December 31, 2020	% var
	<u>Unaudited</u>	<u>Unaudited</u>		<u>Audited</u>	
Working Capital (US\$mn)	\$0.9	\$2.5	-64%	\$0.9	0%
Fixed Assets (US\$mn)	\$25.5	\$26.2	-3%	\$25.7	-1%
Net Assets (US\$mn)	\$26.5	\$28.5	-7%	\$26.7	-1%
Debt to Equity ratio	0:1	0:1		0:1	
Net assets per share (US\$)	\$0.07	\$0.07	-7%	\$0.07	-1%
Market price (J\$)	\$8.10	\$6.04	34%	\$8.78	-8%
Market price (US\$)*	\$0.05	\$0.04	34%	\$0.06	-8%
Market/Book value	0.80	0.55	44%	0.86	-7%

* Exchange rate 150 JMD / USD

Despite the decline in the working capital, Dolphin Cove has a solid net assets base. The group has drawn to date nearly US\$600,000 from the credit line equivalent to US\$2,000,000 from Sagicor Bank and given the current results and the outlook for the following months we expect to improve our cash position.



Stafford Burrowes
Chairman



Sergio Jacome
Director



Emmanuel Islas
Financial Controller

Dolphin Cove Limited

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Three months ended March 31, 2021



DOLPHIN COVE LIMITED
Group Interim Statement of Financial Position
As At March 31, 2021

	DCL March 31, 2021 <u>Unaudited</u> <u>US\$</u>	DCL March 31, 2020 <u>Unaudited</u> <u>US\$</u>	DCL December 31, 2020 <u>Audited</u> <u>US\$</u>
CURRENT ASSETS			
Cash and cash equivalents	326,655	820,249	381,395
Investments	2,130	2,129	2,130
Trade and Other Receivables	757,453	1,800,106	802,432
Taxation recoverable	323,367	911,621	323,435
Due from related companies	824,013	341,000	767,291
Due from parent company	532,400	229,007	486,200
Inventories	258,953	288,940	258,040
	<u>3,024,972</u>	<u>4,393,052</u>	<u>3,020,923</u>
NON-CURRENT ASSETS			
Property, plant and equipment	21,539,701	21,960,775	21,665,070
Rights of use asset	543,205	663,958	566,822
Live Assets	3,967,762	4,266,546	4,001,645
Due from Related company	1,110,012	1,110,012	1,110,012
	<u>27,160,680</u>	<u>28,001,291</u>	<u>27,343,549</u>
TOTAL ASSETS	<u><u>30,185,652</u></u>	<u><u>32,394,343</u></u>	<u><u>30,364,472</u></u>
CURRENT LIABILITIES			
Bank overdrafts	638,166	2,728	366,591
Current portion of lease liabilities	100,304	77,640	89,021
Accounts payable	1,309,385	1,689,191	1,590,450
Due to other related companies	22,302	61,642	22,302
Current portion of long term liabilities	5,374	21,966	5,374
	<u>2,075,531</u>	<u>1,853,166</u>	<u>2,073,738</u>
NON-CURRENT LIABILITY			
Deferred tax liability	978,603	1,317,380	1,004,469
Lease liabilities	612,513	701,535	612,513
Long term liabilities	11,083	15,586	11,841
	<u>1,602,199</u>	<u>2,034,501</u>	<u>1,628,823</u>
SHAREHOLDERS' EQUITY			
Share capital	3,654,390	3,654,390	3,654,390
Capital Reserves	12,291,412	12,291,412	12,291,412
Retained Earnings	10,562,120	12,560,875	10,716,109
	<u>26,507,922</u>	<u>28,506,677</u>	<u>26,661,911</u>
TOTAL EQUITY AND LIABILITIES	<u><u>30,185,652</u></u>	<u><u>32,394,343</u></u>	<u><u>30,364,472</u></u>

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2021



DOLPHIN COVE LIMITED
Group Interim Statement of Profit or Loss and Other Comprehensive Income
Three Months Ended March 31, 2021

	3 Months Ended March 31, 2021 <u>Unaudited</u> <u>US\$</u>	3 Months Ended March 31, 2020 <u>Unaudited</u> <u>US\$</u>	Year Ended December 31, 2020 <u>Audited</u> <u>US\$</u>
OPERATING REVENUE:			
Dolphin Attraction Revenue	373,824	1,788,258	2,241,991
Ancillary Services Revenue	365,331	1,501,917	2,036,176
Overall Revenue	<u>739,155</u>	<u>3,290,176</u>	<u>4,278,167</u>
Less: Direct Costs	<u>(144,190)</u>	<u>(405,538)</u>	<u>(782,081)</u>
Gross Profit	594,965	2,884,637	3,496,086
Gain on disposal of property, plant & equipment	(199)	-	-
Loss on disposal of live assets	-	-	(81,190)
Other income	42,302	59,655	367,295
	<u>637,068</u>	<u>2,944,292</u>	<u>3,782,191</u>
OPERATING EXPENSES:			
Administrative	(174,689)	(382,644)	(820,717)
Other operations	(488,338)	(1,125,115)	(2,612,809)
Selling	(219,496)	(643,192)	(1,664,574)
	<u>(882,523)</u>	<u>(2,150,951)</u>	<u>(5,098,100)</u>
Profit before finance income and costs	(245,455)	793,341	(1,315,909)
Finance income	96,864	60,689	51,782
Finance costs	<u>(31,663)</u>	<u>(76,047)</u>	<u>(169,866)</u>
Profit Before taxation	(180,255)	777,983	(1,433,993)
Taxation	<u>25,866</u>	<u>(69,069)</u>	<u>305,219</u>
Profit for the period	<u>(154,389)</u>	<u>708,914</u>	<u>(1,128,774)</u>
Earnings per stock unit	-0.04¢	0.18¢	-0.29¢

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2021



DOLPHIN COVE LIMITED
Company Interim Statement of Cash Flow
Three Months Ended March 31, 2021

	3 Months Ended March 31, 2021 Unaudited <u>US\$</u>	3 Months Ended March 31, 2020 Unaudited <u>US\$</u>	Year Ended December 31, 2020 Audited <u>US\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit for the period	(154,389)	708,914	(1,128,774)
Adjustments for:			
Depreciation and amortization	233,527	410,650	1,123,843
Loss /(Gain) on disposal of property, plant and equipment	(199)	-	-
Loss on disposal of live assets	-	-	81,190
Interest income	(138)	(368)	(861)
Interest expense	8,295	509	68,572
Impairment loss on trade receivables	23,831	240,238	346,485
Taxation	(25,866)	81,902	(305,219)
Operating profit before changes in working capital	<u>85,061</u>	<u>1,441,845</u>	<u>185,236</u>
Accounts receivable	21,148	(91,713)	559,635
Inventories	(914)	(22,949)	7,951
Accounts payable	(339,735)	(152,417)	(508,321)
Due from related parties	-	(110,560)	(61,136)
Cash generated from operations	<u>(234,440)</u>	<u>1,064,206</u>	<u>183,365</u>
Interest paid	(8,295)	(509)	(68,572)
Income tax paid	68	(69,069)	(102,280)
Net cash provided by operating activities	<u>(242,667)</u>	<u>994,628</u>	<u>12,513</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	138	368	861
Additions to property, plant and equipment	21,703	(51,332)	(207,263)
Additions to live assets	(13,092)	(16,556)	(56,088)
Due from related parties	(56,722)	-	33,771
Due from parent company	(46,200)	(52,800)	(198,000)
Investments, net	-	-	(1)
Net cash provided/(used) by investing activities	<u>(94,173)</u>	<u>(120,320)</u>	<u>(426,720)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term liabilities, net	(758)	(1,514)	(21,850)
Change on lease liabilities	11,283	-	(4,140)
Other income - rent concession	-	-	(73,500)
Dividends paid	-	(857,974)	(865,052)
Net cash (used)/provided by financing activities	<u>10,525</u>	<u>(859,488)</u>	<u>(964,542)</u>
Net increase in cash resources	(326,315)	14,820	(1,378,749)
Cash resources at beginning of the period	<u>14,804</u>	<u>802,701</u>	<u>1,393,554</u>
CASH RESOURCES AT END OF PERIOD	<u>(311,511)</u>	<u>817,521</u>	<u>14,804</u>
Comprising:			
Cash and cash equivalents	326,655	820,249	381,395
Bank overdrafts	<u>(638,166)</u>	<u>(2,728)</u>	<u>(366,591)</u>
	<u>(311,511)</u>	<u>817,521</u>	<u>14,804</u>

Dolphin Cove Limited
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Three months ended March 31, 2021



DOLPHIN COVE LIMITED
Group Interim Statement of Changes in Stockholders' Equity
Three Months Ended March 31, 2021

	3 Months Ended March 31, 2021 <u>Unaudited</u>	3 Months Ended March 31, 2020 <u>Unaudited</u>	Year Ended December 31, 2020 <u>Audited</u>
Balances at beginning of period	26,661,911	28,655,737	28,655,737
Adjustment on initial application of IFRS 16	-	-	-
Transactions with owners of the company:			
Dividends	-	(857,974)	(865,052)
Total comprehensive income:			
Profit for the period	(154,389)	708,914	(1,128,774)
Other comprehensive income:	-	-	-
Balance at end of period	<u>26,507,522</u>	<u>28,506,677</u>	<u>26,661,911</u>

Dolphin Cove Limited

Report to Stockholders

Three months ended March 31, 2021



Selected Explanatory Notes

Nine months ended March 31, 2021

1. Corporate structure and principal activities

(a) Dolphin Cove Limited (the company) is incorporated and domiciled in Jamaica and its registered office and principal place of business is located at Belmont Road, Ocho Rios, St. Ann, Jamaica, W.I.

The principal activities of the company are the operation of marine parks and adventure programmes and ancillary operations such as restaurants, gift shops and photography at several locations in Jamaica.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 21, 2010.

(b) The company and its wholly-owned subsidiaries, as listed below, are collectively referred to as "the Group".

(i) Dolphin Cove (Negril) Limited was incorporated in Jamaica, on May 11, 2010, and commenced operations in September 2010. Its principal place of business is located at Point, Lucea, Hanover, Jamaica W.I. and it owns the real estate in Hanover which is now leased to the company.

(ii) Too Cool Limited is incorporated in the Cayman Islands and owns land and buildings from which the company operates.

(iii) Cheshire Hall Limited was incorporated on June 22, 2012 as a St. Lucian International Business Company (IBC), controlled by the company through a deed. Its wholly-owned subsidiary, DCTCI Limited was incorporated in the Turks and Caicos Islands and owns land on which the Group intends to develop an attraction.

(iv) Balmoral Dolphins Limited is a St. Lucian IBC, incorporated on April 5, 2012. Its wholly-owned subsidiary, Dolphin Cove TCI Limited, was incorporated in the Turks & Caicos Islands for the intended purpose of operating the attraction to be developed by DCTCI Limited.

(v) SB Holdings Limited was incorporated on November 4, 2013, as a St. Lucian IBC. Its wholly-owned subsidiary, Marine Adventure Park Limited, was also incorporated in St. Lucia and purchased land in St. Lucia on which the Group intends to develop an attraction.

(c) Effective January 8, 2016, World of Dolphins Inc. holds 79.99% of shares issued by Dolphin Cove Limited. World of Dolphins, Inc. is a subsidiary of Controladora Dolphin SA de C.V. (intermediate holding company), which is in turn a subsidiary of Dolphin Capital Company, S. de RL de C.V. (ultimate holding company), referred to as the "Dolphin Discovery group" or "the Wider Group". Both companies are incorporated in Mexico.

2. Statement of compliance and basis of preparation

These unaudited interim financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting" and comply with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act. The condensed interim financial information should be read in conjunction with the annual audited financial statements of the Group and the company. The statements are expressed in United States dollars which is the functional currency of the Group.

Property, Plant and equipment and live assets are included in the balance sheet at revalued amounts from time to time.

3. Accounting policies

The principal accounting policies applied in the preparation of these unaudited financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2019 as set out in Note 2 thereof.

4. Seasonality of operations

The Group earns revenues mainly from visitors to the country the number of which is higher in the winter months of the Northern hemisphere. Accordingly, the results of the first portions of the calendar year cannot be taken to be indicative of the likely performance of the entire year. As a result, the Group has adopted the practice recommended in IAS 34 that the results of operations should also

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be disclosed on a rolling twelve-month basis as well as disclosing the calendar quarterly and year to date results in the summary information in Operations.

5. Related parties

Due from

This amount represents amounts collected by the Wider Group and payable to the Group for bookings of visitors to the Group's parks.

The amount as "Due from Parent Company" represents transactions in respect of animals being cared for in Jamaica that belong to other group companies as a result of their temporary relocation due to hurricanes in September 2017, to date the recovery of the damaged facilities in those destinations has not been as fast as expected and the contract has been extended for one more year.

The amount in non-current assets represented a deposit paid to the Wider Group in respect of a construction project in St. Lucia on behalf of the Group which has been deferred.

Due to

The amount included in current liabilities represents accrued fees unpaid in respect of central services provided to the group by its the Wider Group that have been approved by a committee of the board of directors comprised of the independent directors.

6. Earnings per share

The calculation of the earnings per share is based on the net profit and the 392,426,376 shares in issue during all of the periods.

7.- Asset revaluations.

Fair value of land and buildings

Land and buildings are revalued periodically to fair market value. These valuations are conducted by independent professional valuers, using recent selling prices of comparable properties.

However, as no two properties are exactly alike, adjustments are made to reflect differences between properties. Consequently, the determination of fair market value of the property requires that the valuers analyze the differences in relation to age and physical condition, time of sale, land to building ratio, the advantages and disadvantages of the location and other functional gains to be derived from the property, and make necessary adjustments.

Fair value of dolphins

All dolphins are carried at fair value. The fair values are determined based on the market price of dolphins similar age and recent transactions relating to the purchase and sale of dolphins within the wider group.