

**Dolphin Cove Limited**  
**Report to Stockholders**  
Six months ended June 30, 2019



**Dolphin Cove limited**  
**Report to Stockholders**  
Six Months ended June 30, 2019

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 June 30, 2019.

**OPERATIONS**

OPERATIONS										
	6 Months Ended June 30, 2019 <u>Unaudited</u>	6 Months Ended June 30, 2018 <u>Unaudited</u>	% var	3 Months Ended June 30, 2019 <u>Unaudited</u>	3 Months Ended June 30, 2018 <u>Unaudited</u>	% var	12 Months Ended June 30, 2019 <u>Unaudited</u>	12 Months Ended June 30, 2018 <u>Unaudited</u>	% var	Year Ended December 31, 2018
Total Revenue (US\$mn)	\$7.2	\$7.2	-1%	\$3.7	\$3.6	3%	\$13.4	\$14.0	-4%	\$15.1
Profit after taxation (US\$mn)	\$1.7	\$2.0	-15%	\$0.9	\$1.0	-10%	\$2.0	\$3.0	-33%	\$2.3
Number of shares in issue	392,426,376	392,426,376		392,426,376	392,426,376		392,426,376	392,426,376		392,426,376
Earnings per share after tax	\$0.004	\$0.005	-15%	\$0.002	\$0.003	-10%	\$0.005	\$0.008	-33%	\$0.006
Dividends declared per share	\$0.0040	\$0.0031		\$0.0020	\$0.0015		\$0.0040	\$0.0062		\$0.0600

During the first half of the year we saw a recovery in the Tour Operator market (+8%), particularly for Dolphin Cove Montego Bay and Yaaman park. Cruise ship arrivals to the Falmouth Port declined by 16%, which is significant since 50% of our guests from cruise ships comes from that port. Despite the decrease in sales from Cruise Ships, all the other distribution channels showed a good performance allowing us to achieve 1% increase in our revenue compared to Q2 2018.

Our direct costs increased during the first half of the year due mainly to the addition of 4 dolphin as well as the direct costs related to the new facilities at Puerto Seco Beach Club which contributed to the increase in expenses, however, the main drivers for the increase in our expenditure were:

1. Salaries and Benefits – In 2018 due to the enhanced security measures implemented by the government, we decided to put on hold the hiring of some positions. When we considered that this situation stabilized at the end of 2018, we hired the additional staff to provide a better experience to our guests.
2. Selling and Marketing – The commercial areas have had a very active six months with increased promotion and advertising as a result of which we achieved an increase in the attendance by 8.2% compared to 2018.

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**FINANCIAL POSITION**

<b>FINANCIAL POSITION</b>					
	As at June 30, 2019 <u>Unaudited</u>	As at June 30, 2018 <u>Unaudited</u>	% var	As at December 31, 2018 <u>Audited</u>	% var
Working Capital (US\$mn)	\$1.7	\$1.7	0%	\$1.6	6%
Fixed Assets (US\$mn)	\$27.7	\$25.3	9%	\$27.2	2%
Net Assets (US\$mn)	\$29.3	\$27.3	7%	\$28.8	2%
Debt to Equity ratio	0:1	0.02:1		0.01:1	
Net assets per share	\$0.07	\$0.07	7%	\$0.07	2%
Market price (J\$mn)	\$12.00	\$16.80	-29%	\$16.50	-27%
Market price (USD\$mn)*	\$0.09	\$0.12	-29%	\$0.12	-27%
Market/Book value	1.19	1.86	-36%	1.66	-29%

\* Exchange rate 135 JMD / USD

Working Capital increased by 6% as a result of the renovation works and improvements to the physical assets, the reduction of the current portion of long-term debt and the increase in the accounts receivable driven by the business produced by the Tour Operators which have longer credit terms than the Cruise Lines.

Despite the challenging period that has passed, a dividend of 20 cents was declared in June for payment on 27 August 2019.

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**DOLPHIN COVE LIMITED**

**Interim Statement of Financial Position**  
**As At June 30, 2019**

	As at June 30, 2019 <u>Unaudited</u> US\$	As at June 30, 2018 <u>Unaudited</u> US\$	As at December 31, 2018 <u>Audited</u> US\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	661,998	898,393	857,090
Investments	2,127	2,127	2,127
Accounts receivable	2,423,721	1,411,052	1,893,623
Due from related companies	315,953	779,590	410,787
Due from parent company	396,000	-	264,000
Taxation recoverable	217,092	28,896	211,835
Inventories	290,996	617,318	355,098
	<u>4,307,887</u>	<u>3,737,375</u>	<u>3,994,560</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	23,242,184	21,495,158	22,679,522
Live Assets	4,494,088	3,842,889	4,537,895
Due from Related company	1,110,012	1,110,012	1,110,012
	<u>28,846,284</u>	<u>26,448,058</u>	<u>28,327,429</u>
<b>TOTAL ASSETS</b>	<u><u>33,154,171</u></u>	<u><u>30,185,434</u></u>	<u><u>32,321,989</u></u>
<b>CURRENT LIABILITIES</b>			
Bank overdrafts	146,032	75,903	54,389
Accounts payable	1,812,482	1,442,737	2,040,798
Current portion of long term liabilities	72,099	382,432	231,984
Taxation payable	17,456	18,240	17,456
Due to other related companies	-	167,009	97,705
Dividends payable	581,372	-	-
	<u>2,629,442</u>	<u>2,086,322</u>	<u>2,442,332</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liability	1,162,852	776,917	1,041,601
Long term loans	19,312	53,646	21,508
	<u>1,182,164</u>	<u>830,562</u>	<u>1,063,109</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	3,654,390	3,654,390	3,654,390
Capital Reserve	12,456,412	10,545,590	12,456,412
Retained Earnings	13,231,763	13,068,569	12,705,746
	<u>29,342,565</u>	<u>27,268,549</u>	<u>28,816,548</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>33,154,171</u></u>	<u><u>30,185,434</u></u>	<u><u>32,321,989</u></u>

# Dolphin Cove Limited

## Report to Stockholders

### Six months ended June 30, 2019



#### DOLPHIN COVE LIMITED

#### Group Interim Statement of Profit or Loss and Other Comprehensive Income Six months ended June 30, 2019

	6 Months Ended June 30, 2019 <u>Unaudited</u> <u>US\$</u>	6 Months Ended June 30, 2018 <u>Unaudited</u> <u>US\$</u>	3 Months Ended June 30, 2019 <u>Unaudited</u> <u>US\$</u>	3 Months Ended June 30, 2018 <u>Unaudited</u> <u>US\$</u>	Year Ended December 31, 2018 <u>Audited</u> <u>US\$</u>
OPERATING REVENUE:					
Dolphin Attraction Revenue	4,363,036	4,240,899	2,161,250	1,938,288	8,209,792
Ancillary Services Revenue	3,484,872	3,486,145	1,793,668	1,936,284	6,677,582
Overall Revenue	<u>7,847,908</u>	<u>7,727,044</u>	<u>3,954,918</u>	<u>3,874,572</u>	<u>14,887,374</u>
Less: Direct Costs	<u>813,929</u>	<u>655,906</u>	<u>355,420</u>	<u>361,481</u>	<u>1,674,668</u>
Gross Profit	7,033,979	7,071,138	3,599,498	3,513,091	13,212,706
Gain on disposal of property, plant & equipment	-	-	-	-	(105)
Other income	<u>129,548</u>	<u>131,299</u>	<u>63,292</u>	<u>129,977</u>	<u>253,914</u>
	<u>7,163,526</u>	<u>7,202,438</u>	<u>3,662,790</u>	<u>3,643,069</u>	<u>13,466,515</u>
OPERATING EXPENSES:					
Selling	2,097,421	1,825,025	1,071,419	874,354	3,923,894
Other operations	1,816,112	1,690,420	999,739	813,974	3,924,232
Administrative	<u>1,240,871</u>	<u>1,286,505</u>	<u>570,662</u>	<u>737,311</u>	<u>2,599,167</u>
	<u>5,154,404</u>	<u>4,801,950</u>	<u>2,641,820</u>	<u>2,425,639</u>	<u>10,447,293</u>
Profit before finance income and costs	2,009,123	2,400,487	1,020,970	1,217,429	3,019,222
Finance income	71,840	27,456	62,917	(36,668)	130,957
Finance costs	(188,757)	(142,366)	(119,409)	(67,424)	(378,717)
Gain on disposal of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit Before taxation	1,892,206	2,285,577	964,479	1,113,337	2,771,462
Taxation	<u>(166,106)</u>	<u>(250,811)</u>	<u>(81,180)</u>	<u>(124,951)</u>	<u>(433,108)</u>
Profit for the period	<u>\$ 1,726,100</u>	<u>2,034,766</u>	<u>883,299</u>	<u>988,386</u>	<u>2,338,354</u>
Earnings per stock unit	<b>0.44€</b>	<b>0.52€</b>	<b>0.23€</b>	<b>0.25€</b>	<b>0.6€</b>
Other comprehensive income:					
Items that are or may be reclassified to profit or loss:					
Surplus on revaluation of dolphins					880,000
Deferred tax on surplus on revaluation of dolphins					(220,000)
Surplus on revaluation of land and buildings					1,130,145
Deferred tax on revalued buildings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,958</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,896,103</u>
Total comprehensive income	<u>\$ 1,726,100</u>	<u>2,034,766</u>	<u>883,299</u>	<u>988,386</u>	<u>4,234,457</u>

**Dolphin Cove Limited**  
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**Six months ended June 30, 2019**



**DOLPHIN COVE LIMITED**

**Group Interim Statement of Cash Flows**  
**Six months ended June 30, 2019**

	<b>6 Months Ended June 30, 2019 <u>Unaudited</u> US\$</b>	<b>6 Months Ended June 30, 2018 <u>Unaudited</u> US\$</b>	<b>Year Ended December 31, 2018 <u>Audited</u> US\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period	1,726,100	2,034,766	2,338,354
Accounts receivable	(530,098)	564,438	81,867
Due from related parties	94,834	(750,694)	(381,891)
Due from parent company	(132,000)	-	(264,000)
Taxation recoverable	(5,257)	310,892	127,953
Inventories	64,102	(241,259)	20,961
Accounts payable	(228,316)	(133,569)	464,492
Taxation payable	0	(17,688)	(18,472)
Due to other related companies	(97,705)	146,209	76,905
Cash generated from operations	<u>891,660</u>	<u>1,913,097</u>	<u>2,446,169</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Property, plant and equipment	(231,801)	(436,421)	(1,748,074)
Depreciation on property, plant and equipment.	(330,861)	(127,288)	-
Live Assets	152,215	187,746	(569,027)
Depreciation on live assets.	(108,408)	(61,767)	-
Deferred tax liability	121,251	(79,999)	184,685
Cash generated from investing activities	<u>(397,605)</u>	<u>(517,729)</u>	<u>(2,132,416)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Current portion of long term liabilities	(159,885)	(22,073)	(172,521)
Long term loans	(2,196)	(172,518)	(204,657)
Dividends paid	(618,710)	(1,195,495)	(1,782,502)
Capital Reserve adjustments	-	(14,720)	1,896,103
Retained earnings adjustments	-	-	(79,405)
Cash (used)/provided by financing activities	<u>(780,791)</u>	<u>(1,404,806)</u>	<u>(342,982)</u>
Net increase in cash resources	(286,735)	(9,438)	(29,229)
Cash resources at beginning of the period	857,090	850,674	850,676
<b>CASH RESOURCES AT END OF PERIOD</b>	<b>\$ <u>570,354</u></b>	<b><u>841,236</u></b>	<b><u>821,447</u></b>
Cash and cash equivalents	661,998	898,393	857,090
Bank overdrafts	(91,643)	(57,157)	(35,643)
	<u>570,354</u>	<u>841,236</u>	<u>821,447</u>

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**DOLPHIN COVE LIMITED**  
**Group Interim Statement of Changes in Stockholders' Equity**  
Six months ended June 30, 2019

	<b>6 Months Ended June 30, 2019 <u>Unaudited</u> US\$</b>	<b>6 Months Ended June 30, 2018 <u>Unaudited</u> US\$</b>	<b>Year Ended December 31, 2018 <u>Audited</u> US\$</b>
Balances at beginning of period	\$ 28,816,548	26,443,999	26,443,999
Adjustment on initial application on IFRS 9, net of taxes [note 3(i)]			(79,405)
Transactions with owners of the company:			
Retained earnings adjustments			
Declared dividends	(1,200,083)	(1,210,216)	(1,782,503)
Total comprehensive income:			
Profit for the period	1,726,100	2,034,766	2,338,354
Other comprehensive income:			
Surplus on revaluation of dolphins			880,000
Deferred tax on surplus on revaluation of dolphins			(220,000)
Surplus on revaluation of land and buildings			1,130,145
Deferred tax on revalued buildings			105,958
Deferred tax provision			
Balance at end of period	\$ <u>29,342,565</u>	<u>27,268,550</u>	<u>28,816,548</u>

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**Selected Explanatory Notes**  
**Six months ended June 30, 2019**

*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.

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*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 2018 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 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 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. Finance Costs*

The Finance Costs are comprised as follows:

Item	June 2019	June 2018	December 2018
Bank Charges and Commissions	104,432	79,164	214,382
Loan Interest	7,232	5,482	40,126
Foreign Exchange Loss	76,143	57,720	124,209



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*8.- Assets revaluation.*

Fair value of land and buildings

Land and buildings are revalued annually to fair market value at each reporting date. These valuations are conducted periodically 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.