

Dolphin Cove Limited

Report to Stockholders

Six months ended June 30, 2021



Dolphin Cove limited
Report to Stockholders
Six months ended June 30, 2021

On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of Dolphin Cove Limited for the six months ended June 30, 2021.

OPERATIONS

OPERATIONS										
	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020	% var	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	% var	LTM Ended June 30, 2021	LTM Ended June 30, 2020	% var	Year Ended December 31, 2020
	<u>Unaudited</u>	<u>Unaudited</u>		<u>Unaudited</u>	<u>Unaudited</u>		<u>Unaudited</u>	<u>Unaudited</u>		<u>Audited</u>
Total Revenue (US\$mn)	\$2.9	\$3.3	-12%	\$2.1	\$0.0	100%	\$3.9	\$10.3	-62%	\$13.0
Profit after taxation (US\$mn)	\$1.1	-\$0.3	467%	\$1.2	-\$1.0	220%	\$0.2	-\$0.4	150%	\$1.6
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 (US\$)	\$0.0028	-\$0.0007	500%	\$0.0032	-\$0.0025	228%	\$0.0051	-\$0.0102	150%	-\$0.0029
Dividends declared per share	\$0.0000	\$0.0030		\$0.0000	\$0.0000		\$0.0000	\$0.0060		\$0.0300

Despite continuing to operate in a highly challenging and COVID-19 impacted environment, the Company delivered strong second quarter 2021 financial results. Our commercial strategies were focused on generating as much sales as possible from the greater tourism traffic to Jamaica within the three months and our parks continued to benefit from the local market. For the 6 months, revenue for 2021 was US\$2.9 million compared to US\$3.3 million in 2020 because there was a strong Q1 performance in 2020 just before the closure of the industry due to the pandemic. Of the US\$2.9 million in revenue for the six months in 2021, US\$2.1 million was generated in Q2.

Even within Q2 2021, the operations of the Company were still affected by restrictions derived from the sanitary requirements and restrictions, such as capacity limitations and reduced operating hours/days in all the parks. The focus of the management has been 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 increase in sales and the strict control over fixed costs and expenses, the Company achieved a net profit of US\$1.1 million.

Dolphin Cove Limited

Report to Stockholders

Six months ended June 30, 2021



FINANCIAL POSITION

FINANCIAL POSITION					
	As at June 30, 2021 <u>Unaudited</u>	As at June 30, 2020 <u>Unaudited</u>	% var	As at December 31, 2020 <u>Audited</u>	% var
Working Capital (US\$mn)	\$2.4	\$1.6	50%	\$0.9	167%
Fixed Assets (US\$mn)	\$25.4	\$26.2	-3%	\$25.7	-1%
Net Assets (US\$mn)	\$27.8	\$27.5	1%	\$26.7	4%
Debt to Equity ratio	0.03:1	0:1		0.01:1	
Net assets per share (US\$)	\$0.07	\$0.07	1%	\$0.07	4%
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	0.76	0.57	33%	0.86	-11%

* Exchange rate 150 JMD / USD

The working capital increased 167% compared to December 2020, as a result primarily of the increase in cash and collections in trade receivables derived from the business recovery. The Group continues to show a solid net assets base and strong balance sheet. To date the Group has only utilized US\$850,000 from the credit line equivalent to US\$2,000,000 from Sagicor Bank.

Due to the good performance shown in the second quarter of the year, Dolphin Cove generated US\$683,000 in cash from operating activities, and ended the first half of the year with a net increase in cash resources of US\$350,000.

Stafford Burrowes
Chairman

Sergio Jacome
Director

Emmanuel Islas
Financial Controller

Dolphin Cove Limited


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Six months ended June 30, 2021

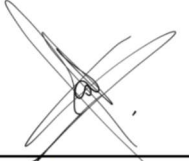


DOLPHIN COVE LIMITED
Group Interim Statement of Financial Position
As At June 30, 2021

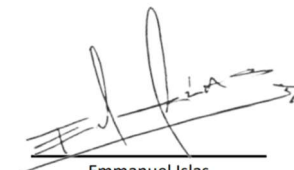
	DCL June 30, 2021 <u>Unaudited</u> <u>US\$</u>	DCL June 30, 2020 <u>Unaudited</u> <u>US\$</u>	DCL December 31, 2020 <u>Audited</u> <u>US\$</u>
CURRENT ASSETS			
Cash and cash equivalents	1,205,397	408,507	381,395
Investments	2,130	2,129	2,130
Trade and Other Receivables	1,574,985	1,314,358	802,432
Trade Receivables from related Companies	953,991	737,135	767,291
Taxation recoverable	323,376	134,981	323,435
Due from parent company	578,600	393,800	486,200
Inventories	263,934	260,020	258,040
	<u>4,902,413</u>	<u>3,250,929</u>	<u>3,020,923</u>
NON-CURRENT ASSETS			
Property, plant and equipment	21,421,576	22,013,835	21,665,070
Rights of use asset	519,587	629,803	566,822
Live Assets	3,933,883	4,228,203	4,001,645
Due from Related company	1,110,012	1,110,012	1,110,012
	<u>26,985,058</u>	<u>27,981,853</u>	<u>27,343,549</u>
TOTAL ASSETS	<u><u>31,887,471</u></u>	<u><u>31,232,781</u></u>	<u><u>30,364,472</u></u>
CURRENT LIABILITIES			
Bank overdrafts	836,404	2,891	366,591
Current portion of lease liabilities	45,117	77,640	89,021
Accounts payable	1,589,231	1,499,914	1,590,450
Taxation payable	-	69,069	-
Due to other related companies	7,326	28,237	22,302
Current portion of long term liabilities	5,374	21,966	5,374
	<u>2,483,453</u>	<u>1,699,717</u>	<u>2,073,738</u>
NON-CURRENT LIABILITY			
Deferred tax liability	1,036,872	1,292,380	1,004,469
Lease liabilities	612,513	701,535	612,513
Long term liabilities	9,957	14,827	11,841
	<u>1,659,342</u>	<u>2,008,742</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	11,798,874	11,578,520	10,716,109
	<u>27,744,676</u>	<u>27,524,322</u>	<u>26,661,911</u>
TOTAL EQUITY AND LIABILITIES	<u><u>31,887,471</u></u>	<u><u>31,232,781</u></u>	<u><u>30,364,472</u></u>



 Stafford Burrows
 Chairman



 Sergio Jacome
 Director



 Emmanuel Islas
 Financial Controller

Dolphin Cove Limited

Report to Stockholders

Six months ended June 30, 2021



DOLPHIN COVE LIMITED

Group Interim Statement of Profit or Loss and Other Comprehensive Income
Six Months Ended June 30, 2021

	6 Months Ended June 30, 2021 <u>Unaudited</u> US\$	6 Months Ended June 30, 2020 <u>Unaudited</u> US\$	3 Months Ended June 30, 2021 <u>Unaudited</u> US\$	3 Months Ended June 30, 2020 <u>Unaudited</u> US\$	Year Ended December 31, 2020 <u>Audited</u> US\$
OPERATING REVENUE:					
Dolphin Attraction Revenue	1,442,945	1,786,904	1,069,121	-	2,241,991
Ancillary Services Revenue	1,429,180	1,499,382	1,063,849	-	2,036,176
Overall Revenue	<u>2,872,124</u>	<u>3,286,287</u>	<u>2,132,970</u>	<u>-</u>	<u>4,278,167</u>
Less: Direct Costs	<u>(352,733)</u>	<u>(555,076)</u>	<u>(208,543)</u>	<u>(153,427)</u>	<u>(782,081)</u>
Gross Profit	2,519,391	2,731,210	1,924,427	(153,427)	3,496,086
Gain on disposal of property, plant & equipment	(199)	-	-	-	-
Loss on disposal of live assets	-	-	-	-	(81,190)
Other income	147,100	108,155	104,798	48,500	367,295
	<u>2,666,293</u>	<u>2,839,365</u>	<u>2,029,225</u>	<u>(104,927)</u>	<u>3,782,191</u>
OPERATING EXPENSES:					
Administrative	(411,602)	(572,455)	(236,913)	(127,255)	(820,717)
Other operations	(1,022,927)	(1,636,511)	(534,589)	(478,230)	(2,612,809)
Selling	(188,079)	(770,447)	31,417	(189,811)	(1,664,574)
	<u>(1,622,608)</u>	<u>(2,979,413)</u>	<u>(740,085)</u>	<u>(795,296)</u>	<u>(5,098,100)</u>
Profit before finance income and costs	1,043,684	(140,049)	1,289,139	(900,223)	(1,315,909)
Finance income	215,023	64,210	118,159	3,521	51,782
Finance costs	<u>(143,539)</u>	<u>(59,464)</u>	<u>(111,875)</u>	<u>(16,583)</u>	<u>(169,866)</u>
Profit Before taxation	1,115,169	(135,303)	1,295,423	(913,285)	(1,433,993)
Taxation	<u>(32,403)</u>	<u>(138,138)</u>	<u>(58,268)</u>	<u>(69,069)</u>	<u>305,219</u>
Profit for the period	<u>1,082,766</u>	<u>(273,441)</u>	<u>1,237,155</u>	<u>(982,354)</u>	<u>(1,128,774)</u>
Earnings per stock unit	US\$ 0.0028	US\$ -0.0007	US\$ 0.0032	US\$ -0.0025	US\$ -0.0029

Dolphin Cove Limited

Report to Stockholders

Six months ended June 30, 2021



DOLPHIN COVE LIMITED

Group Interim Statement of Cash Flow Six Months Ended June 30, 2021

	6 Months Ended June 30, 2021 Unaudited <u>US\$</u>	6 Months Ended June 30, 2020 Unaudited <u>US\$</u>	Year Ended December 31, 2020 Audited <u>US\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit for the period	1,082,766	(273,441)	(1,128,774)
Adjustments for:			
Depreciation and amortization	419,819	471,678	1,123,843
Loss /(Gain) on disposal of property, plant and equipment	(199)	-	-
Loss on disposal of live assets	-	-	81,190
Interest income	(205)	(539)	(861)
Interest expense	43,589	745	68,572
Impairment loss on trade receivables	(305,777)	(152,680)	346,485
Taxation	32,403	138,138	(305,219)
Operating profit before changes in working capital	<u>1,272,395</u>	<u>183,900</u>	<u>185,236</u>
Accounts receivable	(408,424)	488,061	559,635
Inventories	(5,894)	5,971	7,951
Accounts payable	(116,216)	(598,857)	(508,321)
Due from related parties	(14,976)	63,927	(61,136)
Cash generated from operations	<u>726,885</u>	<u>143,002</u>	<u>183,365</u>
Interest paid	(43,589)	(745)	(68,572)
Income tax paid	59	(69,069)	(102,280)
Net cash provided by operating activities	<u>683,355</u>	<u>73,188</u>	<u>12,513</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	205	539	861
Additions to property, plant and equipment	21,703	(66,086)	(207,263)
Additions to live assets	(26,187)	(29,733)	(56,088)
Due from related parties	(186,701)	-	33,771
Due from parent company	(92,400)	(105,600)	(198,000)
Investments, net	-	-	(1)
Net cash provided/(used) by investing activities	<u>(283,379)</u>	<u>(200,880)</u>	<u>(426,720)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term liabilities, net	(1,884)	(2,272)	(21,850)
Change on lease liabilities	(43,904)	-	(4,140)
Other income - rent concession	-	-	(73,500)
Dividends paid	-	(857,974)	(865,052)
Net cash (used)/provided by financing activities	<u>(45,788)</u>	<u>(860,246)</u>	<u>(964,542)</u>
Net increase in cash resources	354,188	(987,938)	(1,378,749)
Cash resources at beginning of the period	<u>14,804</u>	<u>1,393,553</u>	<u>1,393,553</u>
CASH RESOURCES AT END OF PERIOD	<u><u>368,992</u></u>	<u><u>405,615</u></u>	<u><u>14,804</u></u>
Comprising:			
Cash and cash equivalents	1,205,397	408,507	381,395
Bank overdrafts	(836,404)	(2,891)	(366,591)
	<u>368,992</u>	<u>405,615</u>	<u>14,804</u>

Dolphin Cove Limited

Report to Stockholders

Six months ended June 30, 2021



DOLPHIN COVE LIMITED

Group Interim Statement of Changes in Stockholders' Equity
Six Months Ended June 30, 2021

	6 Months Ended June 30, 2021 <u>Unaudited</u>	6 Months Ended June 30, 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	1,082,766	(273,441)	(1,128,774)
Other comprehensive income:			
	-	-	-
Balance at end of period	<u>27,744,676</u>	<u>27,524,322</u>	<u>26,661,911</u>

Dolphin Cove Limited

Report to Stockholders

Six months ended June 30, 2021



Selected Explanatory Notes

Six months ended June 30, 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 ancillary operations such as adventure programs, 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 Company" 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 2020 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

Dolphin Cove Limited

Report to Stockholders

Six months ended June 30, 2021



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, last valuation done was in April 2020. 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.