

# Dolphin Cove Limited

## Report to Stockholders

### Nine months ended September 30, 2020



**Dolphin Cove limited**  
**Report to Stockholders**  
Nine months ended September 30, 2020

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, 2020.

#### OPERATIONS

OPERATIONS										
	9 Months Ended September 30, 2020 <u>Unaudited</u>	9 Months Ended September 30, 2019 <u>Unaudited</u>	% var	3 Months Ended September 30, 2020 <u>Unaudited</u>	3 Months Ended September 30, 2019 <u>Unaudited</u>	% var	LTM Ended September 30, 2020 <u>Unaudited</u>	LTM Ended September 30, 2019 <u>Unaudited</u>	% var	Year Ended December 31, 2019
Total Revenue (US\$m)	\$3.0	\$10.6	-71%	\$0.2	\$3.4	-94%	\$5.6	\$13.5	-59%	\$13.0
Profit after taxation (US\$m)	-\$0.9	\$2.1	-143%	-\$0.6	\$0.7	-186%	-\$1.4	\$1.5	-193%	\$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\$)	-\$0.002	\$0.005	-143%	-\$0.002	\$0.002	-186%	-\$0.004	\$0.004	-193%	\$0.004
Dividends declared per share	\$0.0030	\$0.0020		\$0.0000	\$0.0020		\$0.0070	\$0.0060		\$0.0600

During the third quarter, Dolphin Cove successfully and safely re-opened four of its five parks: Ocho Rios, Montego Bay, Yaaman, and Moon Palace. In this period the company was focused on the implementation of hygiene and safety protocols established in the Group's program "**Dolphin Cares**" and to conform with the requirements of the government.

We operated with very strict budget discipline and only opened for a few days per week with reduced staff to have whilst still being able to offer our guests the high-quality service that characterizes Dolphin Cove. These actions put the company in a good position to have our management focus in setting the strategies to generate more business and at the same time ensuring that the parks maintain a slim and controlled operation.

Our main target this quarter was the local market, and the majority of our marketing spend was focused on creating strategies for that market. Only 35% of the hotel rooms available in Jamaica are open and occupancy of them is low and they must operate at a significantly reduced capacity due to social distancing restrictions. The expectation for the following months is to see a gradual increase in the arrivals and occupancy levels which will represent a larger base of potential clients for our parks.

The actions we have taken over the past months related to costs, cash flow and liquidity, re-opening protocols and operations have put us in a strong position to successfully navigate the months ahead as we look forward to the time when our parks can return to a more normalized operating environment and allow us to emerge an even stronger business when conditions normalize.

**Dolphin Cove Limited**  
**Report to Stockholders**  
**Nine months ended September 30, 2020**



**FINANCIAL POSITION**

<b>FINANCIAL POSITION</b>					
	As at September 30, 2020	As at September 30, 2019	% var	As at December 31, 2019	% var
	<u>Unaudited</u>	<u>Unaudited</u>		<u>Audited</u>	
Working Capital (US\$mn)	\$1.4	\$3.0	-53%	\$2.4	-42%
Fixed Assets (US\$mn)	\$26.0	\$27.0	-4%	\$26.5	-2%
Net Assets (US\$mn)	\$26.9	\$29.7	-9%	\$28.7	-6%
Debt to Equity ratio	0:1	0:1		0:1	
Net assets per share (US\$)	\$0.07	\$0.08	-9%	\$0.07	-6%
Market price (J\$)	\$6.04	\$11.20	-46%	\$16.50	-63%
Market price (US\$)*	\$0.04	\$0.08	-48%	\$0.12	-65%
Market/Book value	0.61	1.85	-67%	1.61	-62%

\* Exchange rate 145 JMD / USD

Our working capital has declined in Q3 due to the reduction in the level of business - receivables and inventories fell, but we maintained payments to our suppliers over the past months. Dolphin Cove was able to generate US\$214,222 dollars from operating activities to date, with restricted disbursements for investment and financing activities.

Despite the decline in the working capital, our balance sheet remains strong. Dolphin Cove's debt free position and its large base of tangible assets as well as a track record of profitable operations enabled it to secure a US\$1 million credit line with Sagicor Bank. This will release pressure to our cash flow position and will let us smoothly navigate the following months as the business recovers from the pandemic.

Stafford Burrowes  
Chairman

Sergio Jacome  
Director

Emmanuel Islas  
Financial Controller

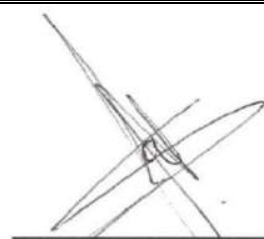
**Dolphin Cove Limited**  
**Report to Stockholders**  
**Nine months ended September 30, 2020**



**DOLPHIN COVE LIMITED**  
**Interim Statement of Financial Position**  
**As At September 30, 2020**

	As at September 30, 2020 <u>Unaudited</u> <u>US\$</u>	As at September 30, 2019 <u>Unaudited</u> <u>US\$</u>	As at December 31, 2019 <u>Audited</u> <u>US\$</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	472,650	1,123,436	1,527,556
Investments	2,129	2,127	2,129
Accounts receivable	1,146,116	1,912,399	1,708,552
Due from related companies	707,224	514,099	801,062
Due from parent company	424,600	462,000	288,200
Taxation recoverable	95,907	217,097	228,847
Inventories	217,303	405,187	265,991
	<u>3,065,929</u>	<u>4,636,344</u>	<u>4,822,337</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	21,805,506	22,545,248	22,212,663
Right-of-use-asset	621,312	-	661,293
Live Assets	4,189,863	4,466,945	4,301,263
Due from Related company	1,110,012	1,110,012	1,110,012
	<u>27,726,694</u>	<u>28,122,205</u>	<u>28,285,231</u>
<b>TOTAL ASSETS</b>	<u><u>30,792,623</u></u>	<u><u>32,758,549</u></u>	<u><u>33,107,568</u></u>
<b>CURRENT LIABILITIES</b>			
Bank overdrafts	2,841	144,046	134,003
Accounts payable	1,407,469	1,466,961	2,098,771
Current portion of lease liabilities	77,640	-	77,640
Current portion of long term liabilities	21,862	21,966	21,965
Taxation payable	133,155	17,456	-
Due to other related companies	28,156	23,629	83,438
	<u>1,671,123</u>	<u>1,674,057</u>	<u>2,415,817</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liability	1,489,971	1,319,196	1,317,380
Lease liabilities	683,955	-	701,534
Long term loans	13,725	18,207	17,100
	<u>2,187,651</u>	<u>1,337,403</u>	<u>2,036,014</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	3,654,390	3,654,390	3,654,390
Capital Reserve	12,291,412	12,456,412	12,291,412
Retained Earnings	10,988,047	13,636,287	12,709,935
	<u>26,933,849</u>	<u>29,747,089</u>	<u>28,655,737</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>30,792,623</u></u>	<u><u>32,758,549</u></u>	<u><u>33,107,568</u></u>

  
 \_\_\_\_\_  
 Stafford Burrowes  
 Chairman

  
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 Sergio Jacome  
 Director

# Dolphin Cove Limited

## Report to Stockholders

### Nine months ended September 30, 2020



**DOLPHIN COVE LIMITED**  
**Group Interim Statement of Profit or Loss and Other Comprehensive Income**  
**Nine months ended September 30, 2020**

	9 Months Ended September 30, 2020 <u>Unaudited</u> <u>US\$</u>	9 Months Ended September 30, 2019 <u>Unaudited</u> <u>US\$</u>	3 Months Ended September 30, 2020 <u>Unaudited</u> <u>US\$</u>	3 Months Ended September 30, 2019 <u>Unaudited</u> <u>US\$</u>
OPERATING REVENUE:				
Dolphin Attraction Revenue	1,947,010	6,327,145	158,751	1,964,109
Ancillary Services Revenue	<u>1,662,921</u>	<u>5,307,458</u>	<u>161,003</u>	<u>1,822,586</u>
Overall Revenue	3,609,930	11,634,602	319,755	3,786,694
Less: Costs	<u>725,210</u>	<u>1,261,323</u>	<u>166,244</u>	<u>447,394</u>
Gross Profit	2,884,721	10,373,280	153,510	3,339,301
Gain on disposal of property, plant & equipment	-	990	-	990
Live assets retired	-	-	-	-
Other income	<u>151,795</u>	<u>193,268</u>	<u>43,640</u>	<u>63,720</u>
	<u>3,036,516</u>	<u>10,567,537</u>	<u>197,151</u>	<u>3,404,011</u>
OPERATING EXPENSES:				
Selling	716,015	3,052,396	(54,432)	954,975
Other operations	2,111,681	2,855,159	475,170	1,039,047
Administrative	<u>699,841</u>	<u>1,897,652</u>	<u>127,385</u>	<u>656,781</u>
	<u>3,527,536</u>	<u>7,805,207</u>	<u>548,123</u>	<u>2,650,803</u>
Profit before finance income and costs	(491,020)	2,762,331	(350,972)	753,208
Finance income	103,198	158,071	38,988	86,231
Finance costs	<u>(96,294)</u>	<u>(245,701)</u>	<u>(36,830)</u>	<u>(56,944)</u>
Profit Before taxation	(484,116)	2,674,700	(348,813)	782,495
Taxation	<u>(379,798)</u>	<u>(551,706)</u>	<u>(241,660)</u>	<u>(80,003)</u>
Profit for the period	<u>(863,914)</u>	<u>2,122,994</u>	<u>(590,473)</u>	<u>702,491</u>
Earnings per stock unit	<b>-0.22¢</b>	<b>0.54¢</b>	<b>-0.15¢</b>	<b>0.18¢</b>
Other comprehensive income:	-	-	-	-
Total comprehensive income	<u>(863,914)</u>	<u>2,122,994</u>	<u>(590,473)</u>	<u>702,491</u>

# Dolphin Cove Limited

## Report to Stockholders

### Nine months ended September 30, 2020



**DOLPHIN COVE LIMITED**  
**Group Interim Statement of Cash Flows**  
**Nine months ended September 30, 2020**

	9 Months Ended September 30, 2020 <u>Unaudited</u> US\$	9 Months Ended September 30, 2019 <u>Unaudited</u> US\$	Year Ended December 31, 2019 <u>Audited</u> US\$	3 Months Ended September 30, 2020 <u>Unaudited</u> US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit for the period	(863,914)	2,122,994	1,613,162	(590,473)
Adjustments for:				
Depreciation and amortization	818,183	689,068	1,227,882	346,505
Loss /(Gain) on disposal of property, plant and equipment	-	(990)	(990)	-
Loss on Disposal of Live Asset	-	-	290,748	-
Interest income	(652)	(77,475)	(5,667)	(113)
Interest expense	1,066	81,932	62,658	321
Impairment loss on trade receivables	130,272	309,247	(298,534)	130,272
Taxation	379,798	551,706	673,307	241,660
Operating cash flow before changes in working capital	464,752	3,676,481	3,562,566	128,172
Accounts receivable	634,613	(403,688)	483,605	46,552
Inventories	48,688	(50,089)	89,107	42,717
Accounts payable	(752,065)	(573,837)	57,973	(491,381)
Due from parent company	(136,400)	(198,000)	(24,200)	(30,800)
Due from related parties	93,838	(103,312)	(390,275)	29,911
Cash generated from operations	353,426	2,347,557	3,778,776	(274,828)
Interest paid	(1,066)	(9,221)	(62,658)	(321)
Income tax paid	(138,138)	(274,111)	(354,400)	(69,069)
Net cash provided by operating activities	214,222	2,064,225	3,361,718	(344,218)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	652	2,081	5,667	113
Additions to property, plant and equipment	(201,782)	(394,750)	(395,095)	(135,696)
Proceeds from disposal of property, plant and equipment	-	-	3,564	-
Additions to live assets	(75,383)	(89,095)	(328,150)	(45,650)
Due to other related parties	-	-	(14,267)	-
Net cash increase/(decrease) by investing activities	(276,514)	(481,764)	(728,281)	(181,234)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	(857,974)	(1,192,453)	(1,761,187)	-
Long term liabilities, net	(3,478)	(213,319)	(281,398)	(1,206)
Net cash increase/(decrease) by financing activities	(861,452)	(1,405,772)	(2,042,585)	(1,206)
Net increase/(decrease) in cash resources	(923,744)	176,689	590,852	(526,658)
Cash resources at beginning of the period	1,393,553	802,701	802,701	996,467
<b>CASH RESOURCES AT END OF PERIOD</b>	<b>\$ 469,809</b>	<b>979,390</b>	<b>1,393,553</b>	<b>469,809</b>
Comprising:				
Cash and cash equivalents	472,650	1,123,436	1,527,556	472,650
Bank overdrafts	(2,841)	(144,046)	(134,003)	(2,841)
	<b>\$ 469,809</b>	<b>979,390</b>	<b>1,393,553</b>	<b>469,809</b>

**Dolphin Cove Limited**  
**Report to Stockholders**  
**Nine months ended September 30, 2020**



**DOLPHIN COVE LIMITED**  
**Group Interim Statement of Changes in Stockholders' Equity**  
**Nine months ended September 30, 2020**

	<b>9 Months Ended September 30, 2020 <u>Unaudited</u> <u>US\$</u></b>	<b>9 Months Ended September 30, 2019 <u>Unaudited</u> <u>US\$</u></b>	<b>Year Ended December 31, 2019 <u>Audited</u> <u>US\$</u></b>
Balances at beginning of period	\$ 28,655,737	28,816,548	28,816,548
Adjustment on initial application on IFRS 16, net of taxes:			(67,786)
Transactions with owners of the company:			
Dividends	(857,974)	(1,192,453)	(1,761,187)
Total comprehensive income:			
Profit for the period	(863,914)	2,122,994	1,613,162
Other comprehensive income:			
Deferred tax on disposal of live asset			55,000
Balance at end of period	\$ 26,933,849	29,747,089	28,655,737

**Dolphin Cove Limited**  
**Report to Stockholders**  
**Nine months ended September 30, 2020**



**Selected Explanatory Notes**

**Nine months ended September 30, 2020**

*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.

**Dolphin Cove Limited**  
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**Nine months ended September 30, 2020**



*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 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. Finance Costs*

The Finance Costs are comprised as follows:

Item	September 2020	September 2019	December 2019
Bank charges and commissions	53,748	154,549	251,756
Loan interest	1,255	9,221	9,629
Foreignechange loss	6,371	81,932	91,709



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*8.- 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.