



CAYMAN TURTLE FARM
ISLAND WILDLIFE ENCOUNTER

**ANNUAL REPORT
for
FINANCIAL YEAR 2013-2014**

CAYMAN TURTLE FARM (1983) Ltd.

31 October 2014

Contents

Introduction	4
Executive Summary	4
Highlights of Major Events in 2013-2014.....	4
Historical Background.....	8
Board of Directors.....	9
Scientific Advisory Committee	10
Senior Management Team	11
Summary of Nature and Scope of Activities of the Company	13
Economic Impact	13
Customers and Location of Activities	14
Activity: Tourist Attraction	14
“Turtle Farm” Tour	15
“Full Park Access” Tour	17
Sales Channels for Tours	18
Activity: Captive Breeding and Turtle Meat Production	19
Farmed Products	19
Egg Production and Hatch Rates	19
Activity: Research and Conservation.....	20
Turtle Conservation and Captive Breeding.....	20
Collaborative Research Projects.....	23
CTF Research on Sea Turtle Skin Lesions	23
Iguana Rehabilitation in Collaboration with Department of the Environment.....	23
White-Crowned Pigeon breeding and release programme	24
Cayman Parrot breeding and release program.....	27
Recycling.....	27
World Turtle Day participation.....	27
Education on nature and conservation.....	28
Activity: Landlord	28
Summary of Achievement of Strategic Goals in Ownership Agreement	28
Turtle Conservation.....	28
Turtle Meat production.....	29
Revenue Centres	29
Summary of Achievement of Ownership Performance Targets	31
Financial Performance	31

Audited Financial Statements	34
Breakdown of Income Sources	37
Breakdown of Expenses	38
Capital Contributions.....	40
Capital Withdrawals	41
Dividends or Profit Distributions	41
Loans.....	42
Guarantees.....	42
Other Highlights of Financial Year ended 30 th June 2013	43
Highlights of Major Successes in 2013-2014.....	43
Performance of “Tourist Attraction” lines of business	43
Performance of Captive Breeding and Turtle Meat Production.....	43
Progress in Debt Reduction.....	43
External Recognition.....	44

Introduction

This report summarises the performance of Cayman Turtle Farm (1983) Ltd., a Cayman Islands Government Company, for the financial year ended 30th June 2014.

Cayman Turtle Farm (1983) Ltd. (herein referred to by the abbreviation CTF) is 100% owned by the Governor in Cabinet of the Cayman Islands. It trades under the brand-name **Cayman Turtle Farm: Island Wildlife Encounter**. Its current Articles of Association were adopted by Special Resolution dated 23rd August 2005.

Executive Summary

Cayman Turtle Farm: Island Wildlife Encounter is the prime land-based visitor attraction in the Cayman Islands, attracting some 234,356 visitors during the financial year ended 30th June 2014, while also fulfilling its role in sea turtle captive breeding and farming, and several aspects of conservation, research and education.

Admission ("Tour") revenues were particularly impeded by the very low numbers of cruise ship calls during the summer months of 2013. However the number of stay-over visitor admissions to CTF increased by 9.0% for the full year period, reflecting positive results from strategies we implemented to attract more stay-over visitors to the park as well as Cayman's success in attracting more stay-over visitors to the island. The number of resident admissions also increased, by 1.4%.

There were excellent improvements in revenues and contribution from the Company's Retail business in its on-site Splash Gift Shop, which also expanded its range of locally-sourced products. This line of business saw revenues increased 16.4% to \$904k while Cost of Sales was down 10%, producing approximately \$344k Contribution.

Total revenues plus rental income totalled \$5.8 Million, down 1.9% overall from 2012-2013 (\$5.9 Million). However, costs were controlled such that Operating Expenses (including depreciation, interest & amortization) also reduced by 1.8% from the previous financial year, to \$12.1 Million. Combined bank loan and bond debt reduced by \$4.4 Million, to a total carrying value of \$22.4 Million at the end of the year.

Compared to the situation five years ago (for the financial year ended 30th June 2009):

- We have reduced the combined total of this debt by over \$20.1 Million
- Total revenues plus rental income are up by 11.7%; Admission ("Tour") revenues are up by 25.6% (Note: For comparison, Total Visitor Arrivals Air + Cruise for the financial year ended 30th June 2014 were up 1.7% compared against the financial year ended 30th June 2009.)
- Operating Expenses (including depreciation, interest & amortization) are down by 23.0%; Personnel Expense is down by 32.3%.

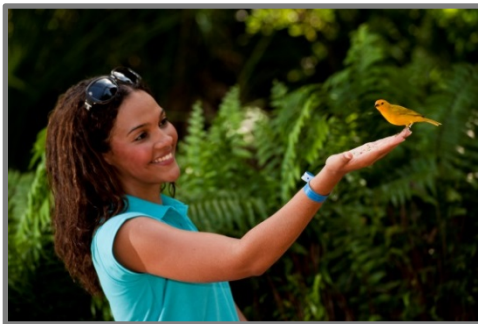
In this financial year the "cash" portion of the Equity Injection from Government was \$10.503 Million, down 1.6% from 2012-2013 (\$10.679 Million). Of this amount, approximately \$5.929 Million was applied to debt servicing, and approximately \$3.521 Million was applied to subsidise the "cash" shortfall between Revenues (including Rental and other income), Cost of Sales and Operational Expenses "before Interest, Tax, Depreciation and Amortization". For comparison, the "shortfall" for the prior year was approximately \$3.620 Million so there was a slight improvement this year despite the impact of a very "slow" summer season as mentioned further below. As explained on page 41 the Capital Contribution totalled \$15.564 Million. Further details of the application of the Capital Contribution are shown in Table 6 on page 41.

Highlights of Major Events in 2013-2014

- Cabinet appointed a new Chairman and Board of Directors of CTF in September 2013. The new Chairman is Mr. Brian Wight, new Deputy Chairman is Mr. Joe Parsons, other new Directors are Mr. Wil Pineau (representing the Chamber of Commerce), and Mr. Naceto Welds. Continuing Directors

are Mr. Dale Bodden, Mr. Stran Bodden (Chief Officer of the Ministry of Tourism), Mr. Tristan Hydes (representing Chief Officer of the Ministry of Agriculture), Mr. Michael Nixon (representing the Financial Secretary). Further details on the Directors and the Scientific Advisory Committee members are on pages 10 and 11 respectively.

- The roofing and deck at Schooner's Bar & Grill were upgraded and expanded to enable greater seating capacity to accommodate more lunchtime guests, which is especially needed on popular cruise ship days. This has enabled us to subsequently increase the "allotment" numbers for the meal-inclusive shore excursions that we authorize cruise lines to sell on each ship call, and has also helped in attracting more birthday parties and special events.
- To help attract guests to visit Schooner's Bar & Grill, since March 2014 on "high attendance" cruise days (typically Wednesdays and Thursdays), a local musician and entertainer Henry Leslie provides live musical entertainment mid-morning through early afternoon in our newly expanded Schooner's Bar & Grill. His style is an "easy listening" family-friendly mix with a good dose of Caribbean spice included.
- To provide an outlet for artisans in the community "cottage industry" to interact with visitors, CTF constructed a covered kiosk in a "high-traffic" area inside the park. Artisans using the facility during the year have included persons displaying and offering various products made mainly from silver thatch, local seeds and shells.
- CTF installed a new toddler playground suitable for young children up to 5 years old, complete with slides, swings, and playhouses, partly shaded for comfort. This new feature, together with our recent expansion of the roofing and deck at Schooner's Bar & Grill, has enabled us to attract significantly more special events such as birthday parties, corporate "fun days" and other special events. During the 2013-2014 Financial Year CTF hosted some 43 birthday parties and 9 corporate events. CTF offers¹ full special event (and wedding) coordination packages for both Cayman Islands residents and visitors, a range of waterside venues, plus full catering and bar service.
- CTF has made available "Night Tours" during two peak months of the turtle nesting season, during which small groups of guests are educated on the turtles and are able to observe turtles nesting on our artificial beach.



- Our Aviary staff extended the timeslot for bird hand-feeding opportunities, to 10am - 3pm daily.

- Some of the walkway areas which previously were gravel paths, have been paved with concrete in order to allow much easier access for wheelchair users. These areas connect to the fresh-water Breakers Lagoon, the bridge across the Predator Tank, and to the Aviary, shoreline nursery and terrestrial animal exhibits.

¹ email events@turtle.ky

- Attractive directional signage has been installed at several key walkway intersections in the park, directing guests to the various features and exhibits. There have also been various other upgrades to signage in the park.
- In collaboration with transportation providers we have started offering cruise lines a new shore excursion option that includes a stop or “drop-off” for guests to combine the two most popular highlights of shore excursions in Grand Cayman: full park access at Cayman Turtle Farm Island Wildlife Encounter, plus the opportunity to enjoy the world-famous Seven Mile Beach. This tour consists of two of the Cayman Islands’ most popular land-based attractions – the renowned Seven Mile Beach and full-park access to the one-of-a-kind Cayman Turtle Farm. Cruise visitors on this shore excursion will be able to experience the “turtle adventure tour” that includes the opportunity to swim amongst turtles, hand-feed birds in our free-flight aviary, watch the shark feeding in our Predator Reef exhibit, enjoy a refreshing swim in our brilliant fresh-water Breaker’s Lagoon and enjoy the Turtle Twister waterslide, and also relax on Cayman’s famous white sand beach with crystal clear turquoise waters.
- In collaboration with the Tourism Attractions Board, CTF has announced to cruise lines that we can now offer a shore excursion that includes a stop for guests to combine the most significant historical and cultural venue in Grand Cayman with a visit to CTF, including ground transportation. When cruise lines accept this offer and integrate it into their shore excursion options, cruise guests will be able to visit the Pedro St. James National Historical Site, and also have full park access at Cayman Turtle Farm: Island Wildlife Encounter. Inside and out, the great house and grounds of “Pedro Castle” is an historical and cultural marvel. The special experience at the “castle” includes a computer-controlled, multi-sensory 3D theatre presentation of the tale of Pedro St. James and significant parts of Cayman’s history, followed by a guided tour of the “castle” itself with a rich history and many interesting implements, furnishings and artifacts from bygone years on display. Then guests experience the full-park “turtle adventure tour” at CTF that includes the opportunity to be amazed by huge sea turtles, interact in person with turtle “yearlings”, touch and hold young turtles in the Touch Tanks and the Turtle Wading Pool, snorkel with tropical reef fish and a dozen yearling-size turtles, watch shark feeding, hand-feed birds, cool off in the waterfalls and splash down the waterslide.
- CTF purchased new IT applications to replace obsolescent systems for financial and management accounting, and point of sale systems. The new systems were installed and prepared for cutover at the start of the new financial year 1 July 2014. The new systems are:
 - Sage 300: Financial and Management Accounting
 - Counterpoint: Point-of-Sale system for gift shop and “Box Office” revenue centers.
 - Aloha: Point-of-Sale system for food & beverage revenue centers.
- CTF has become a member of the International Species Information System² (ISIS) and our Veterinarian and Animal Programs staff have begun to use that organization’s Zoological Information Management System³ (ZIMS) to maintain records of our “collection” animals i.e. “front-of-park” aviary birds, terrestrial, display and touch-tank turtles, fish, and sharks, as well as specialized cases in the production herd of turtles. ZIMS also enables information sharing on the care of our wide variety of birds, terrestrial and marine animals.
- To avoid risk of disease transmission from released turtles to the wild population, during 2013 our Veterinarian developed and implemented upgraded pre-release quarantine protocols. This includes an increased number of dedicated quarantine tanks, improved biosecurity arrangements for the



² <http://www2.isis.org/AboutISIS/Pages/About-ISIS.aspx>

³ <http://www2.isis.org/products/Pages/default.aspx>

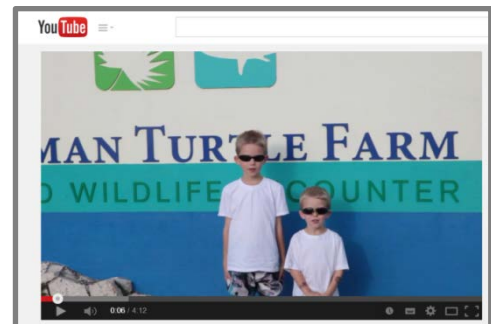
quarantine facilities, and laboratory testing of tissue specimens to avoid risk of disease transmission from released turtles to the wild population. Further information on this is provided in regard to the “Turtle Conservation” goal on page 28.

- The turtle release program has been suspended while some studies are being conducted. Further information on this is provided in regard to the “Turtle Conservation” goal on page 28.
- Our educational video is playing continuously in our “mini-theatre” in our Education Centre. The video explains and shows in a concise, engaging format a summary of the life-cycle of Green Sea turtles and how Cayman Turtle Farm fits into conserving the species and learning more about them. This has proven very popular with guests, many of whom asked to purchase a copy to take home, so we have now produced a stock of those DVDs and made them available for purchase in our on-site gift shop.



- Adding to the educational experience for our guests, we have installed a new interpretive sign mounted on the wall section of Cayman Ironshore rock excavated to create the walkway to our Predator Reef viewing window. The sign shows a cross-section of the Ironshore rock, outlining what it is comprised of, explaining how it was formed, and highlighting a fossil that is clearly visible in the wall section.

- An online video produced by a resident on the island in early 2013, was featured in one of our Newsletters later in the year and gives a brief but very informative overview of a visit to Cayman Turtle Farm: Island Wildlife Encounter. We are very grateful to KDSpencerVideo⁴ and the Spencer family for creating and sharing this very charming introduction:
<https://www.youtube.com/watch?v=lm4WSbvURfo>



- Continued upgrading of the training of our Lifeguards has enabled one of our Lifeguard Foremen to achieve certification as a Lifeguard Trainer under the American Red Cross accreditation. Our Lifeguard training and testing is done in close collaboration with a lifeguarding and first aid expert in the local branch of the Red Cross. More information on our Lifeguards is shown on page 40.
- On 29 October 2013 the Water Authority issued CTF a new Marine Discharge Permit for the wastewater from its turtle tanks. CTF is taking the necessary steps to remain in compliance with the various phases of the permit.

⁴ <https://www.youtube.com/channel/UC4RCcb474TnDrWij7XjEnKg>

Historical Background

The sea turtle has been an iconic figure of the Cayman Islands all the way back to their discovery by Christopher Columbus in 1503. The islands were first named “Las Tortugas” because of the abundance of sea turtles that Columbus observed in the sea around the islands. Over the next two or three centuries the Cayman Islands became a stopping point for sea vessels in the area to catch turtles and take them aboard ship to be a source of fresh meat for the voyage. For settlers of the Cayman Islands, “turtling” became a means of survival and although by the 19th century the population of sea turtles around Cayman had been depleted, turtles remained an important part of the islands’ economy. The Caymanian “turtlers” were skilled at sailing to the Miskito Cays off Nicaragua to catch turtles there, and transport them to Cayman and on to Florida, USA where they were sold as a delicacy for their meat. This continued into the 20th century.

Up to today, the green sea turtle has remained a cultural icon of the Cayman Islands, featuring on the Cayman Islands coat-of-arms and flag, in the islands’ currency in the logo and livery of the national airline, and in the logos of the Department of Tourism and the Cayman Islands Tourism Association. Turtle meat dishes still feature highly as important aspects of local culture and culinary traditions.

The company started in 1968 as Mariculture Ltd., a venture started by private investors from the USA and UK, to commercially raise Green Sea Turtles. This was the first commercial enterprise to domesticate sea turtles. The Green Sea Turtle species was chosen because of the superior quality and taste of its meat, as Green Sea turtles become almost exclusively vegetarian as adults. From the farm’s inception, the philosophy of “conservation through commercialisation” has been both inherent and explicit. Initially the farm was located in Salt Creek, an inlet off the North Sound, with the turtles held in floating pens. In 1971 Mariculture Ltd. relocated to the “Goat Rock” site in the community known locally as Vixville, on the coastline at North West Point in the West Bay district. Thereafter the turtles were kept in concrete tanks and in a large breeding pond with an artificial beach, with fresh seawater being constantly pumped through the tanks and breeding pond.

From its early days, the farm also doubled as a tourist attraction, including a gift shop. Mariculture Ltd. exported various turtle products including meat, turtle oil (which was prized as an ingredient for cosmetics), etc. until around 1973 when CITES (the Convention on International Trade in Endangered Species of Flora and Fauna) in effect imposed a ban on the export of sea turtle products. In 1975, Mariculture Ltd. filed bankruptcy; private investors (the Mittag family from Germany) purchased the company and renamed it “Cayman Turtle Farm Ltd.” In the face of the CITES restrictions the company struggled financially. Finally in 1983 when the Mittags decided they could no longer continue to fund the company’s financial shortfalls, a new company Cayman Turtle Farm (1983) Ltd., wholly owned by the Government of the Cayman Islands, bought out Cayman Turtle Farm Ltd.

Most of the “production” tanks had been built on property Mariculture Ltd. had acquired on the “land” side of the road, but all the display tanks, the breeding pond and the main part of the operation was on the “sea” side of North West Point Road which proved to be somewhat vulnerable to heavy wave action from “nor’westers” and tropical cyclones. Over the years, damage occasionally occurred during some such instances and finally in 2001, huge waves churned up by Hurricane Michelle caused devastating damage to the facilities and loss of many of its turtles, including some two-thirds of the breeding stock as well as a large number of younger turtles. In the aftermath, the decision was taken to move the entire operation, except for the seawater pumping station and the turtle meat sales outlet, to the “land” side of the road.

At that time the cruise lines were encouraging the government to enhance the tourist attractions on the island. After a period of consultation, and with the engagement of experts from a saltwater attraction in central Florida, commencing in fiscal year 2004 the “Boatswains Beach” project increased the scope of operations to that of a theme park, boasting artificial saltwater and freshwater lagoons, a free-flight Caribbean aviary, a nature trail, a gift shop, and a bar & restaurant. Thereafter the attraction traded under the name “Boatswain’s Beach.”

This project had as part of its economic assumptions that there would be a cruise terminal adjacent or nearby in West Bay. Although the “Boatswains Beach” project went ahead, the West Bay cruise terminal did not.

There were subsequently some difficulties in marketing and customer perception of the “Boatswain’s Beach” name. In August 2010 the company changed its trading name back to “Cayman Turtle Farm” with the tagline “Island Wildlife Encounter” to portray the primary activity of the company. It is now branded as “Cayman Turtle Farm: Island Wildlife Encounter”.

At that time the company also adopted a new logo, incorporating four stylized images:



Figure 1 New Logo adopted Aug. 2010

- The image of a turtle is a reference not just to the historical “residents” and star performers at the farm, as well as the Island’s cultural past, but the symbol of the turtle is also a reminder of the Farm’s ongoing and world renowned research and conservation activities in addition to the traditional turtle-breeding and turtle release programmes.
- The second image is that of a Cayman parrot, the National Bird of the Cayman Islands, drawing attention to both our free-flight walk-through aviary and also to encounters with some of our other indigenous wildlife.
- The image of a shark directs visitors to the marine life exhibits, interactive swimming, feeding and predator tanks, as well as the excitement of seeing underwater wildlife.
- And, finally, the fourth image in the logo depicts a frond of silver thatch – the National Tree - referring to the nature trails and promotion of Caymanian traditions and culture.

Upon adoption of the new brand, the company declared its Vision:

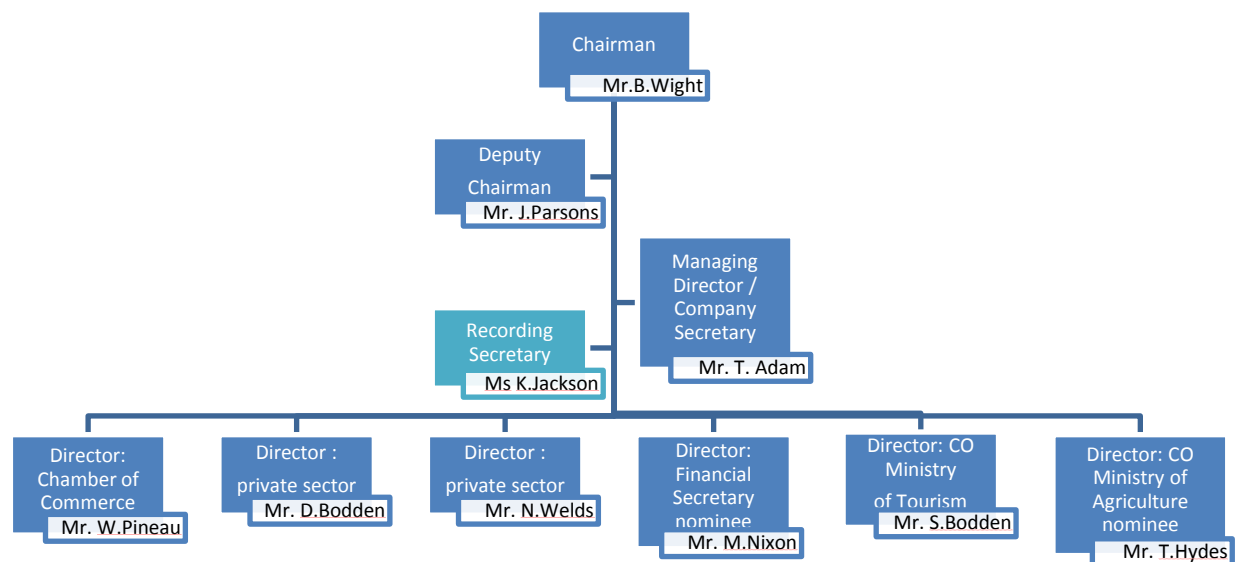
***“To be the Cayman Islands’ premier tourism attraction
where visitors and residents enjoy a world class experience,
showcasing Caymanian wildlife and heritage
while hosting an internationally renowned research and conservation centre for sea turtles.”***

Board of Directors

The Company is governed by a Board of Directors appointed by the sole shareholder, the Governor in Cabinet of the Cayman Islands. The Board meets monthly. The Governor in Cabinet replaced some Directors in September 2013. The Board of Directors for this financial year, comprised in accordance with the Articles of Association, were:

- Ex-officio Directors:
 - Financial Secretary or his or her nominee: **Mr. Michael Nixon** for this period
 - Chief Officer of Tourism or his or her nominee: **Mr. Stran Bodden**, or alternatively **Dr. Dalton Watler** or **Mr. Jonathan Jackson** for this period
 - Chief Officer for Agriculture or his or her nominee: **Mr. Tristan Hydes** for this period
 - Managing Director of the Company who also acts as Secretary of the Company: **Mr. Timothy Adam**
- One Director who is a member of the Cayman Islands Chamber of Commerce: **Ms Dara Flowers-Burke** served until September 2013, **Mr. Wil Pineau** thereafter.
- Other Directors:
 - **Mr. Ken Hydes** (businessman) served as Chairman until September 2013, **Mr. Brian Wight** (businessman) thereafter.
 - **Mr. Armando Ebanks** (trust officer) served as Deputy Chairman until September 2013, **Mr. Joseph “Joe” Parsons** (retired – former Chief Scientific Officer of CTF) thereafter.
 - **Mr. Dale Bodden** (bank officer)
 - **Ms Laura McLaughlin** (businesswoman) served until September 2013, **Mr. Naceto Welds** (businessman) thereafter.
 - **Ms Pamela Small** (businesswoman) served until September 2013.
- In addition, **Ms Katherine Jackson** (Office Manager of CTF) assists as Recording Secretary for the proceedings of the Board.
- Figure 2 shows the Board of Directors as at the end of the financial year 30th June 2014.

Figure 2 Board of Directors as at 30th June 2014



Scientific Advisory Committee

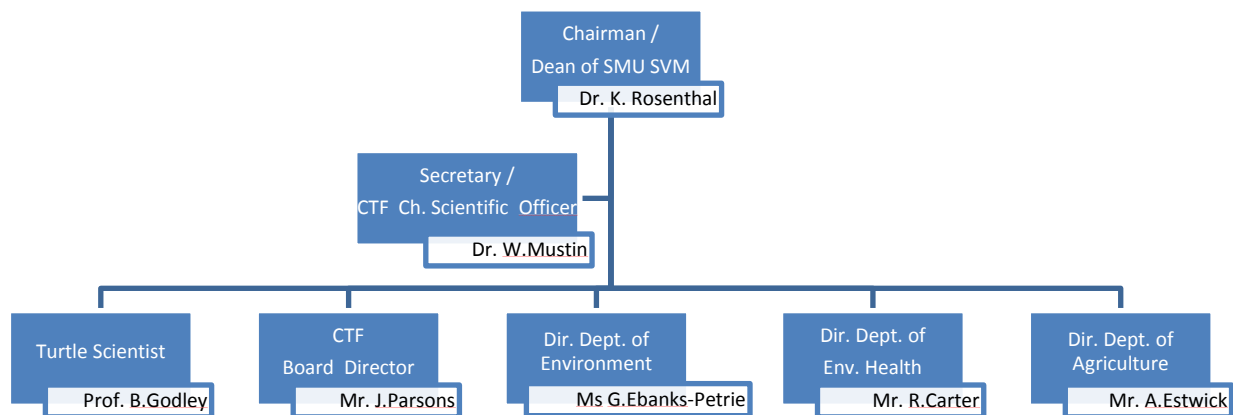
In the latter part of 2012, Cayman Turtle Farm [CTF] commissioned an independent inspection comprising four world-renowned experts on sea turtles and other wildlife. The inspection was conducted in December 2012 and the inspection report dated 17th December 2012 included among its recommendations, the establishment of an advisory board.

On 18th February 2013 the CTF Board of Directors proceeded with the appointment of a Scientific Advisory Committee consisting of not less than 6 and no more than 8 Committee Members. The initial composition is:

- Ex-Officio: The Director of the Department of Environment (or designate): **Ms Gina Ebanks-Petrie**
- Ex-Officio: The Director of the Department of Environmental Health (or designate): **Mr. Roydell Carter**
- Ex-Officio: The Director of the Department of Agriculture (or designate): **Mr. Adrian Estwick**
- Ex-Officio: CTF Chief Scientific Officer: **Dr. Walter Mustin**
- Independent Member: (A senior faculty member of St Matthew's University School of Veterinary Medicine): **Dr. Karen Rosenthal** (Dean of St Matthew's University School of Veterinary Medicine)
- Independent Member: (An internationally recognized turtle scientist): *Professor Brendan Godley (Professor of Conservation Science, University of Exeter; one of the authors of the inspection report of 17th December 2012)*
- CTF Board Director: (The CTF Board of Directors reserved the right to appoint one of its Directors to serve on the CTF Advisory Committee.): **Mr. Armando Ebanks**, Deputy Chairman served until September 2013. Since the appointment of the new Board Members in September 2013, **Mr. Joseph Parsons**, Deputy Chairman is now the Board representative on the Scientific Advisory Committee.

The Committee selected **Dr. Rosenthal** to be its **Chairman**, and **Dr. Mustin** to be its **Secretary**.

Figure 3 Scientific Advisory Committee as at 30th June 2014



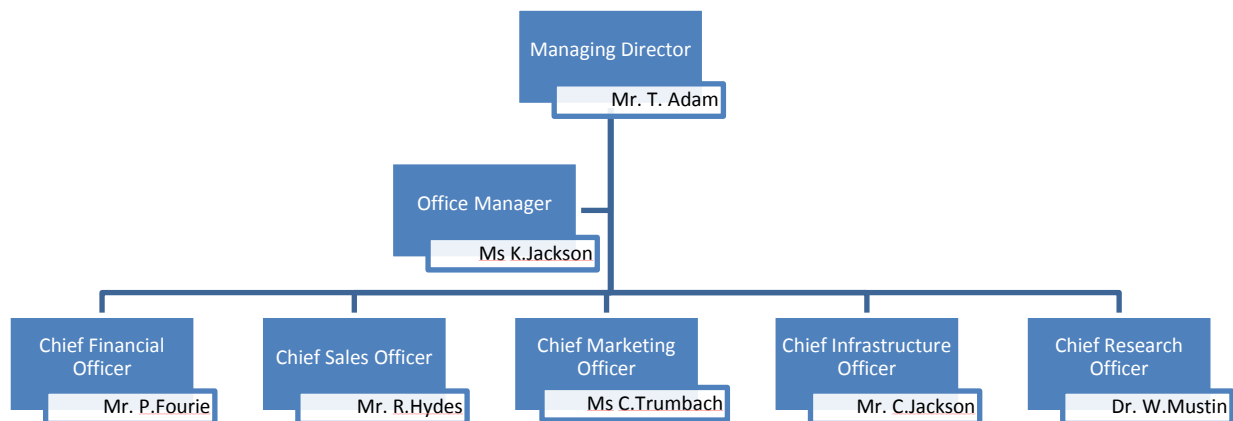
This Committee is responsible to the Board of Directors for the oversight and monitoring of the pursuit of the recommendations contained in the independent inspection report dated 17th December 2012, especially from a scientific, conservation and animal welfare perspective.

Senior Management Team

The Company's senior executives comprise:

- **Mr. Timothy Adam**, Managing Director (Board/Company Secretary)
- **Mr. Phillip Fourie**, Chief Financial Officer
- **Mr. Raymond Hydes**, Chief Sales Officer
- **Ms Christina Trumbach**, Chief Marketing Officer
- **Mr. Christopher Jackson**, Chief Infrastructure Officer
- **Dr. Walter Mustin**, Chief Research Officer

Figure 4 Executive Level Organization Chart



Ms Katherine Jackson is the **Office Manager**

- also **Recording Secretary** to the Board of Directors and support to the Executive Management Team
- **FOI Manager**
- primary liaison for corporate travel arrangements.

The **Managing Director** is

- overall responsible as the Government Company's "Chief Officer", reporting to the Chairman of the Board of Directors,
- the Company's primary liaison with the Board of Directors, and with the Ministry of District Administration, Tourism and Transport to which the Company reports.
- The Board of Directors has appointed him as its **Company Secretary**.

The **Chief Financial Officer** has responsibility for

- financial and management accounting,
- payroll, payables and receivables,
- business controls, procurement oversight, and revenue assurance,
- insurance and risk management,
- the Human Resources department and its functions,
- selection, procurement and support of software applications for financial, accounting and administrative functions, Point of Sale and inventory control functions, and Human Resources functions,
- financial reporting to the executives, Board of Directors and Government, and liaison with auditors.

The **Chief Sales Officer** has responsibility for

- the main revenue centers: Tours/Admissions, Retail (Splash Gift Shop), Food & Beverage
- liaison with cruise lines, tour operators and transportation providers,
- CTF's Courtesy Shuttle service.
- He shares in various functions with the Chief Marketing Officer (see below).

The **Chief Marketing Officer** has responsibility for

- advertising and promotions,
- marketing collateral design, procurement and distribution,
- media and public relations,
- website and customer communications,
- on-site and external signage and branding,
- special events marketing and management, and park communications.
- With the Chief Sales Officer she shares responsibilities in product development and pricing, and liaison with concierges and condominium front desks.

The **Chief Infrastructure Officer** has responsibility for

- buildings and grounds, maintenance and landscaping,
- site security, disaster preparedness plans and drills, safety, incident reporting, lifeguards and lagoon cleaning,
- upkeep of exhibit enclosures and infrastructure,
- oversight of capital projects,
- vehicles and heavy equipment,
- mechanical, electrical, and plumbing equipment and infrastructure, also including the Aquatic Life Support System [ALSS] and other lagoon filtration and sanitization systems,
- IT infrastructure, telecommunication and park WiFi facilities,
- utilities cost and usage monitoring.

The **Chief Research Officer** has responsibility for

- the turtle farming operation, turtle herd management and husbandry,
- all animal care and welfare, animal programs and displays including marine, aviary and terrestrial,
- in-house and collaborative research and scientific testing,
- internships for research and animal programs,
- regular liaison with the Department of the Environment, Department of Agriculture and its Animal Welfare Unit, and St. Matthew's University School of Veterinary Medicine,
- water quality testing and other regulatory relations with the Water Authority.
- The **Scientific Advisory Board** has appointed him as its **Secretary**.

Summary of Nature and Scope of Activities of the Company

The major portion of the company's revenues is derived from the tourist attraction components of the business, as the site remains the most-visited land-based tourist attraction on the island. Over 56% of the company's Admissions (Tours) revenues are derived from cruise passengers, who comprise over 66% of the guests visiting the facility. For several of the cruise lines that come to Cayman, typically more than one-third of all Grand Cayman shore excursions they sell to their passengers feature the Cayman Turtle Farm as a prime stop on the excursion. Despite its popularity however, the revenues of the expanded facility have not ever come up to the expectations of what was projected⁵ in the planning stages of the project. As a result the company remains dependent on subsidies in the form of Equity Injections from the Government of the Cayman Islands to assist in meeting its debt obligations and running costs.

The farming activities continue, involving the husbandry of marine turtles both for conservation and display purposes, as well as for the supply of farmed turtle meat to the resident population. **Cayman Turtle Farm remains the only such enterprise anywhere in the world to have achieved the second generation and beyond of sea turtles bred, laid, hatched and raised in entirely in captivity.** The research activities also continue, with over 150 scientific papers having been published or presented and a number of research projects have been on-going during the year.

Economic Impact

In March 2013 PwC was contracted to produce a study of the economic impact of CTF. PwC gathered information from CTF, the Cayman Islands Government (CIG), the Department of Tourism, the Economics & Statistics Office, private sector tour operators and tourism attractions owners, and BREA (Business Research & Economic Advisors). The approach used was consistent with that used in the UK by HM Treasury. They completed the study in May 2013 and produced a report on the study.

The scale of the expected impacts on Cayman's economy used two indicators: economic output as measured by Gross Value Added, and employment. CTF has direct, indirect and induced economic impacts, but a key determinant of CTF's net economic impact is its wider effect on enabling and encouraging greater visitor spending in Cayman which of course also translates into employment.

The study estimated the current impact of CTF on Cayman's economy for a one-year period (2012), and went on to estimate the net present value of the economic impact of CTF over an estimated 15-year economic life period in "counter-factual" scenarios, in other words what is the impact of CTF in two different scenarios of the future, compared against a hypothetical scenario in which CTF receives no subsidy and as a result its operation is wound down over twelve months to cease operation.

The results of the study are given for the two different scenarios:

- If there is going to be no cruise berthing in Cayman, the Net Present Value of the Gross Value Added is \$73 million with an employment impact of 203 full-time employees.
- If there is going to be cruise berthing, the Net Present Value of the Gross Value Added is \$220 million with an employment impact of 603 full-time employees.

PwC stated that these economic impacts *"should be considered in the context of the Cayman Islands Government's ongoing subsidy of operating losses, which, at approximately \$4 million per annum, equate to a Net Present Value of \$40 million over the fifteen-year period."*

⁵ One very significant assumption of the projections was that cruise berthing was going to be built in George Town, and a cruise pier in West Bay, neither of which have so far materialized.

Given the Government's firm commitment to and commencement of a deliberate systematic process aiming to redevelop the cruise terminal and berthing facilities, of the two different future scenarios studied the second scenario now appears to be the most likely of the two, which assumes Government will be proceeding with the redevelopment of the cruise terminal and berthing facilities in George Town.

The primary purpose of this economic analysis was to inform decision making for the future. The Government guarantees almost all of CTF's debt, so the portion of subsidy that is applied toward debt servicing and reducing overdraft does not factor into this analysis because Government's debt obligations would remain whether or not CTF continues operating. Therefore, for comparison purposes the study estimated the value of the portion of Government's subsidy that goes toward subsidizing CTF's operational losses; that is the US\$40 million figure that PwC mentioned for the 15-year period.

As PwC put it, "In determining the value-for-money of the subsidy, the CI Government should consider whether its \$40 million 'investment' is generating sufficient 'returns' in terms of economic benefits. This assessment should not be made in isolation, but bearing in mind alternative subsidy options for cruise tourism such as, for example, subsidization of cruise berthing fees. CTF's conservation role ... and the cultural/social value of CTF will also be relevant in these considerations."

In summary the key numbers show that especially in the scenario of having cruise berthing facilities, there are large economic benefits from the Government subsidy to enable CTF to continue operating and having the positive net impact on the wider economy and employment in Cayman. In addition CTF also provides other benefits in its role in conservation and maintaining our Islands' cultural and social traditions.

The report gives further detail as to PwC's methodology and findings, and is available for download from the Company's website at: <http://www.turtle.ky/economic-impact-study-of-cayman-turtle-farm>

Customers and Location of Activities

The services of Cayman Turtle Farm (1983) Ltd. are mainly provided to tourists, as well as residents. All services are provided in Grand Cayman.

The company's operations are based in North West Point, West Bay, on some 23 acres of land. The address of the main centre of operations is: 786 North West Point Road, West Bay. It is a multi-function company comprising four main areas of activities:

- a land-based tourism attraction, with a gift shop and bar/restaurant, with over 230 thousand visitors per year;
- a commercial Green Sea Turtle captive breeding and turtle meat production facility;
- an education, research and conservation facility for sea turtles; and
- a landlord to a dolphinarium and to retail tenants offering products in various aspects of the tourism industry.

Activity: Tourist Attraction

By far the greatest portion of the Company's revenues comes from its "tourist attraction" lines of business:

- Admissions: 58.8%
- Food & Beverage: 12.1%
- Retail (Gift Shop): 15.6%

for a combined total of 86.4% of our revenue.

During the financial year 2013-2014, total visitors numbered 234,356 down 1.6% from the previous financial year (238,234). Of these⁶:

⁶ These percentages assume the known percentages of cruise, stay-over, and residents also applied respectively to "Website" and "Upgrade" admissions (allocated between cruise and stay-over) and to "Comp" admissions (allocated between cruise, stay-over, and residents). "Comp" admissions totaled 6,376 in 2013-2014 financial year. The great majority of "Comp" admissions are young children 4 years old and under, who are given free admission at CTF when accompanied by paying guests.

- 70.5% were cruise visitors on a package purchased on board a cruise line or as part of an itinerary on an island tour with an independent tour operator,
- 23.1% were “stay-over” visitors,
- 6.3% were residents.

This shows an increase (from 20.8% to 23.1%) in the proportion of “stay-over” visitors compared to the proportions in the previous year. There was 9.0% increase in the number of “stay-over” visitors compared against the prior year. These numbers revealed significant success in our strategic moves to attract more stay-over visitors.

The number of cruise visitors to CTF was down by 4.9%. This number reflects some effects of increasing competition from newer shore excursions, and was largely impacted by a very dramatic drop in cruise calls during the summer months of 2013. For the 5-month “summer” period July to November 2013, the number of cruise visitor arrivals to the island was down 15.0% compared to the same period in 2012.

As a tourist attraction, Cayman Turtle Farm offers two different types of admissions:

- Turtle Farm tour
- Full Park Access.

“Turtle Farm” Tour

On the “Turtle Farm tour” admission, guests are able to enjoy the following features and exhibits:

- Breeding Pond, containing the farm’s breeding herd of adult turtles.
- Turtle Display Tanks, displaying turtles from 9 years old down to less than 1 year old



- Touch Tanks, where visitors can touch and hold one-year old “yearling” turtles.



- Wading Touch Pool, which visitors can get in and wade amongst turtles that are a few months old





Bar & Grill and our fresh-water Breakers Lagoon.

- Toddler's Playground, a partially shaded safe dry play area for children 1 to 5 years old with swings, slides and playhouses. It is conveniently located between Schooner's

- Smiley's Lounge, an exhibit housing a 10-foot hybrid ("fresh water" and "salt water") crocodile of the same species that gave Cayman its name



- The Education Centre & Hatchery, containing displays of the life-cycle of sea turtles and of the hatching process; during hatching season the hatchlings are also displayed

- Local artisans' booth, where we host local craftspeople from the community, offering local handcrafted items made mainly from silver thatch and jewelry made primarily from various local shells and seeds



- Schooner's Bar & Grill, offering a selection of sandwiches, wraps, meals, alcoholic and non-alcoholic beverages

- Splash Gift Shop, offering turtle-related souvenirs and gifts, a range of Cayman Turtle Farm branded clothing, local handcrafted items, and other giftware



“Full Park Access” Tour

The “Full Park Access” admission enables guests to enjoy all of the “Turtle Farm” Tour features and in addition a unique opportunity to interact with island wildlife in aquatic and other exhibits:



- Turtle Lagoon, a 1.3 million gallon salt-water aquarium where guests snorkel amongst hundreds of tropical fish and a dozen yearling turtles: the only lagoon in the world where guests are guaranteed to be swimming and snorkeling among several turtles;



- Breakers Lagoon, a fresh-water lagoon including two waterfalls and a water slide;



- Turtle Twister Water Slide, suitable for all ages of swimmers, in Breaker's Lagoon;

- Predator Reef, another salt-water aquarium including a shark feeding show each weekday, and housing sharks, a barracuda, and other species of predator fish;





- Caribbean Free-Flight Aviary, a walk-through habitat housing Cayman parrots, indigenous and other Caribbean bird species and offering 10 am – 3 pm daily bird hand-feeding opportunities for guests. Our crew members are on-site during the feedings, to assist guests with the various types of feeding and to answer guests' questions about the various species in the sanctuary.

- Exhibits showcasing other wildlife such as the Agouti or “Cayman Rabbit”, the Sister Islands Rock Iguana, and shoreline nursery habitat complete with young mangroves, tube worms, conchs, “mosquito fish”, juvenile reef fish, and other sea creatures;
- Nature Trail, an original forest where several of Cayman's indigenous species of trees and bushes have been growing for hundreds of years, also home to butterflies and various orchids including the very rare Ghost Orchid;



- Cayman Street, showcasing Caymanian architectural styles, typical yard trees and shrubs.

Sales Channels for Tours

The admissions are sold as “tours” through various sales channels:

- The majority of visitors comprise Cayman Turtle Farm [CTF] admissions sold as a key feature of island tours offered to cruise visitors by Independent Tour Operators [ITOs]. Both dolphinariums also offer their “dolphin swim” guests a visit to CTF as an option included in their prices. CTF provides these admissions to ITOs and dolphinariums at a wholesale price.
- The Company also sells Full Park Access tours wholesale to cruise lines which in turn market them to their cruise passengers as shore excursions. These tours include ground transportation from and to the cruise terminal. In some cases these tours include a buffet lunch at the Company's on-site Schooner's Bar & Grill.
- The Company also provides a “Stingray Encounter & Turtle Swim” combination tour package that includes Full Park Access with ground transportation plus a boat trip to Stingray Sandbar, and includes ground transportation to and from the cruise terminal.
- The Company sells tours directly to customers in its Box Office at the park entrance at full price, and through its website at discount prices. There are also admission discounts available by association with various “industry partners” such as *Explore* magazine, Cayman Airways (upon presentation of a boarding pass), car rental companies (presently Andy's and Budget), concierge coupons, and a coupon program with airport taxis.

- During the year the Company introduced a free shuttle service for stay-over visitors, with pick-up and drop-off at various resorts in the Seven Mile Beach area.



Activity: Captive Breeding and Turtle Meat Production

Farmed Products

The turtle farm commenced in 1968 as a private company called Mariculture Ltd. with the primary intention of producing turtle meat, turtle shell products, turtle oil, and turtle leather products for sale locally and internationally, while also enabling research on the species, as well as conservation of the species by releasing captive-bred turtles into the wild. The uniqueness of the facility soon led to interest by visitors and it became a popular tourist attraction. It is still the only farm in the world that has achieved the second generation and beyond, of sea turtles bred, laid, hatched and raised in captivity in a closed cycle that takes no eggs or animals from the wild.

Exports of turtle products were however later banned by the Convention on International Trade in Endangered Species of Wild Flora and Fauna [CITES]. In light of that the company ceased production of turtle oil, turtle shell jewellery and turtle leather products which together had been a significant source of revenue.

Since that time, farmed product lines have been limited to meat products and polished whole turtle shells, all of which are sold strictly for consumption or use within the Cayman Islands. Meat products are each sold in 5-pound "lots":

- *Steak*: only lean meat.
- *Stew*: a mixture of cuts of lean meat, fin, "neck-bone", various organs, boiled calippee, and a small quantity of fat.
- *Menavelins*: a mixture of skin, various other organs (different from "Stew" contents), a small quantity of fat, and some small cuts of lean meat.
- *Bone*: mostly bone, with a very small quantity of meat attached. This is typically only used to make Turtle Soup. (As shown on page 29, there is very little demand for this product, as in the processing there is typically almost no meat left on the bone because as much as possible of the meat is taken to make the other products.)

During the financial year 2013-2014 total turtle meat products sold were 51,528 pounds, an increase of 45% against the prior year. Income from turtle meat products comprised 8.1% of the Company's revenues. Further details on meat product prices and sales volumes are shown on page 29.

In our Splash Gift Shop we also sell polished whole turtle shells on strict condition that they must not be taken out of the Cayman Islands.

Egg Production and Hatch Rates

The percentage hatch rate of the turtle eggs had been gradually declining. Research in recent years indicates the most likely reasons were related to nutritional factors of the breeders. We have increased the levels of various micronutrients in the breeder feed, and we have improved feed handling processes and techniques, which has yielded significant improvement in egg production and hatch success rates.

In addition, to optimize the breeding herd we removed several unproductive mature breeders from the Breeding Pond, and reduced the ratio of males to females in the Breeding Pond. We have also modified and improved incubation and hatching protocols.

Over the past couple of years there have been very encouraging results in this area.

By the end of the 2013 nesting season, over 110 different breeding female turtles at Cayman Turtle Farm had laid 42,847 eggs in 508 nests on our beach. The eggs were collected by our trained staff and transferred to our hatchery to be incubated in a controlled environment, except for a few nests that were specially marked and left “in-situ” on the beach as part of a research experiment for that season.

Egg production during the 2014 nesting season which began in March and runs through to November was strong with a total of 26,002 eggs collected. This number was lower than in the 2013 season due to two main factors:

- We deliberately reduced the number of female turtles in the Breeding Pond by removing those which had a track record of producing eggs that turned out to be not viable.
- We did not count eggs that were laid earlier than normal in the season and left to incubate on the artificial beach. The first turtle hatchlings of the 2014 season actually emerged on the Breeding Pond beach on the 28th of April, which means that eggs had been laid on the beach as early as February.

The first clutch collected in the 2014 season was 103 eggs laid on April 23rd. The largest clutch (i.e. single nest) collected this season was 150 eggs. In the farm as in the wild, a female turtle that lays in one season may skip nesting for the next one or two years. The number of females that nested during the 2014 season was 78.

The improved feed formulation, improved feed handling procedures, better management of the breeding herd and improved incubation techniques have together contributed to ensuring ample numbers of hatchlings are now being successfully produced and “put out to water”. In light of the suspension of the turtle release programme (discussed on page 28 below), in the 2014 season once we fulfilled our target of hatchling quantities required for the “production pipeline” to sustain harvest requirements, we deliberately limited the number of additional hatchlings by freezing remaining eggs. As of 30th October 2014, a total of 2,602 hatchlings were put to water, which is well over the minimum quantity needed for the “production pipeline”.

There are also very encouraging results in hatch success rate. Of the eggs that were incubated to “full term”, the percentage of eggs that hatched increased from 10.8% in 2013 to 15.6% in 2014.

The farm now has a herd of over 8,000 turtles.

Activity: Research and Conservation

Turtle Conservation and Captive Breeding

The Turtle Farm represents both a unique wildlife-conservation project and a commercial-breeding enterprise.

Housed, in a sense, under the same roof, the two functions at times appear contradictory, which is precisely where the controversy usually arises. From the farm’s inception however, the philosophy of “conservation through commercialisation” has been both inherent and explicit.

An analogy is “buffalo” (North American bison) farming. One could argue that buffalo farming helps conserve the species, ensuring its survival and expanding its population. One could choose almost any

commonly farmed animal; a similar logic emerges. Indeed an article⁷ in Drovers Cattle Network of September 4, 2013 underscores the importance of farming to “protecting wild food animals from extinction.”

Conservation and commercialisation are therefore frequently compatible. In the farm the annual turtle production and harvest numbers must be managed so as to ensure sustainability of harvest numbers measured against the numbers of new hatchlings entering the first stages of the farm herd, allowing for normal mortality rates up to harvest age and also allowing for the quantities of turtles to be released.

Starting from early 2010, Cayman Turtle Farm has adjusted the prices of turtle meat products to align demand with a sustainable annual harvest quantity of turtles. The last price adjustment was in September 2013. As at 30th June 2014 the current prices for turtle meat products are:

- Turtle Stew \$9.00 per pound
- Turtle Steak \$19.00 per pound
- Menavelins \$7.00 per pound
- Bone \$4.50 per pound

Further details on meat product pricing adjustments are shown on page 29.

A very important outcome of this is that the sale of turtle meat has a significant positive conservation impact because it greatly reduces poaching in the wild, which is often otherwise difficult to control, both in terms of numbers and indiscriminate in terms of age, sex and species. Persons who have been visiting the Cayman Islands since the early days of scuba diving have mentioned that the chance of seeing a turtle on a dive here has improved significantly through the years. The increased numbers of turtles sighted aren't just those released from the farm; many are in our waters because there is a much reduced incidence of various species of turtles being caught and taken from the sea around our islands. The incentives for poaching have diminished considerably since the farm has made turtle meat available locally. Since the farmed meat also supplies demand in Cayman Brac, the conservation benefits also have a positive impact on the Sister Islands' wild turtle populations due to the same factors.

The unique management programmes addressing both conservation and commercial activities also enable better understanding and care for the turtles, their life cycle and their environment in the wild or in captivity.

The farm has placed more than 31,000 endangered green sea turtles into the wild since its 1968 founding. Some of those numbers were hatchlings and others were yearlings. During the 2012-2013 financial year, a total of 163 turtles were released into the wild, and quarantine facilities were expanded to enable a greater number of turtles to be quarantined and released annually.

Quarantine protocols have been subsequently further upgraded, including a requirement for laboratory sample testing to confirm that turtles to be released do not pose risks of introducing diseases to the wild population. This testing required establishment of relationships and protocols with a laboratory overseas that has the equipment and competence to conduct these tests reliably. Such arrangements are now in place with a laboratory connected with the University of Georgia, and testing is in progress. In light of the suspension of the turtle release programme (discussed on page 28 below), there were no turtle releases in the 2013-2014 financial year.

After reaching maturity, which in the wild takes 20 years or more, nesting females seek to lay their eggs on the same beach -- or as close as they can come -- from which they originally left to enter the sea. Green sea turtle females that had been released from the farm decades ago, have now begun to nest on the island's beaches. There was a period during the 1980's when the farm marked each released hatchling with a “living tag” grafted from its plastron (the cream-coloured underside of the turtle body) onto its carapace (the shell on its back) that resulted in a light-coloured spot in a particular position on the

⁷ Ref: <http://www.cattlenetwork.com/cattle-news/Commentary-Farmed-food-fallacy-222358171.html?page=3>

carapace as it continued to develop and mature. This return of these marked turtles was first observed in 2010. Because trained spotters do not see all the nesting females, however, it is uncertain how many of the nests are from turtles that started life at the farm. It is perfectly reasonable, though, to assume that as more turtles, released years ago, reach nesting age, many will return to Cayman beaches.

Data from the Cayman Islands Department of Environment starting from 1999 through to 2012 show that there is an impressive upward trend in the number of sea turtles nesting in Cayman, with the greatest numbers typically being in Green Sea turtle nests.

Number of Turtle Nests recorded in Grand Cayman each year

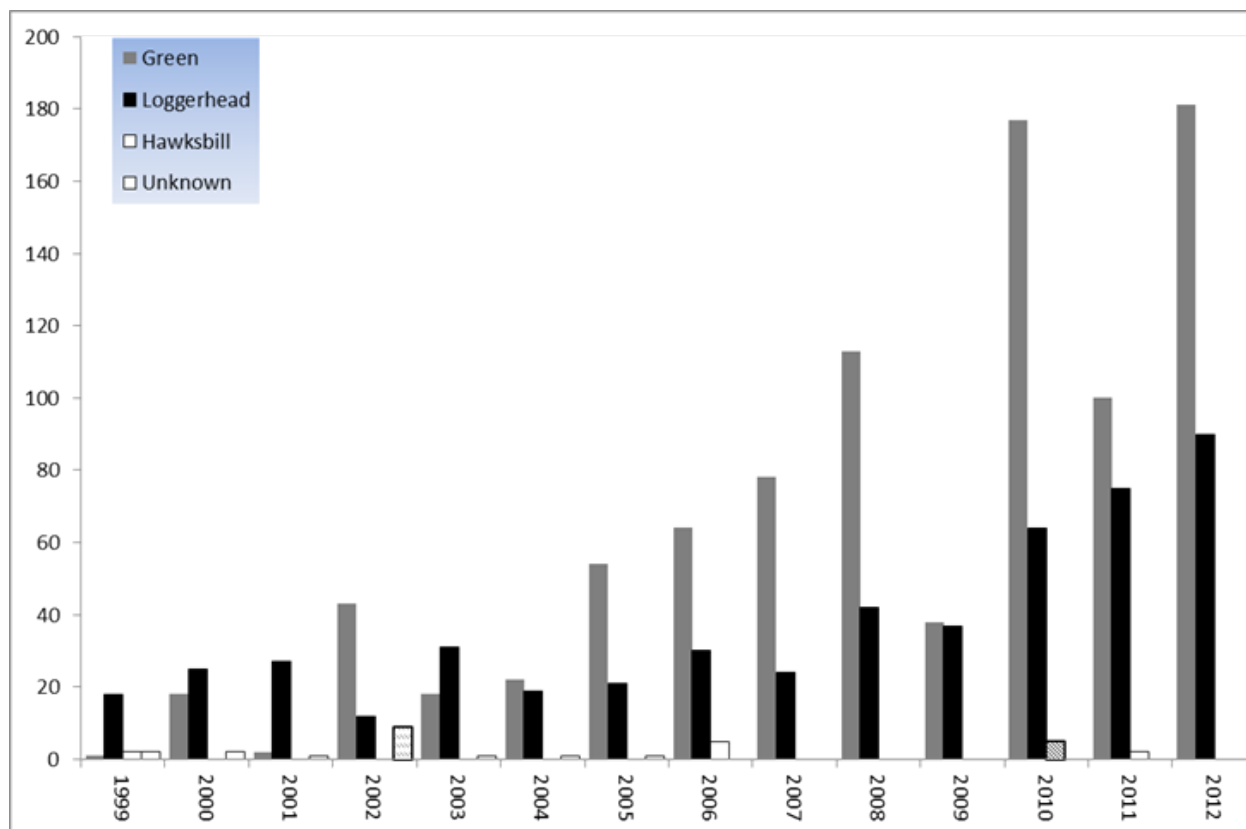


Figure 5 Number of Turtle Nests each year – chart provided by CI Dept of Environment

During the 2014 nesting season in Grand Cayman, Department of Environment spotters saw four (4) living-tagged turtles (in addition to those previously identified as returning to nest) that had been released from CTF in the 1980's. The Cayman Islands Department of Environment is currently engaged in a research project, funded by the Darwin Plus initiative of the UK, aiming to evaluate by DNA analysis the extent that turtles released from Cayman Turtle Farm have contributed to the current wild turtle population around the Cayman Islands.

Our turtles in the farm range in size from 6 ounces to over 500 pounds, apportioned among specifically designated tanks. Visitors are able to observe turtles in various stages of growth and development.

Sponsorship of turtles comprised 1.0% of revenues for the year.

Collaborative Research Projects

The provision of farmed turtle meat and the turtle release program are only part of our contribution to conservation.

Another very important contribution has been the farm's research efforts, producing approximately 150 scientific papers that have been published or presented since 1968. These papers have surveyed a range of topics regarding the care, husbandry and life of sea turtles. Links to acquire those papers are provided on our webpage <http://www.turtle.ky/scientific-paper>

Several in-house research projects are being conducted, and we are in talks with various institutions regarding further possible projects. Some of these studies would not be possible without the Cayman Turtle Farm's unique stock of turtles, the broad range of their accurately known ages, and their ready accessibility to researchers. **Such a resource does not exist anywhere else in the world.**

During the year a study in collaboration with a US university was concluded and accepted for publication⁸.

Toward the end of the fiscal year, a Purdue University Graduate student began a 6-month research program at the Cayman Turtle Farm collecting data in support of her Master's thesis. She will be identifying the effects of temperature and sand water content on hatching success and hatchling fitness of Green Sea turtles.

In addition, Cayman Turtle Farm is collaborating closely with researchers with the Department of Environment on two Darwin Plus funded research projects, one of which focuses on the socio-economics of the local supply and demand for turtle meat in the Cayman Islands, and the other (as mentioned on page 22) aims to quantify the extent of the contribution to the wild Green Sea turtle population around Cayman from turtles that Cayman Turtle Farm released in prior years

CTF Research on Sea Turtle Skin Lesions

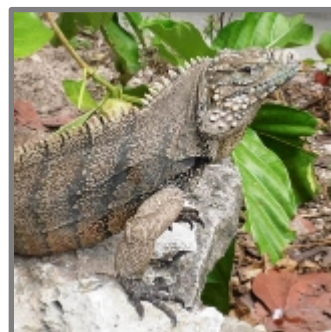
CTF conducted various studies as to the causes of skin lesions observed on some turtles.

We conducted a pilot study of correlation between stocking densities and the incidence of skin lesions. Our study looked at three different stocking rates, with and without treatment (plus controls). Results were mixed. Indications are therefore that the cause of the lesions is multifaceted and complex, hence our focus now is on the laboratory testing of the lesion tissues.

Although various diseases and causes of lesions on wild sea turtles have been described to some extent in various scientific papers, for several of those there remains work to be done to be able to specifically identify particular pathogens. Our Veterinarian established a relationship with a laboratory at the University of Georgia which has the CITES permits in place to receive sea turtle tissues, and engaged their resources in developing testing facilities to be able to do this more definitive diagnosis. The tissue samples have been sent to the laboratory for analysis (see more in regard to this laboratory, on page 21).

Iguana Rehabilitation in Collaboration with Department of the Environment

In collaboration with a rehabilitation initiative by the Department of the Environment [DoE], we are temporarily accommodating a female Sister Islands Rock Iguana, *Cyclura nubila caymanensis* (otherwise known as the Cayman Rock Iguana/Sister Islands Iguana) - endemic to Cayman Brac & Little Cayman, a "cousin" of Grand Cayman's better known Blue Iguana. It is an endangered species that is highly threatened on Cayman Brac, but more abundant on Little Cayman. However, both populations are considered



⁸ Title: *Variation in age and size at sexual maturity in Kemp's ridley sea turtles*
Journal: *Endangered Species Research*, Ms. No. 201402008 (2014).
Authors: Bjorndal, K. A., Parsons, J., Mustin, W.G., and Bolten, A. B.

vulnerable and are both continuously threatened by development, road kills, and free-roaming cats and dogs. The iguana was found in Grand Cayman and was transferred to the care of the Cayman Turtle Farm due to concerns over its apparently failing health, and the lack of appropriate resources at the DoE to rehabilitate the animal over an extended time period.

While housed at the Cayman Turtle Farm, the iguana is being rehabilitated and nursed back to prime health. She also underwent DNA analysis to confirm her identity and island origin, which was part of a DNA analysis study carried out by a student at the Mississippi State University under the supervision of Dr. Mark Welch, a specialist in *Cyclura* species genetics. Although the student's results indicated that the iguana is a Sister Islands Rock Iguana, a larger DNA analysis of the Sister Islands Rock Iguana is currently underway to see if each island has their own unique population. The DoE recommended in accordance with best practices that the iguana remains with the Cayman Turtle Farm pending the imminent results of the larger genetic analysis and then a final health screening, prior to release.

In the meanwhile, this particular iguana offers an educational opportunity by remaining on display at the Cayman Turtle Farm in the iguana enclosure located adjacent to the park's Caribbean Free-flight Aviary. for the benefit of visitors and guests. Cayman Turtle Farm's Curator of Terrestrial Exhibits and Education Programmes, Mr. Geddes Hislop, is working closely with the DoE to ensure that the iguana is appropriately cared for, and also in the development of an education programme centered on this sub-species. Over 2000 local schoolchildren visit the Cayman Turtle Farm each year on educational visits as part of their school curriculum.

White-Crowned Pigeon breeding and release programme



At the Cayman Turtle Farm (CTF), the Caribbean Aviary is one of the feature visitor attractions at the park, as well as the centre for CTF's White-crowned Pigeon captive breeding and release project. This is one of three such conservation programmes ongoing at CTF, the others being the Green Turtle release and the more recent Cayman Parrot release projects.

The White-crowned Pigeon was the first species selected for the Aviary's release programme because:

- 1) It is better to augment an existing population before the density becomes too low and cannot sustain itself;
- 2) WCPs readily breed on their own in the semi-natural environment of the Aviary;
- 3) At the start of the programme in 2008, the species was still undergoing the stress of recovering from the devastating effects of Hurricane Ivan in September 2004, both in terms of numbers of birds lost as well as loss of breeding/ feeding habitat. Also, being a designated Game Bird under the Animals Law, there was the added pressure of hunting and human disturbance;
- 4) The WCP, locally known as the Bald-Pate, is a familiar, iconic species and therefore relatively easy to endear and relate to the public.

Aviary-bred WCP chicks are banded with closed colour-coded metal leg bands while still two to three-week old nestlings. Once they are fully fledged (at least six to nine months old) a number of juvenile WCPs are selected from the Aviary flock for release to the wild. The birds are weighed and undergo veterinary physical assessments to qualify them for release. They are then treated for any medical issues and relocated to a separate enclosure to isolate them from the Aviary flock. The isolation period can last from four to eight weeks, and during this time daily visual assessments along with occasional random weights are carried out to monitor the progress and health of the release flock. The isolation helps reduce the pigeons' captive-bred habituation to humans and is also an opportunity to transition the birds to a diet of native fruits and berries prior to their release. Some may argue that even captive-bred WCPs will still select their wild diet either from instinct or by following wild pigeons, but the feed transition process gives the captive birds a "head start", not only by teaching them to recognize their wild browse, but also by

getting their digestive system accustomed to processing a much higher fibre diet than the soft commercial feed pellets they have been raised on.

Feed transition begins by offering wild berries such as Silver Thatch or Sea Grape. Initially a numbered amount of loose berries are placed in the feed bowls together with the commercial feed pellets and daily visual assessments of wild diet consumption are carried out at each feeding. Feed transition then moves on to forage recognition by offering the berries in fruit clusters on leafy branches, while the amount of pellet feed is systematically reduced, but not completely eliminated. Daily visual assessments continue to be carried out at each feeding, noting when the birds begin to show a definite preference of wild over commercial feed.

Once the feed transition process is deemed successful, the pigeons are released into the wild via an unspectacular soft-release process, whereby the cage door is simply opened and birds exit the cage of their own volition during the course of the day. Supplemental wild diet and water are left on top of the feed cage for as long as release birds are seen in the area. Conditions for release include:

- A final visual assessment is carried out to ensure birds are in good physical condition.
- Random pre-release weights are taken, and birds that have lost more than 10% of their original capture weight are held back from release until there is weight gain.
- There is a ready availability of forage in the environs around the Release site, i.e. trees with ripe fruit.

Post release monitoring is casual. Released birds can be identified via their coloured leg bands, so CTF Animal Programmes personnel can observe and take note of WCP activity in and around the park compound.

From 2008 to 2014, the CTF programme has released 44 healthy and robust young adult captive-bred pigeons. In 2010 and 2013 there were no releases due to insufficient captive breeding recruitment for those years. Through casual observation over the period of the release programme we have noted a number of trends:

- Released WCPs can frequent the familiar environs around the Aviary/ Release cage area for up to three weeks before dispersing.
- Released WCPs will sometimes return to the Aviary/ Release cage site during times of stress, such as in the depths of the Dry Season, or when threatened by predators.
- There has been a noticeable increase in the numbers of banded WCPs breeding and feeding in and around the CTF compound, sometimes paired with un-banded (assumed wild-born) pigeons.
- There has also been a noticeable increase in the numbers of (un-banded) juvenile pigeons residing and feeding in and around the CTF compound.
- Resident WCPs at the CTF compound tend to display an unusually high tolerance of human presence.
- Animal Programmes personnel occasionally receive public reports of sighting banded WCPs in various parts the West Bay district.
- Animal Programme personnel have also received several comments from West Bay residents suggesting an increase in the numbers of WCPs seen in that district.

These observations give CTF cause to speculate that WCP numbers are returning to healthy pre-Hurricane Ivan levels. Additionally, the distribution of WCPs on Grand Cayman appears to be more widespread across the island, even nesting in trees within housing developments in the urbanized West Bay peninsula. According to public comment, this is a highly unusual behaviour for this notoriously shy species.

In general, the Cayman Turtle Farm's White-crowned Pigeon Release programme was born out of concern for the plight of an iconic species, which (we believe) has an understated key role in the island's terrestrial ecosystem. Through the releases, the hope is to help maintain and possibly augment the island's existing WCP population before the density becomes too low and cannot sustain itself.

The White-Crowned Pigeon (WCP) *Patagioenas leucocephala* known locally as “Bald Pate” is an indigenous species distributed throughout the Western Caribbean, the Central American Caribbean coastline and the southern tip of Florida. WCPs normally feed on wild berries and fruits of hardwood trees and mangroves. Birds are usually solitary, but they can form large flocks while foraging for food, especially in the non-breeding season.

The breeding season for this species can extend from late March to early June. Breeding occurs in mangroves and tall, dense woodland areas, usually well away human disturbance. Clutches consist of one or two chicks, which both parents help to raise. Breeding adults are known to fly long distances from their nest sites in search of seasonal berries to feed their young. In Grand Cayman, it is not unusual to see pigeons flying across the North Sound between West Bay and North Side.

White-Crowned Pigeons are known to be a migratory species. They are strong flyers that can easily cross the distances between islands. Consequently, although they may be indigenous to the Cayman Islands, it would be difficult to say if this species can be considered permanent residents of Grand Cayman. One may even hypothesise that our (Cayman) birds are part of a regional flock that may range as far as Cuba, Jamaica or the Bahamas.

Some of the reasons why White-Crowned Pigeons are important to Cayman’s history and future are:

- White-crowned Pigeons are fruit berry eaters, foraging in trees or on the ground after storms. They move around singly and in flocks in search of whatever berries are in season. They digest the soft skin and pulp and defecate the seeds out as they fly around during the day and perch in their roosts at night. Their digestive juices actually soften the hard seed shells and prepare seeds for quick germination.
- They are strong, long distance flyers and will go from island to island in search of whatever berries are in season, always transporting and spreading seeds. White-crowned Pigeons can travel 30 - 40 miles a day to forage for food for their young.
- If in the next thousands of years’ time the Earth does really warm, all the sea ice melts, sea levels rise again and Cayman goes back under water and then re-emerges from the sea with the onset of another ice age, then very likely it will be White-crowned Pigeons that will see Cayman from the mountains of Cuba and Hispaniola and will fly across to forage and deposit berry seeds and life will begin again.
- Think about how ancient Amerindian peoples navigated without a compass or GPS. They navigated from the flight lines of birds, and the iconic bird that draws navigation lines in the sky all over our region is the White-crowned Pigeon in the breeding season. These flight lines were of immense value as prehistoric navigation aids.
- White-crowned Pigeons are consumed in as game meat in Cayman and many other Caribbean islands. It appears they were always an important food source to native people in our region.
- White-crowned Pigeons are the consummate game bird to Caribbean sports hunters – beautiful and fast with an erratic, defensive flight.
- White crowned Pigeons are a valuable eco-tourism asset - they are a "life bird" for birdwatchers from other countries and regions that love nature and value and collect memories and photographs of our native birds.
- Another eco-system function: White-crowned Pigeons are part of the food chain themselves, providing food for predators such as raptors (hawks) - but there is a return. The hawks pick out and kill the weak, the slow, the sick and the heavily parasitized birds and so keep White crowned Pigeon populations strong and healthy.

Cayman Parrot breeding and release program



CTF's Aviary also has a successfully breeding pair of Cayman Parrots, officially our islands' national bird. They breed once a year and produce typically one or potentially two chicks each breeding season. Following a lively Facebook competition with lots of colourful suggestions, the 2013 parrot offspring was named April in honour of the month she was hatched. Each year, our Aviary staff release into the wild a Cayman Parrot chick bred and hatched on site here at the Cayman Turtle Farm. After a transition program to "wild" food, April was released to join her sibling Loki, who was successfully released in 2013 and still occasionally visits his parrot family at the Aviary.

Recycling

Our plastic recycling programme that began at the park last year in honour of Earth Month has continued throughout the year, and marked its first anniversary in April. Specially designated bins are located throughout the park to collect plastic bottles for recycling. On an average day, visitors consume over 200 bottles of water!

We have also placed recycling bins for aluminium cans.

World Turtle Day participation

The goal of World Turtle Day, which is observed every year on May 23, is to bring attention to turtle and tortoises, by encouraging human action to help them survive and thrive. Cayman Turtle Farm joined in the world-wide celebration with exciting activities and special observances throughout the day.

For over forty years we have been engaged in the research and conservation of one of the world's most majestic and enigmatic of animals – the Green Sea Turtle. Celebrations included

- turtle talks by various turtle experts,
- a "chalkfest" that was open to all visitors,
- unveiling of a beautiful new mural created by the art classes at a local school, Grace Christian Academy, depicting the theme of preserving turtle nesting,
- and sale of limited-edition World Turtle Day T-shirts with proceeds going towards our research and conservation programs.



Education on nature and conservation



A key part of Cayman Turtle Farm's remit is education and research on sea turtles, and other island wildlife. Our Education Programme continues year-round, and peaks in the spring and lead-up to summer vacation. Between April and June we had over 1,400 school children and their teachers/chaperones visit the park. Annually we host over 2,000 students ranging from pre-school to university level, from local and overseas educational institutions. These visits are led by our Curator of Terrestrial Exhibits & Education Programmes Geddes Hislop, shown here guiding a group of primary school students on their visit to our park.

Activity: Landlord

This segment of our business comprises a property lease to a dolphinarium Dolphin Discovery Ltd., and individual leases to tenants of four retail kiosks in the courtyard area at the entrance to the park.

These rental incomes totalled 4.5% of the Company's revenues.

Summary of Achievement of Strategic Goals in Ownership Agreement

The key strategic goals and objectives (from an ownership perspective) for The Cayman Turtle Farm (1983) Ltd set for the 2013/14 financial year were as follows:

Turtle Conservation

Goals in 2013-2014 Ownership Agreement:

- Release (approx.) 100 quarantined turtles in each of the following months: November 2013, February 2014, May 2014.

Results:

An ample number of turtles were available for allocation to the release programme to meet the goal of releasing 300 turtles during the year, however in light of the studies in progress as summarized below, in discussions involving the Department of Environment, Ministry of Environment, and Ministry of Tourism it was agreed to suspend turtle releases temporarily so there have been no turtle releases this financial year 2013-2014.

To further protect against risk of disease transmission from released turtles to the wild population, during 2013 our Veterinarian developed and implemented upgraded pre-release quarantine protocols. Additional quarantine tanks were constructed and are now in use, and another important component of these protocols is some biological sample testing that we would like to do on turtles prior to release, to check for any significant pathogens. These laboratory tests are not available on the island. In early 2014 CTF entered into arrangements with a laboratory connected with a university in the USA, and all the required arrangements for CITES certification is in place for sending these tissue samples internationally. This tissue sampling and testing is now in progress.

Meanwhile, the Department of the Environment has been successful in obtaining a Darwin Plus grant from the UK government. One aspect of this project is a study aiming to assess the effectiveness of the CTF turtle-release programme and potential contribution of these releases to increasing the wild population of turtles around Cayman specifically.

Turtle Meat production

Goals in 2013-2014 Ownership Agreement:

- For Sep.2013-Feb.2014: production not to exceed average 33 turtles per week.
- For Feb.2014-Jun.2014: production not to exceed average 55 turtles per week.

Results:

- For Sep.2013-Feb.2014: production average 25 turtles per week.
- For Feb.2014-Jun.2014: production average 33 turtles per week.

Both results were well within the set goal for sustainability of production.

Note: The prices for most turtle meat products were reduced in September 2013. Current prices are:

Steak	\$19.00 per pound (down from \$20.25 per pound set in January 2011)
Stew	\$9.00 per pound (down from \$12.00 per pound set in January 2011)
Menavelins	\$7.00 per pound (down from \$9.00 per pound set in January 2011)
Bone	\$4.50 per pound (price remained as for January 2011)

For financial year 2013-2014, a total 51,528 pounds of turtle meat products were sold, an increase of 45% over financial year 2012-2013 (35,459 pounds). Revenue from turtle meat sales increased by 16.8%. A total of 1,150 turtles were processed to satisfy that demand in 2013-2014.

The most popular type of meat product remains Stew (71.0% of sold weight), followed by Menavelins (25.7%), Steak (3.0%), and Bone (0.3%).

Another aspect of the Department of the Environment's Darwin Plus project is a study of the socioeconomics of turtle meat consumption in Cayman. The surveys for that study are being conducted in the latter part of 2014.

Revenue Centres

Goals in 2013-2014 Ownership Agreement:

- Tours:
 - Increase admissions revenue sold to "stay-over" guests by 10%
- Gift Shop:
 - Increase Retail Contribution by 10%
- Food & Beverage:
 - Increase F&B Contribution by 10%

Results:

- Tours:
 - Increase in admissions revenue sold to "stay-over" guests: 6.3%

The total number of stay-over guests admitted was 9.0% higher than the prior year. Admissions revenue per guest was slightly lower as more promotional discount programs were taking effect, thus the percentage increase in stay-over admission revenue was lower than the percentage increase in stay-over guests.

Note: For financial year 2013-2014, there was a total 363,466 Air Arrivals reported by Department of Tourism, an increase of 9.2% over financial year 2012-2013 (332,953). In order to continue to attract our market share and increase the number of stay-over visitors coming to CTF, the Company introduced a shuttle bus service from the major resorts in the Seven Mile Beach area. We also introduced an ongoing promotion offering 20% discount on admissions to visitors travelling on Cayman Airways who show their boarding pass dated within the past six months. We continue to expand our programs collaborating with hotel concierges, condo front-desks, taxi drivers and "independent tour operators" to attract stay-over visitors to come to CTF. As the figures show, these strategies are working.

- Gift Shop:
 - Increase in Retail Contribution: 124%

Note: This was an outstanding achievement by the Retail Manager and team, considering that for financial year 2013-2014, Department of Tourism reports show an increase of only 3.1% total visitor

arrivals (air + cruise) compared against financial year 2012-2013. Retail Revenues, from the Company's Splash Gift Shop, increased 16.4% to \$903,872 while Cost of Sales were down 10%. This line of business yielded approximately \$347k Contribution.

- Food & Beverage:
 - **Decrease in F&B Contribution: 7%**

Note: Although the F&B Contribution increase target was not achieved, this line of business yielded \$702,545 in Revenues (16.2% below prior year, but still comprised 12.1% of the Company's Revenues), a 21.8% reduction in Cost of Sales, and Contribution totaling approximately \$154k. Cost of Sales ratio to Revenue was 31.9%, an improvement from last year's 34.2% ratio. The financial performance of the Company's F&B line of business was negatively impacted by two main factors:

Downturn in meal-inclusive "full-park-access" shore excursions:

CTF sells "wholesale" directly to cruise lines various tours and tour combinations that include "full-park-access." Cruise lines in turn apply a mark-up margin and sell these to their passengers as shore excursions. A few of those combinations include in the price a buffet lunch at CTF's "Schooner's Bar & Grill." Year-on-Year there was a 17.4% reduction in the number of guests purchasing the shore excursions that include a buffet lunch at CTF. This is symptomatic of the results of various effects including:

Reduction in average disposable income of cruise passengers. Some cruise lines have told us anecdotally that as their cabin prices have been progressively slashed to keep attracting occupancy in the aftermath of several high-profile occurrences of problems on individual cruise ships in the Caribbean as well as the Costa Concordia disaster in Europe, it is apparent that the average income levels of passengers now taking these lower priced cruises has fallen and so has their disposable income. As a result, on average those cruise passengers are less likely to book shore excursions in general and higher-priced shore excursions in particular.

Reduction in total number of cruise guests coming to CTF. As reported on page 15, there was a 4.9% downturn in the overall number of cruise guests coming to CTF. Furthermore there was more than 14% reduction in the number of cruise guests taking the various "full-park-access" shore excursions that we sell directly to the cruise lines, as more guests opted instead for shore excursions offered by other tour operators that include a stop at CTF for the lower-priced "turtles-only" access. Guests on those tours are typically allowed approximately 45 minutes at CTF hence they typically have very little time to patronize Schooner's Bar & Grill.

Turnover in Food & Beverage Manager position:

It has proven very difficult to recruit and retain a Food & Beverage [F&B] Manager with the required knowledge, experience and competencies. To fill this position we have been making strenuous determined efforts to recruit a suitable Caymanian or a Permanent Resident with the Right to Work, but it has proven to be very hard to find such a person who will remain in this job given that as an employer in this occupation we are directly competing with many other F&B establishments in the tourism industry. During the year there have been three different F&B Managers and the position was vacant in between those post-holders, as a result of which the position was vacant for 40% of the year. The position was vacant at the beginning of the financial year, from when the previous post-holder resigned 23rd May 2013 until a F&B Manager was hired 5th August 2013. She resigned 17th October 2013 having served 74 days. The position was then vacant until a F&B Manager was hired 2nd December 2013. He resigned 31st January 2014 having served only 61 days. The position was then vacant until another new F&B Manager was hired 7th April 2014 and he remained past the end of the financial year. Each of these post-holders has been either Caymanian or a Permanent Resident with the Right to Work. The last post-holder however gave notice of resignation to be effective 31st October 2014. As an example of the level of "competition" amongst employers to recruit managers in this occupation category, this resignation was triggered by a substantially more attractive offer at another establishment with wider responsibilities managing a number of food & beverage entities covering breakfast, lunch and dinner services. We are therefore presently again recruiting for this position and anticipate interviewing applicants in November.

Summary of Achievement of Ownership Performance Targets

Overall: The Company continues to perform as the prime land-based visitor attraction in the Cayman Islands, attracting some 234,356 visitors, while also fulfilling its role in sea turtle captive breeding and farming, and several aspects of conservation, research and education.

Financially the company remains dependent on Government for subsidies. In this financial year the “cash” portion of the Equity Injection was \$10.503 Million, down 1.6% from 2012-2013 (\$10.679 Million). Of this amount, approximately \$5.929 Million was applied to debt servicing, and approximately \$3.521 Million was applied to “subsidise” the shortfall between Revenues (also including Rental and other income), Cost of Sales and Operational Expenses “before Interest, Tax⁹, Depreciation and Amortization”. For comparison, the “shortfall” for the prior year was approximately \$3.620 Million so there was a slight improvement this year despite the impact of a very “slow” summer season as mentioned further below. Further details of the application of the Equity Injection are shown in Table 6 on page 41.

Admission (“Tour”) revenues were particularly impeded by the very low numbers of cruise ship calls during the summer months of 2013. Total cruise visitor arrivals for the five months July to November 2013 were down 15.0% compared against the same period in 2012, and there is also an effect of increasing competition from newer shore excursions and other attractions offered to visitors. The number of stay-over visitor admissions to CTF increased by 9.0% for the full year period, reflecting positive results from strategies we implemented to attract more stay-over visitors to the park. The number of resident admissions also increased, by 1.4%.

Revenues plus rental income totaled \$5.8 Million, down 1.9% from 2012-2013 (\$5.9 Million). Operating Expenses (including depreciation, interest & amortization) were \$12.1 Million (down 1.8% from \$12.3 Million the previous Financial Year). The carrying value of the Bond at the financial year end 30 June 2014 was approximately \$18.8 Million, down by \$2.8 Million from the previous year (\$21.4 Million). Bank Loan Debt was approximately \$3.7 Million (reduced by approximately \$1.7 Million).

Compared to the situation five years ago (for the financial year ended 30th June 2009):

- We have reduced the combined total of this debt by over \$20.1 Million
- Total revenues plus rental income are up by 11.7%; Admission (“Tour”) revenues are up by 25.6% (Note: For comparison, Total Visitor Arrivals Air+Cruise for the financial year ended 30th June 2014 were up 1.7% compared against the financial year ended 30th June 2009.)
- Operating Expenses (including depreciation, interest & amortization) are down by 23.0%; Personnel Expense is down by 32.3%.

The ownership performance targets as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) compared with actual results for Cayman Turtle Farm (1983) Ltd for the 2013/14 financial year are as shown in Table 1.

Financial Performance

Table 1 Ownership Performance Targets & Actuals

Financial Performance Measure	2013/14 Target \$	2013/14 Actual \$
Revenue from Cabinet	0	0
Revenue from ministries, portfolios, statutory authorities and government companies	0	0

⁹ There is no Tax in this instance.

Financial Performance Measure	2013/14 Target \$	2013/14 Actual \$
Revenue from other persons or organisations	6,394,266	6,040,308
Surplus/(deficit) from outputs	(5,791,708)	(6,102,057)
Other expenses	(1,344,000)	(1,414,249)
Net Surplus/(Deficit)	(7,135,708)	(7,516,306)
Total Assets	34,380,613	34,237,304
Total Liabilities	31,868,973	26,759,517
Net Worth	2,511,640	7,477,787
Cash flows from operating activities	(5,731,356)	(9,722,858)
Cash flows from investing activities	(812,000)	(705,425)
Cash flows from financing activities	5,873,362	11,049,694
Change in cash balances	(669,994)	621,411

Financial Performance Ratio	2013/14 Target \$	2013/14 Actual \$
Current Assets: Current Liabilities	0.24:1	0.42:1
Total Assets: Total Liabilities	1.08:1	1.28:1

Maintenance of Capability

Human Capital Measures	2013/14 Target \$	2013/14 Actual \$
Total full time equivalent staff	90	81
Staff turnover (%)	5%	5%
Average length of service (Number)		
Senior management	7.1	7.3
Professional staff	6.6	8.2
Administrative staff	9.1	8.6
Significant changes to personnel management system	No changes	No Changes

Physical Capital Measures	2013/14 Target \$	2013/14 Actual \$
Value of total assets	31,296,248	31,081,192
Asset replacements: total assets	2.6%	2.3%
Book value of depreciated assets: initial cost of those assets	57%	57%
Depreciation: Cash flow on asset purchases	3.4:1	3.8:1
Changes to asset management policies	No changes	No changes

Major Capital Expenditure and Repair Projects	2013/14 Budgeted \$	2013/14 Spent \$	2013/14 Remainder \$
<u>Buildings</u>	475,000	248,302	226,698
Schooners Shading Project	250,000	210,207	39,793
Blue Building Upgrade	200,000	12,211	187,789
Extra Building Projects	25,000	25,884	4,516
<u>Plant and Equipment</u>	327,000	315,757	11,243
Main Generator	265,000	193,768	71,232
Retail Store Lights Upgrade	15,000	0	15,000
Pool Ladders	6,000	7,073	-1,073
Plexiglas works/railings	10,000	0	10,000
Small Capex Projects	31,000	32,412	-1,412
Dry Kids Play Area	0	32,620	-32,620
Saltwater Main Pipeline	0	24,558	-24,558
Deming Pump	0	25,326	-25,326
<u>Furniture & Equipment</u>	0	13,536	-13,536
<u>Computer Hardware</u>	10,000	48,595	-38,595
<u>Computer Software</u>	0	78,435	-78,436
<u>Motor Vehicles</u>	0	43,793	-43,793
Total 2013/14	812,000	748,418	63,582
Less Spent Prior Year	0	-42,993	0
Total 2013/14	812,000	705,425	63,582

Remainder will be used during 2014-2015 to:

- Complete new Main Generator

- Complete procurement of birds from overseas, for Aviary
- Continue improving and upgrading signage
- Complete new accounting and POS software

Audited Financial Statements

The audited financial statements for the year ended 30 June 2014 are attached.

Following is the wording of the Independent Auditors' Report to the Directors:

In accordance with section 61(1)(a)(i) of the Public Management and Finance Law (2013 Revision) we have audited the accompanying financial statements of Cayman Turtle Farm (1983) Limited (the "Company"), which comprise the statement of financial position as at June 30, 2014 and the statements of comprehensive loss, changes in shareholder's equity/(deficit) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

This report is prepared for the Directors of the Company in accordance with the terms of an engagement letter dated October 7, 2014 and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Bases for Qualified Opinion

International Accounting Standard 36: "Impairment of Assets" ("IAS 36") requires management to assess whether there is an indication that the Company's assets may be impaired and, if such indication exists, estimate the recoverable amount of the assets and recognise an impairment loss to the extent that the

carrying value exceeds the recoverable amount. Due to the nature, size and complexity of the Company's property, plant, equipment and exhibits, management were unable to determine whether there was any indication of impairment nor determine an estimate of the recoverable amount. We were therefore unable to determine whether any adjustments are required to property, plant, equipment and exhibits recorded on the statement of financial position at June 30, 2014 and any impact on the statement of comprehensive loss for the year then ended.

As described in note 10, the statement of financial position as at June 30, 2013 includes a provision for pensions payable of CI\$1,196,000. This provision for pensions payable as at June 30, 2013 was based on a June 30, 2012 estimate provided to the Company by the Public Service Pensions Board. In the absence of an actuarial valuation as at June 30, 2013, we were unable to obtain sufficient appropriate audit evidence to form an opinion on the provision for pensions payable in the statement of financial position at June 30, 2013, nor the related change recognised in the statement of comprehensive loss and the related information disclosed in note 10. As at June 30, 2014, the provision for pensions payable is fairly stated.

During the year ended June 30, 2007 and subsequently, the Cayman Islands Government, the sole shareholder of the Company, paid insurance premium payments on behalf of the Company totaling CI\$5,061,084 which were included in accounts payable and accrued charges at June 30, 2013. There is no agreed schedule of repayment and it is not possible to estimate when this amount will be repaid due to the financial condition of the Company (see emphasis of matter paragraph below). Under International Financial Reporting Standards, the insurance premium payments are in substance capital contributions as the Company does not have the ability to repay this obligation back to the shareholder. Therefore, in our opinion, the classification of this amount of CI\$5,061,084 as a liability in the statement of financial position at June 30, 2013 is incorrect, and should be reflected as a contribution from the shareholder. As at June 30, 2014, this has been correctly classified as a contribution from the shareholder.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have determined to be necessary in respect of the matters discussed in the "Bases for Qualified Opinion" paragraph above, the financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to note 12 of the financial statements which discloses that the Company is dependent upon the continued financial support of the Government of the Cayman Islands to enable it to meet its obligations as they fall due. Without this ongoing support a material uncertainty exists that casts significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Following are management comments on these three qualifications and the "emphasis of matter":

Of these three qualifications, one relates to the Financial Statements for 2013-2014, and the other two relate to the Financial Statements for 2012-2013.

1). In regard to addressing the qualification in regard to the potential "Impairment of Assets" in the 2013-2014 Financial Statements, CTF has during 2014 obtained an updated valuation by professional appraisers of all its land parcels and the Company is now pursuing an updated valuation of all its buildings, plant and equipment also to be done by professional appraisers.

2). The qualification in regard to provision for pensions payable is in regard to the statement of financial position as at the previous year i.e. June 30, 2013, related to participants in the Defined Benefits pension

scheme of the Public Service Pensions Board [PSPB]. To address this, information is being provided from the PSPB and its actuaries.

3). The third qualification is in regard to the classification of an amount in regard to the statement of financial position as at June 30, 2013 which as the auditors have noted has now been correctly stated in CTF's statement of financial position as at June 30, 2014. This matter is being addressed with central Government with the aim of getting Government's financial statements to also correctly reflect the amount as a "contribution from the shareholder" and thus be consistent with CTF's classification of the amount.

4). The "Emphasis of Matter" item reflects the position that CTF is dependent on continued financial support of central Government without which it is doubtful that CTF could continue as a "going concern" i.e. it is doubtful that CTF could continue operating. This support is provided in the form of Equity Injections, the majority of which go toward servicing long-term debt obligations in the form of a bond and bank loans that are government-guaranteed. During the year, as a result of the payments on the debt the principal amount of remaining debt decreased by \$4.431 Million. As shown below on p.42 the remaining debt from the bond and bank loans totals \$22.419 Million.

Breakdown of Income Sources

Table 2 Income Analysis

Revenues	CI\$	%
Admissions ("Tours")	\$ 3,419,148	58.8%
Retail merchandise sales	\$ 903,872	15.6%
Food and beverage	\$ 702,545	12.1%
Turtle meat sales	\$ 468,997	8.1%
Turtle sponsorships	\$ 55,878	1.0%
Rental and other income	\$ 259,569	4.5%
	<u>\$ 5,810,009</u>	

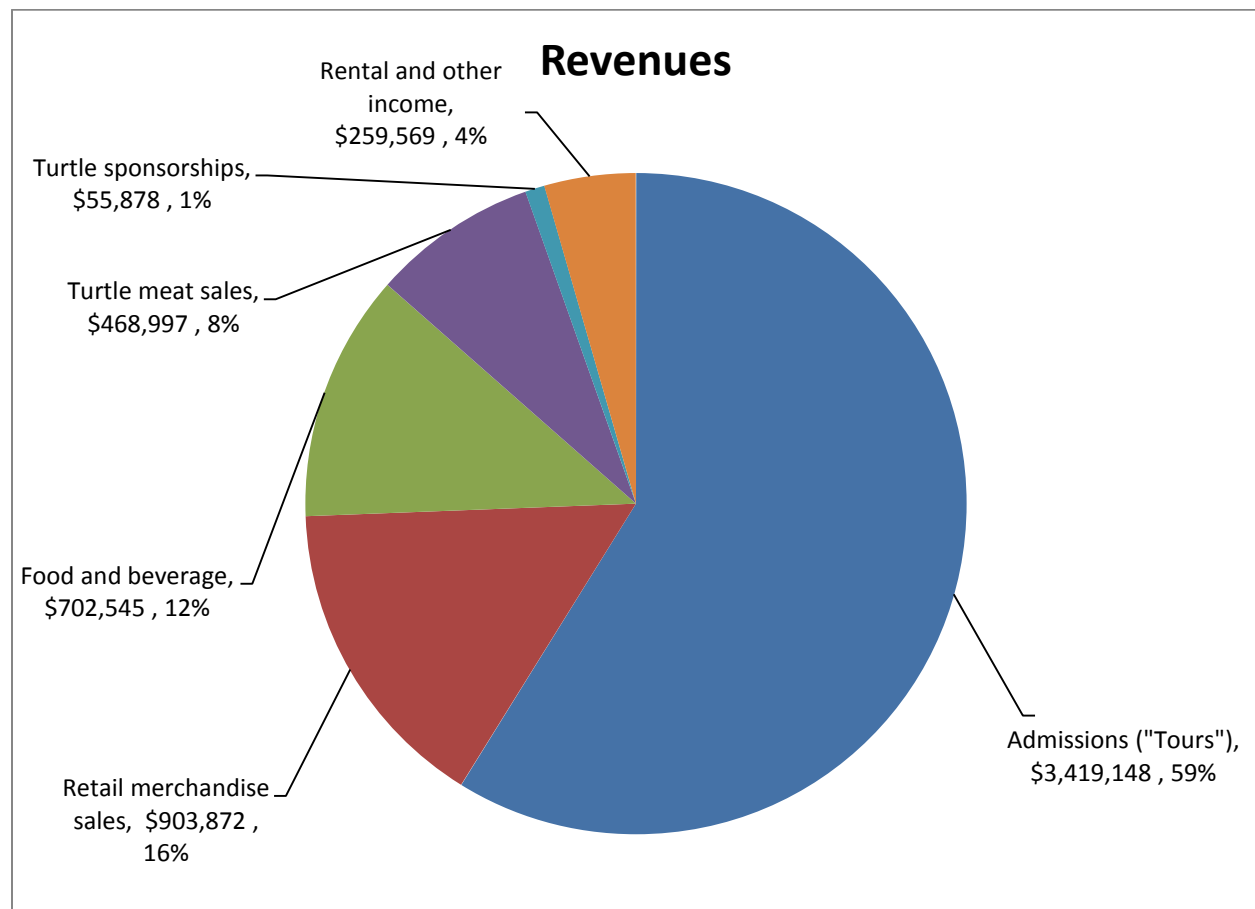


Figure 6 Revenues

- The "Tours" revenue is derived from admission charges. Admissions are sold wholesale to cruise lines and local Tour Operators and attractions, and sold retail directly to visitors and residents on site and through our web booking facility. The "Retail Merchandise" revenue is from CTF's "Splash Gift Shop" on site. The "Food and Beverage" revenue is from CTF's "Schooner's Bar & Grill" on site, and this includes revenues from food and drinks catered to birthday parties and corporate events hosted on site.
- The total of the foregoing three categories, comprise total earnings from the "Visitor Attraction" line of business, which made up 86% of the Company's revenues.

Breakdown of Expenses

Table 3 Expenses Analysis

Expenses	CI\$	%
Personnel expense	\$ 3,576,779	29.5%
Depreciation expense	\$ 2,707,732	22.4%
Interest and amortisation	\$ 1,414,249	11.7%
Utility expense	\$ 1,728,535	14.3%
Maintenance costs	\$ 683,183	5.6%
Insurance expense	\$ 482,169	4.0%
Feed and other operating expenses	\$ 650,106	5.4%
Defined benefit liability – profit/loss	\$ 104,000	0.9%
Professional fees	\$ 215,407	1.8%
Other expenses	\$ 149,806	1.2%
Advertising	\$ 143,462	1.2%
Telephone	\$ 102,539	0.8%
Retail operating expense	\$ 62,546	0.5%
Bank fees	\$ 71,537	0.6%
Travel and entertainment	\$ 18,526	0.2%
	\$ 12,110,576	

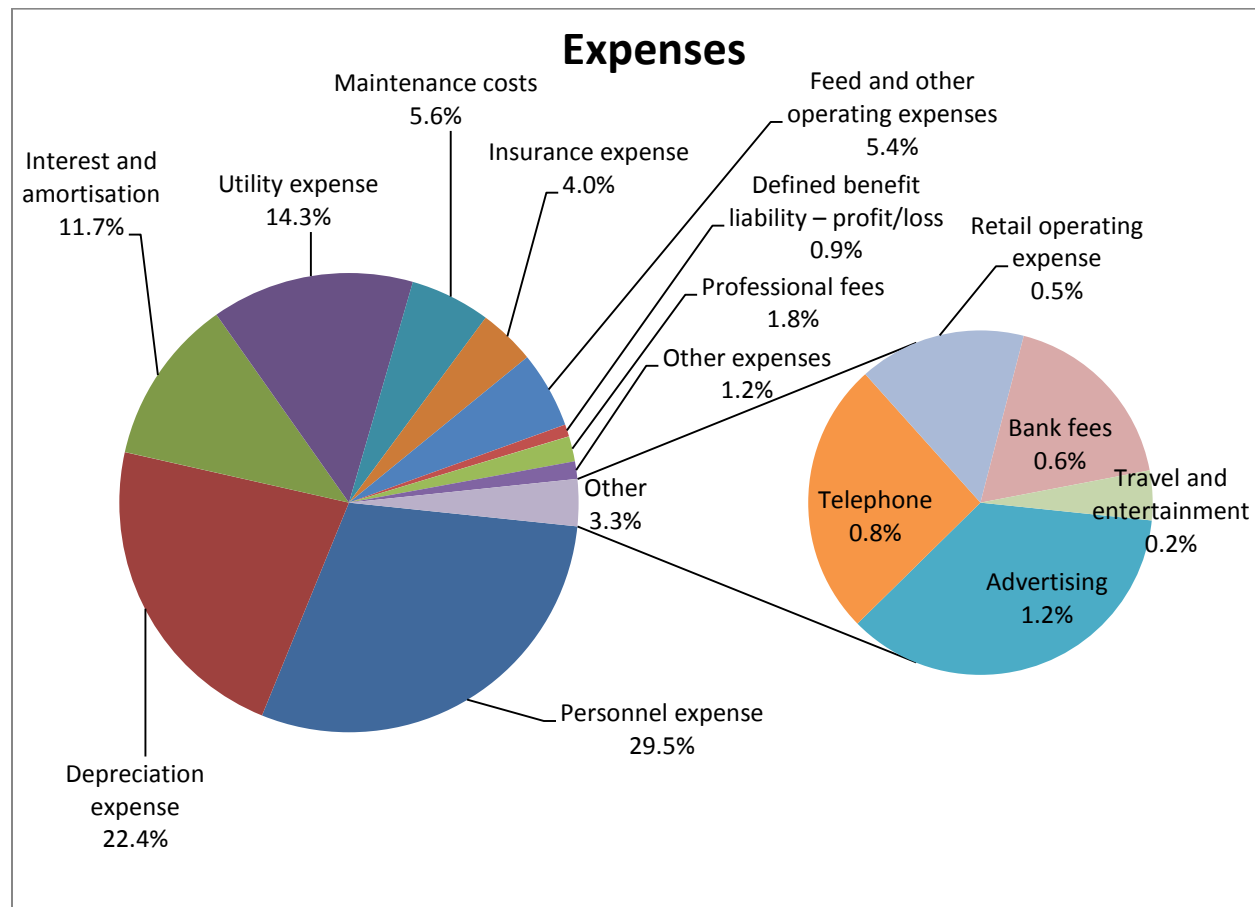


Figure 7 Expenses

Table 4 Analysis of Expenses before Income, Tax, Depreciation & Amortization

Expenses before Interest, Tax, Depreciation & Amortization	CI\$	%
Personnel expense	\$ 3,576,779	45.4%
Utility expense	\$ 1,728,535	21.9%
Maintenance costs	\$ 683,183	8.7%
Insurance expense	\$ 482,169	6.1%
Feed and other operating expenses	\$ 650,106	8.2%
Professional fees	\$ 215,407	2.7%
Other expenses	\$ 149,806	1.9%
Advertising	\$ 143,462	1.8%
Telephone	\$ 102,539	1.3%
Retail operating expense	\$ 62,546	0.8%
Bank fees	\$ 71,537	0.9%
Travel and entertainment	\$ 18,526	0.2%
	<u>\$ 7,884,595</u>	

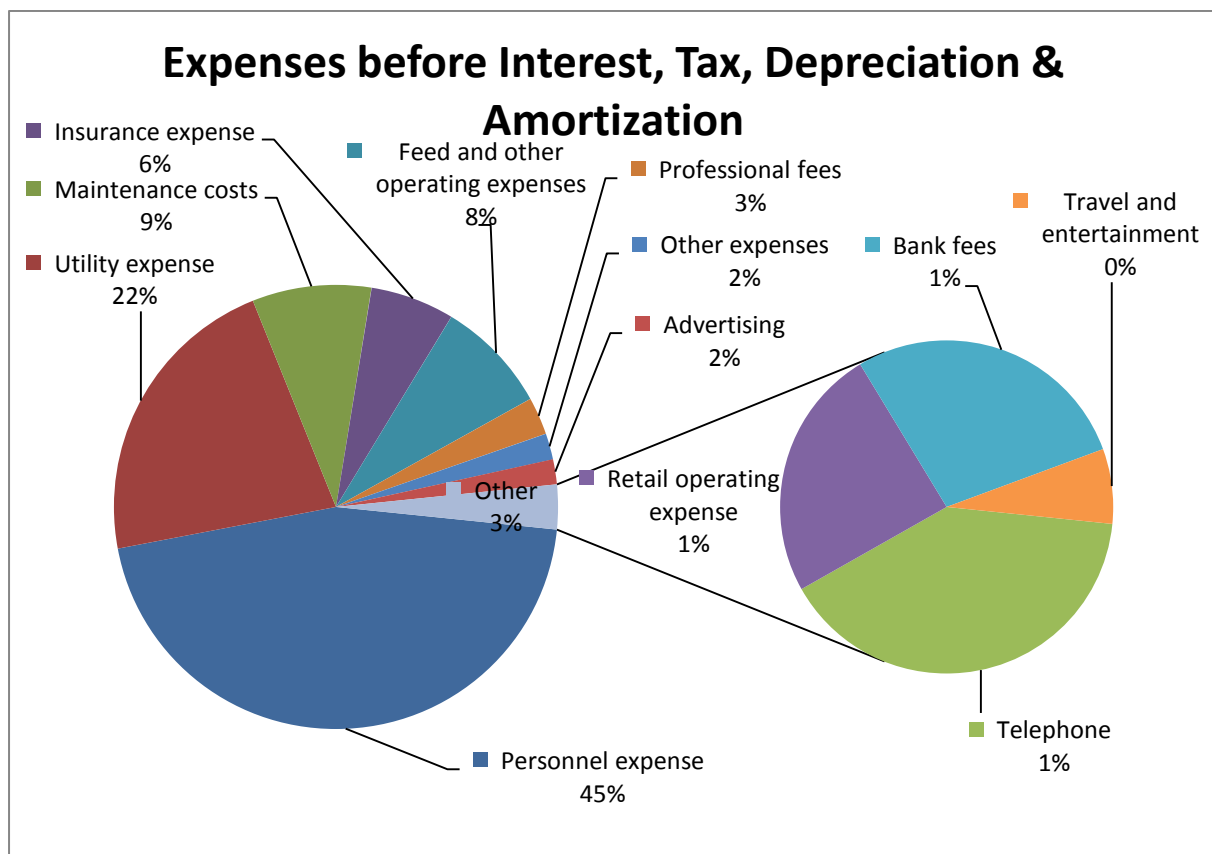


Figure 8 Expenses before Interest, Tax, Depreciation & Amortization

The majority of Utility expense is the cost of electricity, due in large part to the water pumps that must run constantly at the seaside pumping station (supplying sea water for the turtle tanks), in the Aquatic Life Support System (filtration and sanitization for the water in the salt water "Turtle Lagoon" and "Predator

Reef” exhibits), and in the quarantine tanks. Additionally there are pumps for the water slide and waterfalls in the fresh water “Breakers Lagoon” (on timers for opening hours), also for the filtration and chlorination system in that lagoon.

The largest single expense is Personnel expense. The Company has an authorized maximum headcount of 90 employees. That headcount is nominally allocated as shown in Table 5:

Table 5 Nominal allocation of Maximum Headcount

Staff			Revenue	
Infrastructure	11	12.2%	{Shared resources}	
Admin, HR, Finance & IT	10	11.1%	{Shared resources}	
Marketing	2	2.2%	{Shared resources}	
Tours/Admissions/Exhibits	34	37.8%	58.8%	Tours
Gift Shop	9	10.0%	15.6%	Gift Shop
F&B	12	13.3%	12.1%	Food & Beverage
Farming	11	12.2%	8.1%	Meat Sales
{No allocated staff}			4.5%	Rental & other income
Research	1	1.1%	1.0%	Turtle Sponsorships
	90	100.0%	100.0%	

This allocation table also shows the relative sizes of staff groups directly related to the revenue streams.

- The “Infrastructure” group is responsible for all the buildings and grounds maintenance, janitorial (partly contracted out), security (contracted out), MEP (mechanical, electrical & plumbing) which covers plant, equipment and vehicle maintenance (except IT), so this staff group comprises resources supporting facilities for all the revenue streams.
- Administration, Human Resources, Finance, Information Technology, and Marketing staff groups support the various revenue streams.
- The “Exhibits” staff group includes Lifeguards and Animal Programs staff (both Marine and Terrestrial/Aviary). The Lifeguards oversee the safety of guests and animals in the Turtle Lagoon (salt-water snorkelling exhibit with turtles and fish), the Breakers Lagoon (fresh-water swimming and waterfalls exhibit), the Turtle Twister Water Slide, the Turtle Wading Pool exhibit and Touch Tanks exhibit, and also provide First-Aid incident response to guests and staff throughout the park. Lifeguards also serve as Lagoon Cleaners for the upkeep of both lagoons as well as the Predator Reef exhibit. CTF is the only establishment in the Cayman Islands to employ full-time, certified Lifeguards.
- There are no staff groups specifically designated to the “Rental & other income” revenue stream.

Capital Contributions

As shown the Company’s audited Financial Statements, the total Equity Injection made by the Governor in Cabinet in the company during the financial year was \$15,564,162. Of this amount, \$10,503,078 was contributed in “cash” and \$5,061,084 represented the reclassification of an accounts payable amount for

outstanding insurance premiums from prior years, to be properly shown as a contribution from the shareholder, in compliance with advice from our auditors.¹⁰

Of the “cash” amount of the Equity Injection, \$5,928,718 went toward debt servicing, which in turn reduced the debt balance of bank loans and the bond by \$4,514,468 during the year. **\$3,520,624** went toward “subsidizing” the shortfall between “revenues including rental and other income” and “operating expenses before interest, tax, depreciation, and amortization”, and the remaining impacts were \$1,572,111 reduction in the overdraft amount, current account balances reduced by \$950,700 and remaining funds were applied toward other changes affecting “cash” (various items shown on the Statement of Cash Flows). A summary analysis of how the Equity Injection was applied is shown in Table 6:

Table 6 Analysis of Application of Capital Contribution

CI\$ equivalent		Application of Capital Contribution 2013-2014
15,564,162		Total Capital Contribution from Government [Note 11]
(5,061,084)	-	to Reclassification of Insurance Premium "Account Payable" [Note 11]
10,503,078		"Cash" Contribution of Equity Investment [per the Appropriation Law]
	(1,750,027)	Long Term Bank Debt Paid [Note 9 & Statement of Cash Flows]
	(2,764,441)	Repayment of Guaranteed Senior Notes [Note 8 & Statement of Cash Flows]
	(4,514,468)	Debt servicing: debt repaid (debt balance reduction)
	(1,414,250)	Debt servicing: interest paid [Statement of Cash Flows]
(5,928,718)	(5,928,718)	to Debt Servicing - total
(705,425)		to Capital Expenditure projects [Note 7]
(3,520,624)		to subsidise “cash” shortfall between Revenues, CoS and OpEx BITDA
950,700		from reduction in Current Accounts [Notes 4, 14]
(1,572,111)		to reduction in Overdraft [Notes 4, 14]
273,100		to other changes affecting "cash" [various items on Statement of Cash Flows]

- References to [Notes] and [Statement of Cash Flows] in the table above, refer to the relevant sections in the Audited Financial Statements.
- Revenues include “Rental and other income”
- CoS: Cost of Sales
- OpEx BITDA: Operational Expenses before Interest, Tax, Depreciation and Amortization (there is no Tax in this instance however)
- **For comparison, the “shortfall” for 2012-2013 was \$3,620,291.**

Capital Withdrawals

There were no Capital Withdrawals made by the Governor in Cabinet from the Company during the financial year.

Dividends or Profit Distributions

There were no Dividends or Profit Distributions paid by the company during the financial year.

¹⁰ See the third paragraph of the *Bases for Qualified Opinion* in the *Independent Auditors' Report to the Directors* of the financial statements for the year ended 30 June 2014,

Loans

There were no new loans to the company by the Governor in Cabinet or by any financial institution, during the financial year.

Table 7 shows the loan and bond debt balances totaling \$22,418,655 as at 30th June 2014:

Table 7 Loan and Bond Debt Balances as at 30th June 2014

CI\$ equivalent at 30-Jun-14	From date	
<u>18,759,220</u>	Mar.2004	Guaranteed senior notes ¹¹
18,759,220		Bond debt
805,931	Mar.2006	CNB Loan "Facility 1"
1,080,839	Nov.2004	CNB Loan "Facility 2"
<u>1,772,665</u>	May.2009	FCIB Loan "Facility 3"
3,659,435		Loan debt

Guarantees

There were no new Guarantees relating to the company made by the Governor in Cabinet during the financial year.

At the time of issue of the foregoing debt instruments, as well as up to CI\$4.2 Million of the Overdraft facility, the Governor in Cabinet had guaranteed the debt as shown in Table 8, and these guarantees remain in place.

Table 8 Government Guarantees of debt and overdraft

Up to (CI\$ equivalent)	Guarantee
36,600,000	for Guaranteed senior notes
12,432,000	for Bank Loans
<u>4,200,000</u>	for Overdraft
53,232,000	

¹¹ In regard to the "Guaranteed senior notes":

The Notes were issued at par and were placed by William Blair & Company, L.L.C. (the "Placement Agent") with third party institutional investors. The Notes are guaranteed by the Government up to an amount of CI\$36,600,000. **The Notes mature on March 1, 2019** and bear interest at a fixed rate of 4.85% per annum, payable quarterly in arrears. Quarterly payments commenced on June 2, 2004. The first 9 quarterly payments were interest only, and quarterly payments of principal and interest commenced on September 1, 2006. The principal amount of the Notes will amortise quarterly to an approximate **final principal payment of US\$5,400,000 (CI\$4,536,000) due on March 1, 2019.**

Other Highlights of Financial Year ended 30th June 2013

Highlights of Major Successes in 2013-2014

Performance of “Tourist Attraction” lines of business

- The number of Stayover guests increased 9.0% Year-on-Year. To pursue stay-over visitors CTF introduced a shuttle bus service from the major resorts in the SMB area, as mentioned in page 19 above. We also introduced an ongoing promotion offering 20% discount on admissions to visitors travelling on Cayman Airways who show their boarding pass dated within the past six months.
- A new Gift Shop manager joined the Company in July 2013. She introduced several more locally-sourced product lines and significantly improved financial performance of our Splash Gift Shop: Retail revenues are up 16.4% vs 2012-2013, Retail Cost-of-Sales reduced to 35.7% of sales (2012-2013: 46.9%). Locally-sourced gifts and souvenirs in Splash include locally made sea salt and rubs, locally made rum-infused coffee beans, polished logwood products, body scrubs, a variety of hand-made luxury soaps and lotions, locally made pepper jelly, jams and hot sauces, locally made Christmas ornaments, as well as locally designed picture frames. We also have introduced a new range of tropical-themed shirts and beach wear of various designs and materials, with many of them incorporating turtle images.

Performance of Captive Breeding and Turtle Meat Production

- To better match demand with available supply, CTF reduced the prices of turtle meat products in September 2013. Turtle meat product sales increased 45% in volume and 18% in revenue. As shown on page 43, production remained within the sustainable harvest limits as specified in our Strategic Goals for the year.



- As of 30th October 2014, a total of 2,602 hatchlings were put to water, which is well over the minimum quantity needed to sustain the “production pipeline”.
- The hatch rate (hatchlings produced : eggs incubated) increased significantly, from 10.8% in 2013 to 15.6% in 2014.

Progress in Debt Reduction

- The Company's bank overdraft reduced by \$1.572 Million, to \$2.045 Million (the approved overdraft limit is \$4.583 Million of which \$4.2 Million is guaranteed by Government).
- The Company reduced the outstanding amount of the “bond” (described in the Financial Statements as “Guaranteed senior notes”) by CI\$2.681 Million, to a carrying value of CI\$18,759,220 at year end.
- The Company reduced the outstanding amount of bank loan debt by CI\$1.750 Million, to a carrying value of CI\$3,659,435 at year end.
- The total carrying value of bank loan and bond debt as at 30th June 2014 is \$22.419 Million.

External Recognition

- During the year a study in collaboration with a US university was concluded and accepted for publication in the Journal of Endangered Species Research. The paper is titled “*Variation in age and size at sexual maturity in Kemp’s ridley sea turtles.*”
- The Cayman Islands was recently voted #2 on the list of 16 “Best Places to Visit in the Caribbean” by the readers of US News & World Report¹² and **Cayman Turtle Farm: Island Wildlife Encounter is named one of the “Best Things to Do in Cayman Islands”**¹³.
- 52 tourism stakeholders were nominated at the 11th annual Cayman Islands Tourism Association [CITA] “Stingray Awards” on 24th June 2014, and one of Cayman Turtle Farm's team won a prestigious award. Congratulations to Bendel “Benny” Ebanks, our Tour Guide Supervisor, who CITA President Ken Hydes presented with the Long Service Award. Bendel has been a part of the Cayman Turtle Farm family for 28 years and continuously demonstrates the hard work and dedication as a knowledgeable tour guide. He “has a way with people” and has made many friends over the years. Our Terrestrial Exhibits Curator Geddes Hislop was also honoured as a nominee for CITA's Allied Manager of the Year award. He leads the Educational programme and tour, with visits of over 2000 students each year from local schools and some international educational establishments also, all the way up to university level.



.....



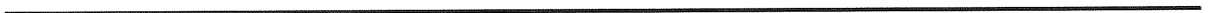
¹² http://travel.usnews.com/Rankings/Best_Caribbean_Vacations/

¹³ http://travel.usnews.com/Cayman_Islands/Things_To_Do/

Financial Statements of

CAYMAN TURTLE FARM (1983) LIMITED

June 30, 2014



CAYMAN TURTLE FARM (1983) LIMITED

Table of Contents

Statement of Responsibility for the Financial Statements	1
Independent Auditors' Report to the Directors	2-4
Statement of Financial Position	5
Statement of Comprehensive Loss	6
Statement of Changes in Shareholder's Equity/(Deficit)	7
Statement of Cash Flows	8
Notes to Financial Statements	9-35

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by Cayman Turtle Farm (1983) Limited in accordance with the provisions of the *Public Management and Finance Law (2013 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2013 Revision)*.

As Chairman and Managing Director, we are responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Cayman Turtle Farm (1983) Limited.

As Chairman and Managing Director we are responsible for the preparation of Cayman Turtle Farm (1983) Limited's financial statements and for the judgements made in them.

The financial statements fairly present the financial position (except for property, plant, equipment and exhibits), financial performance, changes in shareholder's equity/(deficit) and cash flows for the financial year ended June 30, 2014.

To the best of our knowledge we represent that these financial statements:

- (a) are completely and reliably reflect the financial transactions of the Cayman Turtle Farm (1983) Limited for the year ended June 30, 2014;
- (b) fairly reflect the financial position as at June 30, 2014 and performance for the year ended June 30, 2014;
- (c) comply with International Financial Reporting Standards under the responsibility of the International Accounting Standards Board.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General and its agent has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

BRIAN WIGHT

Chairman
Cayman Turtle Farm (1983) Limited

Date: October 29, 2014

TIMOTHY P. ADAM

Managing Director
Cayman Turtle Farm (1983) Limited

Date: October 29, 2014

Independent Auditors' Report to the Directors

In accordance with section 61(1)(a)(i) of the *Public Management and Finance Law (2013 Revision)* we have audited the accompanying financial statements of Cayman Turtle Farm (1983) Limited (the "Company"), which comprise the statement of financial position as at June 30, 2014 and the statements of comprehensive loss, changes in shareholder's equity/(deficit) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

This report is prepared for the Directors of the Company in accordance with the terms of an engagement letter dated October 7, 2014 and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

(continued)

Independent Auditors' Report to the Directors (continued)

Bases for Qualified Opinion

International Accounting Standard 36: "Impairment of Assets" ("IAS 36") requires management to assess whether there is an indication that the Company's assets may be impaired and, if such indication exists, estimate the recoverable amount of the assets and recognise an impairment loss to the extent that the carrying value exceeds the recoverable amount. Due to the nature, size and complexity of the Company's property, plant, equipment and exhibits, management were unable to determine whether there was any indication of impairment nor determine an estimate of the recoverable amount. We were therefore unable to determine whether any adjustments are required to property, plant, equipment and exhibits recorded on the statement of financial position at June 30, 2014 and any impact on the statement of comprehensive loss for the year then ended.

As described in note 10, the statement of financial position as at June 30, 2013 includes a provision for pensions payable of CI\$1,196,000. This provision for pensions payable as at June 30, 2013 was based on a June 30, 2012 estimate provided to the Company by the Public Service Pensions Board. In the absence of an actuarial valuation as at June 30, 2013, we were unable to obtain sufficient appropriate audit evidence to form an opinion on the provision for pensions payable in the statement of financial position at June 30, 2013, nor the related change recognised in the statement of comprehensive loss and the related information disclosed in note 10. As at June 30, 2014 the provision for pensions payable is fairly stated.

During the year ended June 30, 2007 and subsequently, the Cayman Islands Government, the sole shareholder of the Company, paid insurance premium payments on behalf of the Company totalling CI\$5,061,084 which were included in accounts payable and accrued charges at June 30, 2013. There is no agreed schedule of repayment and it is not possible to estimate when this amount will be repaid due to the financial condition of the Company (see emphasis of matter paragraph below). Under International Financial Reporting Standards, the insurance premium payments are in substance capital contributions as the Company does not have the ability to repay this obligation back to the shareholder. Therefore, in our opinion, the classification of this amount of CI\$5,061,084 as a liability in the statement of financial position at June 30, 2013 is incorrect, and should be reflected as a contribution from the shareholder. As at June 30, 2014, this has been correctly classified as a contribution from the shareholder.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have determined to be necessary in respect of the matters discussed in the "Bases for Qualified Opinion" paragraph above, the financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

(continued)

Independent Auditors' Report to the Directors (continued)

Emphasis of Matter

We draw attention to note 12 of the financial statements which discloses that the Company is dependent upon the continued financial support of the Government of the Cayman Islands to enable it to meet its obligations as they fall due. Without this ongoing support a material uncertainty exists that casts significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

KPMG

October 29, 2014



KPMG
PO Box 493
Century Yard
Grand Cayman KY1-1106
CAYMAN ISLANDS

Telephone: +1 345 949-4800
Fax: +1 345 949-7164
Internet: www.kpmg.ky

ASS

Alastair Swarbrick, MA (Hons), CPFA
Auditor General
October 29, 2014



Office of the Auditor General
PO Box 2583
3rd Floor, Anderson Square
Grand Cayman KY1-1103

Tel: 345-244-3211
Fax: 345-945-7738

E-mail: auditorgeneral@oag.gov.ky
Internet: www.auditorgeneral.gov.ky

CAYMAN TURTLE FARM (1983) LIMITED

Statement of Financial Position

June 30, 2014

(expressed in Cayman Islands dollars)

	Note	2014	2013
Assets			
Current assets			
Bank balances	4, 14	1,168,673	2,119,373
Accounts receivable		306,076	328,902
Prepayments and accrued interest		122,846	20,184
Inventories	5	126,962	79,468
Biological assets	6	1,431,555	1,600,194
		3,156,112	4,148,121
Non-current assets			
Property, plant, equipment and exhibits	7	31,081,192	33,083,499
Total assets	CI\$	34,237,304	37,231,620
Liabilities and shareholder's equity/(deficit)			
Current liabilities			
Bank overdraft	4, 14	2,044,631	3,616,742
Accounts payable and accrued charges		889,700	6,022,064
Interest payable		76,760	87,927
Guaranteed senior notes	8, 14	2,917,320	2,764,440
Bank debt due within 1 year	9, 14	1,569,598	1,715,635
		7,498,009	14,206,808
Non-current liabilities			
Guaranteed senior notes	8, 14	15,841,900	18,675,283
Long term bank debt	9, 14	2,089,837	3,693,827
Provision for pensions payable	10b	1,300,000	1,196,000
Provision for severance payable	10c	29,771	29,771
		19,261,508	23,594,881
Total liabilities		26,759,517	37,801,689
Shareholder's equity/(deficit)			
Share capital			
- Authorised, issued and fully paid 400,000 shares of \$3 each and 50,000 shares of \$1 each		1,250,000	1,250,000
Contributed capital	11	80,346,419	64,782,257
Accumulated loss		(74,118,632)	(66,602,326)
	12	7,477,787	(570,069)
Total liabilities and shareholder's equity	CI\$	34,237,304	37,231,620

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on October 29, 2014

BRIAN WIGHT

Chairman

TIMOTHY P. ADAM

Managing Director

CAYMAN TURTLE FARM (1983) LIMITED

Statement of Comprehensive Loss

For the year ended June 30, 2014
(expressed in Cayman Islands dollars)

	Note	2014	2013
Operations			
Revenue	19	5,550,440	5,673,980
Cost of sales	19	(1,446,038)	(1,527,820)
Change in fair value of biological assets	19	230,299	453,226
Gross profit		4,334,701	4,599,386
Direct expenses		(7,376,118)	(7,269,817)
Net operating loss		(3,041,417)	(2,670,431)
Rental and other income	17	259,569	248,840
Administrative expenses			
Administration and overheads	19	(2,390,334)	(2,596,244)
Interest and amortization	19	(1,414,249)	(1,647,873)
Other depreciation expense	19	(337,600)	(322,179)
Research expenses	19	(275,656)	(266,638)
Marketing expenses	19	(212,619)	(281,727)
Net change in defined benefit liability	10b	(104,000)	52,000
Total administrative expenses		(4,734,458)	(5,062,661)
Net loss for the year	12	CI\$ (7,516,306)	(7,484,252)

See accompanying notes to financial statements.

CAYMAN TURTLE FARM (1983) LIMITED

Statement of Changes in Shareholder's Equity/(Deficit)

For the year ended June 30, 2014
(expressed in Cayman Islands dollars)

		Share capital	Contributed capital (Note 11)	Accumulated loss	Total
Balance at June 30, 2012	CIS	1,250,000	54,103,486	(59,118,074)	(3,764,588)
Capital contribution from shareholder		0	10,678,771	0	10,678,771
Net loss for the year		0	0	(7,484,252)	(7,484,252)
Balance at June 30, 2013	CIS	1,250,000	64,782,257	(66,602,326)	(570,069)
Capital contribution from shareholder		0	15,564,162	0	15,564,162
Net loss for the year		0	0	(7,516,306)	(7,516,306)
Balance at June 30, 2014	CIS	1,250,000	80,346,419	(74,118,632)	7,477,787

See accompanying notes to financial statements.

CAYMAN TURTLE FARM (1983) LIMITED

Statement of Cash Flows

For the year ended June 30, 2014
(expressed in Cayman Islands dollars)

	Note	2014	2013
Cash flows from operating activities			
Net loss for the year		(7,516,306)	(7,484,252)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant, equipment and exhibits	19	2,707,732	2,721,314
Movement in breeder herd valuation	6	259,479	(42,565)
Movement in secondary herd valuation	6	(90,840)	(112,842)
Amortisation of transaction costs	8	83,938	92,254
Changes in:			
Decrease in accounts receivable		22,826	475,568
(Increase)/decrease in prepayments and accrued interest		(102,662)	23,161
(Increase)/decrease in inventories		(47,494)	26,550
Increase in interest payable		(11,167)	(10,593)
(Increase)/decrease in accounts payable and accrued charges		(5,132,364)	82,637
Decrease/(increase) in provision for pensions payable	10b	104,000	(52,000)
Net cash used in operating activities		(9,722,858)	(4,280,768)
Cash flows from investing activities			
Additions to property, plant, equipment and exhibits	7	(705,425)	(543,045)
Net cash used in investing activities		(705,425)	(543,045)
Cash flows from financing activities			
Long term bank debt paid		(1,750,027)	(1,620,651)
Repayment of guaranteed senior notes	8	(2,764,441)	(2,620,800)
Capital contributions from shareholder	11	15,564,162	10,678,771
Net cash from financing activities		11,049,694	6,437,320
Net increase in cash and cash equivalents		621,411	1,613,507
Cash and cash equivalents at beginning of year		(1,497,369)	(3,110,876)
Cash and cash equivalents at end of year	4 CI\$	(875,958)	(1,497,369)
Supplementary information:			
Interest paid	CI\$	1,414,250	1,584,908
Interest received	CI\$	0	0

See accompanying notes to financial statements.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements

June 30, 2014

(expressed in Cayman Islands dollars)

1. Incorporation and activity

Cayman Turtle Farm (1983) Limited (the "Company") is incorporated in the Cayman Islands and is 100% owned by the Government of the Cayman Islands (the "Government"). Initially, the sole operation of the Company was rearing green sea turtles under controlled farm conditions. However, due to the world-wide ban on the export of turtle products, the Company shifted its primary objective to the operation of a tourist attraction, including a gift shop, restaurant and bar. The production of turtle meat and related products is limited to that necessary to meet local demand within the Cayman Islands. The secondary objective is the conservation and re-population of sea turtles within the waters of the Cayman Islands and in the wider Caribbean.

The Company's address is 786 North West Point, West Bay, Grand Cayman. The Company had a staff complement of 81 and 84 in 2014 and 2013, respectively.

The Company's operations consist of a marine park and related developments on a 23.5 acre site located in West Bay, Grand Cayman. The marine park (the "Park") includes a turtle interactive area, educational pavilion, hatchery and science laboratory, fresh water pool, saltwater snorkel lagoon, predator tank, crocodile marsh, nature trail, aviary, shopping bazaar, restaurant and bar.

See Note 12 for discussion of matters relating to the ability of the Company to continue as a going concern.

2. Accounting policies

Basis of preparation

These financial statements are prepared under the historical cost convention, modified by the valuation of biological assets at fair value, and in accordance with International Financial Reporting Standards ("IFRS"). As outlined in Note 12, the continued existence of the Company is contingent on the ongoing support from the Company's shareholder and the maintenance of the credit facilities provided by the Company's bankers. As management consider that this support will be ongoing and there are no indications which suggest otherwise, management consider the preparation of the financial statements under the going concern assumption to be appropriate.

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements, relate to management's assessment of whether an impairment provision is required in respect of property, plant, equipment and exhibits (Note 7), the valuation of biological assets (Note 6) and the provisions for pensions payable and severance payable (Note 10). Unless otherwise disclosed, these financial statements are presented in Cayman Islands dollars ("CI\$").

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

2. Accounting policies (continued)

New and revised standards and interpretations that are not yet effective:

Certain new, revised and amended standards and interpretations came into effect during the current financial year. There was no material impact on the financial statements as a result of those amendments.

At the date of authorisation of the financial statements the following new relevant standards, amendments to standards and interpretations, which were in issue, are not yet effective. Those standards and interpretations are effective for the accounting periods beginning on, or after the indicated dates:

- *Amendment to IAS 32 Financial Instruments: Presentation* (effective January 1, 2014). The standard clarifies that an entity currently has a legal enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparts. In addition, it clarifies that gross settlement is equivalent to net settlement if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle.
- *IFRS 9, Financial Instruments (2010)*, which is effective for annual reporting periods beginning on or after January 1, 2015, retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It also includes guidance on classification and measurement of financial liabilities designated as at fair value through profit or loss and incorporates certain existing requirements of IAS 39, Financial Instruments: Recognition and Measurement, on the recognition and de-recognition of financial assets and financial liabilities.
- *Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)* is effective for annual reporting periods beginning on or after July 1, 2014. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for the practical expedient if they are:
 - Set out in the formal terms of the plan;
 - Linked to service; and
 - Independent of the number of years of service.

When contributions are eligible for the practical expedient, a company is permitted to recognize them as a reduction of the service cost in the period in which the related service is rendered.

- *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)* is effective for annual reporting periods beginning on or after January 1, 2014.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

2. Accounting policies (continued)

New and revised standards and interpretations that are not yet effective (continued):

- Improvements to IFRS 2010 – 2012 and 2011 – 2013 cycles contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the Company are as follows:
 - *IFRS 13 Fair Value Measurement* is amended to clarify that the standard did not intend to prevent entities from measuring short term receivables and payables that had no stated interest rate at their invoiced amounts when discounting, if the effect of not discounting is immaterial.
 - *IAS 16 Property, Plant and Equipment* and *IAS 38 Intangible Assets* have been amended to clarify that, at the date of revaluation:
 - the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking in to account accumulated impairment losses, or
 - The accumulated depreciation is eliminated against the gross carrying amount of the asset
 - *IAS 24 Related Party Disclosures* is amended to extend the definition of a related party to include a management entity that provides key management personnel services to the reporting entity.

The Company is assessing the impact, if any, that the new, revised and amended standards may have on its financial statements in future years when they become effective.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

2. Accounting policies (continued)

The significant accounting policies adopted in the preparation of these financial statements are:

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consists of cash on hand, balances with banks (including overdrafts) on demand and at short notice, and short-term highly liquid investments with original maturity dates of less than 90 days.

Accounts receivable

Accounts receivable comprise receivables from customers and contributions from the Government (a related party), and are reduced by any allowance for doubtful accounts where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Biological assets - Secondary herd

The secondary herd, which is reared for slaughter, is valued at fair value calculated using market prices and expected yields of each type of product based on historical data. Changes in the carrying amount attributable to physical change in such biological assets and changes attributable to price change are recognised as income or expense in the statement of comprehensive loss.

Biological assets - Breeder herd

It is management's policy to differentiate between turtles which were acquired from the wild and will be released at the end of their breeding lives, and farm bred turtles which may be slaughtered at the end of their breeding lives. Mature turtles (i.e. those that have reached breeding age) acquired from the wild have a zero carrying value.

The breeder herd is valued at fair value, calculated using market prices and expected yields of each type of product based on historical data.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

2. Accounting policies (continued)

Property, plant, equipment and exhibits

Property, plant, equipment and exhibits are recorded at cost and, with the exception of land which is not depreciated, are depreciated using the straight line method over their estimated useful lives as follows:

Buildings and lagoons	10 - 20 years
Plant and equipment	4 - 10 years
Motor vehicles	3 - 4 years
Furniture and office equipment	4 - 5 years
Exhibits	6 years
Computer hardware and software	3 years

The estimated useful lives, residual values and depreciation method are reviewed at year-end and the effect of any changes in the estimate is accounted for on a prospective basis.

Cost comprises the purchase price of an asset plus any directly attributable costs of bringing the asset to working condition for its intended use such as import duties, site preparation, initial delivery and handling cost, installation cost and professional fees (e.g. architects and engineers). Certain borrowing costs are also included in the cost basis of the related asset; see "borrowing costs" below. Costs of improvements are included in the cost of the applicable asset.

New and redeveloped assets are not depreciated until the assets are placed into service. Capitalised cost includes direct labor and benefits for employees specifically identified with the project. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

Repairs and maintenance are charged to production or overhead expenses in the statement of comprehensive loss as incurred.

Donated assets are recorded at their estimated fair value at the date of receipt.

Exhibits represent the cost of various marine life, including acquisition costs, contained within the salt water lagoons at the park. Management estimate that the total life of these marine life to be approximately 10-12 years. As the Company has acquired these marine life at a mature stage in their life cycle, management have assumed that the remaining useful life for the exhibits from the date of acquisition to be approximately 6 years.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

2. Accounting policies (continued)

Financial assets and liabilities

(i) Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments with another enterprise under conditions that are potentially favorable or an equity instrument of another enterprise. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(ii) Recognition

The Company recognises financial assets and liabilities on the date it becomes a party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in financial liabilities measured at amortised cost are recognised in the statement of comprehensive loss.

Financial assets comprise cash and cash equivalents, accounts receivable and prepayments and accrued interest. Financial liabilities comprise as bank overdraft, accounts payable, guaranteed senior notes, long term bank debt and the provisions for pensions payable and severance payable. Management determines the classification of its financial assets and liabilities at initial recognition.

(iii) Measurement

Financial instruments are measured initially at cost, including transaction costs. For financial assets acquired, cost is the fair value of the consideration given, while for financial liabilities cost is the fair value of consideration received.

Financial assets classified as loans and receivables and financial liabilities measured at amortised cost are carried at amortised cost using the effective interest rate method, less impairment losses, if any, for financial assets.

(iv) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred all the risks and rewards of ownership. A financial liability is derecognised when it is discharged, cancelled or expires.

(v) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis. At June 30, 2014 and 2013, there were no assets or liabilities reported on a net basis.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

2. Accounting policies (continued)

Financial assets and liabilities (continued)

(vi) Impairment

A financial asset is impaired if there is objective evidence indicating that one or more events have had a negative effect on the estimated future cash flows of that asset. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. All impairment losses are recognised in the statement of comprehensive loss.

At June 30, 2014 and 2013, no impairment loss was recognised in the financial statements.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition or development of an asset which takes a substantial period of time to ready it for its intended use are capitalised and included as part of the cost of the asset. Such costs include interest, the amortisation of discounts or premiums on issue, and amortisation of transaction costs associated with the arrangement of the borrowings. To the extent funds borrowed for the acquisition or development of a specific asset are invested on a temporary basis, the interest income is netted with the related borrowing costs to determine the amount of borrowing costs eligible for capitalisation. Capitalisation ceases when the related asset, or completed part thereof, is effectively ready for use. All other borrowing costs are expensed in the statement of comprehensive loss during the period in which they are incurred.

Employee benefits

(a) Defined contribution pension plan

The Company's contributions are charged to the statement of comprehensive loss in the period to which the contributions relate (Note 10(a)).

(b) Defined benefit plan

Pension costs are recognised based upon the results of periodic actuarial assessments conducted in respect of the Cayman Islands Public Service Pension Plan. The cost of providing pensions is charged to the statement of comprehensive loss so as to spread the regular cost over the service lives of employees. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses are recognised over the average remaining service lives of employees. Changes in the estimate of the amount required to fund past service pension benefits are recognised immediately when advised to the Company.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

2. Accounting policies (continued)

Employee benefits (continued)

(c) Severance benefits for long-serving retired employees

Employees with over 25 years of service at retirement are entitled to an additional benefits package comprising a cash payment and payment of medical insurance premiums for a specified period. The costs of the benefits are accrued over the period of employment based on estimated valuations of these obligations determined by the Board of Directors.

Foreign currencies

The Company's transactions occur in United States dollars ("US\$") and Cayman Islands dollars ("CI\$"). The Company translates US\$ transactions into CI\$ using a fixed rate of US\$1.00 to CI\$0.84.

Notes issued

The Guaranteed Senior Notes (the "Notes") were initially recognised at "cost", being the issue proceeds net of transaction costs incurred. The liability is subsequently stated at amortised cost and the difference between the net proceeds of the issue of the Notes and the principal amount of the Notes is amortised over the term to the maturity of the Notes using the effective yield method and accounted for in accordance with the accounting policy described under "borrowing costs". Transaction costs include those incremental fees, commissions and payments to agents and advisors that are directly attributable to the Notes issuance.

Inventories of marketable products

Farm produced marketable products are valued at net realisable value.

Products purchased for resale and food and beverage are valued at the lower of cost on the first in, first out basis, and estimated net realisable value.

Inventories of feeds and other supplies

Feed and other supplies are valued using the weighted average cost basis.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of returns, rebates and discounts. The Company sells merchandise and turtle meat and charges admission fees to customers for entry to the farm. Sales of goods or services are recognised when the Company sells a product to the customer or the customer is admitted to the farm. Retail sales are usually in cash or by credit card.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

3. Fair value of financial instruments

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair value are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

If the inputs used to measure the fair value of an asset or liability fall in to different levels of the fair value hierarchy then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Further information about the assumptions made in measuring the fair value of biological assets is included in Note 6.

The carrying value reflected in the financial statements for cash and cash equivalents, accounts receivable, accrued interest, bank overdraft, interest payable and accounts payable are assumed to approximate to their fair values due to their short-term nature. Bank debt and guaranteed senior notes are carried at their contracted settlement value. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement.

4. Cash and cash equivalents

	2014	2013
Current accounts	1,168,673	2,119,373
Bank overdraft	(2,044,631)	(3,616,742)
	CIS\$ (875,958)	(1,497,369)

At June 30, 2014, the limit on the overdraft facility was CI\$4,583,333 (2013: CI\$4,583,333) at an interest rate of 5%. The Government, by way of letter of undertaking, guarantees overdraft facilities up to CI\$4,200,000 (2013: CI\$4,200,000).

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

5. Inventories

	2014	2013
Marketable products	92,969	57,596
Food and beverage	14,499	13,815
Feeds and other supplies	19,494	8,057
	CI\$ 126,962	79,468

6. Biological assets

	2014	2013
Livestock, at fair values:		
Secondary herd	1,099,101	1,008,261
Breeder herd	332,454	591,933
	CI\$ 1,431,555	1,600,194

The movements in the carrying value of the secondary herd are outlined as follows:

	2014	2013
Carrying value at beginning of year	1,008,261	895,419
Change attributable to differences in fair values	(4,312)	(78,650)
Biological transformation	494,089	489,310
Sales, at year end fair values	(398,937)	(297,818)
Net change in biological assets included in income	90,840	112,842
Carrying value at end of year	CI\$ 1,099,101	1,008,261

Biological transformation comprises the net effect of births, deaths and other losses, and growth within the secondary herd, measured at year-end fair values. Due to the continuing limitations surrounding the market for the products of the secondary herd, shells are valued at CI\$Nil.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

6. Biological assets (continued)

The movements in the net book value of the breeder herd are outlined as follows:

	2014	2013
Carrying value at beginning of year	591,933	549,368
Net increase/(decrease) during the year	(259,479)	42,565
	CIS 332,454	591,933

Net additions during the year are attributable to new breeders added, weight gained during the year, less mortalities. During the year ended June 30, 2014 one new breeder (2013: Nil) was added to the herd and thirty-seven turtles (2013: Nil) were transferred to the secondary herd. As of June 30, 2014 there was CI\$500,000 insurance coverage associated with the livestock.

Measurement of fair values:

(i) *Fair value hierarchy*

The fair value measurements for the breeder herd and secondary herd have been categorized as Level 3 fair values based on the inputs to the valuation techniques used.

(ii) *Valuation techniques and significant unobservable inputs*

The following valuation techniques and significant unobservable inputs have been used in determining the Level 3 fair values of the breeder herd and secondary herd:

- *Valuation technique:* The valuation model considers the percentage of steak, stew, fin and bone that can be yielded as well as the current selling prices for these items. The expected cash flows are reduced for the expected processing costs.
- *Unobservable inputs:* Percentage yields, estimated weight gain as well as the directly attributable processing costs to the Company are considered to be unobservable inputs.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

7. Property, plant, equipment and exhibits

		Land	Buildings and lagoons	Plant and equipment	Motor vehicles	Furniture and office equipment	Exhibits	Computer hardware & software	Total
Cost:									
As at June 30, 2013		1,251,349	48,692,352	1,673,061	275,929	1,124,838	672,787	422,858	54,113,174
Additions		0	236,667	284,399	43,793	13,536	0	127,030	705,425
As at June 30, 2014		1,251,349	48,929,019	1,957,460	319,722	1,138,374	672,787	549,888	54,818,599
Accumulated depreciation:									
As at June 30, 2013		0	17,553,340	1,223,505	252,762	1,098,880	663,571	237,617	21,029,675
Depreciation		0	2,448,758	140,452	14,435	10,227	3,122	90,738	2,707,732
As at June 30, 2014		0	20,002,098	1,363,957	267,197	1,109,107	666,693	328,355	23,737,407
Net book value:									
As at June 30, 2014	CI\$	1,251,349	28,926,921	593,503	52,525	29,267	6,094	221,533	31,081,192
As at June 30, 2013	CI\$	1,251,349	31,139,012	449,556	23,167	25,958	9,216	185,241	33,083,499

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

8. Guaranteed senior notes

Pursuant to a confidential placement memorandum, the Company issued Notes in the amount of US\$44,600,000 (equivalent to CI\$37,464,000) primarily for the purpose of funding the Park.

The Notes were issued at par and were placed by William Blair & Company, L.L.C. (the "Placement Agent") with third party institutional investors. The Notes are guaranteed by the Government up to an amount of CI\$36,600,000. The Notes mature on March 1, 2019 and bear interest at a fixed rate of 4.85% per annum, payable quarterly in arrears. Quarterly payments commenced on June 2, 2004. The first 9 quarterly payments were interest only, and quarterly payments of principal and interest commenced on September 1, 2006. The principal amount of the Notes will amortise quarterly to an approximate final principal payment of US\$5,400,000 (CI\$4,536,000) due on March 1, 2019.

The anticipated principal repayment schedule is as follows:

	2014	2013
Due within 1 year	2,917,320	2,764,440
Due between 2 and 5 years	16,073,400	12,670,560
Due in more than 5 years	0	6,320,160
	CI\$ 18,990,720	21,755,160

The Company has the right to prepay all or a portion of the Notes after March 12, 2005 (being the first anniversary of the closing date) at an amount equal to the remaining mandatory principal and interest payments discounted by the lesser of (i) the coupon on the Notes or (ii) 50 basis points over the yield on the U.S. Treasury obligation having a maturity equal to the then remaining life of the Notes. The Company did not exercise its right to prepay the Notes as at June 30, 2014.

Movements in the carrying value of the Notes, which is inclusive of unamortised transaction costs, in the year to June 30, 2014 and 2013 are:

	2014	2013
Carrying value at beginning of year	21,439,723	23,968,269
Repaid during the year	(2,764,441)	(2,620,800)
Amortisation of transaction costs for the year	83,938	92,254
Carrying value at end of year	CI\$ 18,759,220	21,439,723

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

8. Guaranteed senior notes (continued)

At June 30, 2014, unamortised transaction costs amounted to CI\$231,500 (2013: CI\$315,437). During the year ended June 30, 2014 amortised transaction costs of CI\$83,938 (2013: CI\$92,254) were charged to the statement of comprehensive loss as part of interest and amortisation. The effective yield on the Notes, after taking into account the coupon rate and amortisation of costs, is approximately 5.3%.

9. Bank debt

On March 26, 2006, the Company obtained a loan facility ("Facility 1") from Cayman National Bank to assist the Company with budget shortfalls relating to the Park which is guaranteed by the Government. The terms of this loan are as follows:

On demand, repayable at blended monthly payments of principal and interest of US\$37,196 (CI\$31,245) over a term of 118 months.

Total loan facility available to the Company	US\$	3,400,000
Equivalent to	CI\$	2,856,000
Balance outstanding at June 30, 2014	CI\$	805,931
Balance outstanding at June 30, 2013	CI\$	1,169,562

On November 7, 2006, the Company obtained a loan facility ("Facility 2") from Cayman National Bank to assist the Company with budget shortfalls relating to the Park which is guaranteed by the Government. The terms of this loan are as follows:

On demand, repayable at blended monthly payments of principal and interest of US\$130,340 (CI\$109,486) over a term of 10 years.

Total loan facility available to the Company	US\$	10,400,000
Equivalent to	CI\$	8,736,000
Balance outstanding at June 30, 2014	CI\$	1,080,839
Balance outstanding at June 30, 2013	CI\$	2,331,782

On May 21, 2009, the Company obtained a loan facility ("Facility 3") from First Caribbean International Bank to assist the Company with operating cashflow shortfalls. The facility is fully guaranteed by the Government. The terms of this loan are as follows:

During the availability period (May 21, 2009 to October 30, 2009) the facility was carried on an interest only basis, payable monthly in arrears. Subsequent to this availability period, the facility will be repaid in blended principal and interest monthly installments of US\$22,000 (CI\$18,480) commencing on November 30, 2009 for a period of 15 years.

Total loan facility available to Company	US\$	2,800,000
Equivalent to	CI\$	2,352,000
Balance outstanding at June 30, 2014	CI\$	1,772,665
Balance outstanding at June 30, 2013	CI\$	1,908,118

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

9. Bank debt (continued)

The Government by way of letter of undertaking guarantees the loan facilities for US\$14,800,000 (CI\$12,432,000). Facilities 1 and 2 bear interest between 0.5% and 1.0% above US Dollar prime rate, reset monthly. Facility 3 bears interest at 3.75% above the 90-day London Interbank offer rate (LIBOR). The effective rate at June 30, 2014 is between 3.75% and 4.02% (2013: between 3.75% and 4.23%).

The combined anticipated repayment schedule is:

	2014	2013
Due within 1 year	1,569,598	1,715,635
Due between 2 and 5 years	1,084,330	2,525,400
Due in more than 5 years	1,005,507	1,168,427
	CI\$ 3,659,435	5,409,462
Current portion	1,569,598	1,715,635
Long term portion	2,089,837	3,693,827
	CI\$ 3,659,435	5,409,462

10. Provision for pensions payable and severance payable

The Company and its employees participate in the Cayman Islands Public Service Pension Plan (the "Plan") on both a defined contribution and defined benefit basis as explained below:

a) *Defined contribution plan*

For employees enrolled in the defined contribution plan, the Company and the employee each contribute 6% of the employee's salary or wage each year. During the year ended June 30, 2014 contributions of CI\$189,341 (2013: CI\$192,720) were made by the Company and included in the statement of comprehensive loss.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

10. Provision for pensions payable and severance payable (continued)

b) Defined benefit plan

Employees who served with the Company prior to January 1, 2000 are enrolled in the defined benefit program. Contributions towards benefits accruing in respect of current service (i.e. for the period since the employee was enrolled in the plan) are funded at rates periodically advised to the Company by the Pensions Board and are recognised as an expense in the period incurred. The Company is also required to make payments to the plan to fund benefits accruing in respect of past service (the "past service funding liability"). This past service funding liability, which is generally equivalent to the actuarially determined present value of the defined benefit obligations less the value of the assets available to meet such obligations, is calculated periodically by the Plan actuaries and advised to the Company by the Pensions Board. The Company recognises changes in the past service funding liability, adjusted for funding payments made, as an expense or gain in the period in which such changes are incurred. In the absence of formal notification from the Pensions Board, the Company has no reliable way to quantify its liability to the Plan in respect of unfunded past service benefits.

The most recent actuarial valuation was performed as of June 30, 2014 by Mercer and the results, which was advised to the Company by the Public Service Pension Board ("PSPB") in July 2014, indicated a Plan deficit attributable to the Company of CI\$1,300,000.

	2014 CI\$000's	2013 CI\$000's
Provision at beginning of year	1,196	1,248
Defined benefit cost included in profit and loss	104	(52)
Provision at end of year	CIS 1,300	1,196

	2014 CI\$000's	2013 CI\$000's
Company's share of Defined benefit obligation	(2,687)	(1,693)
Fair value of plan assets	1,387	985
Funded status	(1,300)	(708)
Unrecognised actuarial gain/(loss)	0	(488)
Defined benefit liability	(1,300)	(1,196)

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

10. Provision for pensions payable and severance payable (continued)

b) Defined benefit plan (continued)

Movement in defined benefit obligations during the year:

	2014 CI\$000's	2013 CI\$000's
Defined benefit obligation at beginning of year	(1,693)	(1,584)
Current service cost – 2013/2014	(123)	0
Current service cost – 2011/2012	0	(60)
Interest expense - 2013/2014	(199)	0
Interest expense – 2011/2012	0	(87)
Contributions paid into the plan - 2013/2014	(33)	0
Contributions paid into the plan – 2011/2012	0	(106)
Remeasurement - 2013/2014	(639)	0
Remeasurement - 2011/2012	0	(144)
Transfers between other participating entities - 2013/2014	0	0
Transfers between other participating entities - 2011/2012	0	288
Defined benefit obligation at end of year	(2,687)	(1,693)

Movement in fair value of plan assets during the year:

	2014 CI\$000's	2013 CI\$000's
Fair value of plan assets as beginning of year	985	984
Interest income – 2013/2014	113	0
Interest income - 2011/2012	0	60
Employer contributions – 2013/2014	39	0
Employer contributions - 2011/2012	0	127
Plan participant contributions – 2013/2014	33	0
Plan participant contributions - 2011/2012	0	106
Administrative expenses paid from plan assets	(5)	0
Transfers between other participating entities – 2013/2014	0	0
Transfers between other participating entities -2011/2012	0	(288)
Remeasurement – 2013/2014	222	0
Remeasurement - 2011/2012	0	(4)
Fair value of plan assets at end of year	1,387	985

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

10. Provision for pensions payable and severance payable (continued)

b) Defined benefit plan (continued)

Components of defined benefit pension cost:

	2014 CI\$000's	2013 CI\$000's
Current service cost	(123)	(60)
Interest expense	(199)	(87)
Interest income	113	60
Administrative expenses and taxes	(5)	0
Employer contributions	39	127
Actuarial (gain)/loss	488	160
Re-measurements:		
Effect of changes in demographic assumptions	(150)	0
Effect of changes in financial assumptions	(408)	(144)
Effect of experience adjustments	(81)	0
Return on plan assets	222	(4)
Defined benefit cost included in profit and loss	(104)	52

As required by IAS 19 the Projected Unit Credit has been used as the Cost Method. Assumptions regarding future mortality rates are based on the published Standard US Mortality Rates. The retirement age is completion of age 57 and 10 years' service.

The principle actuarial assumptions are as follows:

	2014	2013
Economic Assumptions		
1. Discount rate	4.50%	5.20%
2. Salary increase	3.50%	3.50%
3. Rate of price inflation	2.50%	2.50%
4. Rate of pension increases	2.50%	2.50%

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

10. Provision for pensions payable and severance payable (continued)

b) Defined benefit plan (continued)

The distribution of the plan assets at June 30, 2014 is as follows:

	2010	2009
Global equities	79%	66%
Debt securities	20%	27%
Real estate/infrastructure	0%	3%
Cash	1%	4%
	100%	100%

c) Severance payable

In 1997 the Board of Directors approved a severance pay package entitling employees with over 25 years of service to a cash payment on retirement and payment of their health insurance premiums after retirement for a period to be determined by the Board of Directors. There are no eligible employees at June 30, 2014 (2013: None) and the total liability of the Company in respect of past service benefits for retired employees is approximately CI\$29,771 (2013: CI\$29,771).

11. Contributed capital

During the year ended June 30, 2014, the Government made an equity injection of CI\$15,564,162 (2013: CI\$10,678,771) which related to the Appropriation Law. Of this amount, CI\$5,061,084 was a reclassification of an accounts payable balance to the Government to contributed capital and CI\$10,503,078 was contributed in cash per the Appropriation Law.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

12. Going concern

Historically, the Company has been able to realise its assets and discharge its liabilities in the normal course of business. However, cost overruns of the development of the Park, lower than projected visitor numbers and operating costs in excess of initial budgets, have given rise to significant business risks that cast uncertainty over the Company's ability to continue as a going concern.

The matters described above have resulted in significant operational losses to the Company since the financial year ended June 30, 2006. These conditions have resulted in the Company being unable to discharge its obligations as they fall due in the ordinary course of business without recourse to lending facilities from the Company's bankers (which were only obtained through a guarantee from the Company's shareholder, the Government), or by means of equity injections from the Government. Furthermore, operational results subsequent to June 30, 2014 indicate that the Company continues to generate significant losses from operations and experience cash flow difficulties. The Board of Directors has been working to design and implement a number of other cost-saving measures as well as increasing profitability by exploring new revenue streams.

The Government continues to provide financial support to the Company in the form of further equity injections. The total funds approved by Government subsequent to June 30, 2014 are shown below:

Facility type	Appropriation law reference	Amounts approved	Amounts received
Equity injection	EI 49 (FY 2015)	9,500,000	1,685,000
Total funding, approved and advanced from Government	CI\$	9,500,000	1,685,000

13. Taxation

The Government does not currently levy taxes on income or capital gains, consequently no tax liability or expense is recorded in these financial statements.

14. Financial risk management

The Company's activities expose it to various types of risk that are associated with the financial instruments and markets in which it operates. The Company's Board of Directors have overall responsibility for the establishment and oversight of its risk management framework. The Company's risk management policies are established to identify and analyse the risks, set appropriate risk limits and controls and to monitor risks and adherence to limits. The most important types of financial risk to which the Company is exposed to are credit risk, liquidity risk and market risk.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

14. Financial risk management (continued)

This note presents information about the Company's exposure to each of these risks and the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. To mitigate this risk, the Company has adopted a policy of dealing only with counterparties which it believes to be credit worthy. Financial assets which potentially subject the Company to credit risk consist principally of cash and cash equivalents and trade receivables.

The main credit risk to the Company is the potential loss that would be incurred if the counterparty to the bank balances or accounts receivable fail to discharge their obligations to repay. Most of the Company's sales transactions are on a cash basis, which limits the credit risk relating to accounts receivable. Further, cash and cash equivalents are placed with two financial institutions in the Cayman Islands which management consider to be of good standing. The Company has no other significant credit risk.

The maximum exposure to credit risk for financial assets at the reporting date without taking account of any collateral held or other credit related enhancements and based on the net carrying amounts as reported in the statement of financial position, is:

	2014	2013
Cash and cash equivalents	1,168,673	2,119,373
Accounts receivable	306,076	328,902
	CIS 1,474,749	2,448,275

As at June 30, 2014, a provision for doubtful receivables of CI\$60,624 has been made against accounts receivable (2013: CI\$60,243).

No collateral is required from the Company's debtors.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

14. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to predict and manage the Company's expected cash outflows. Management monitors rolling forecasts of the cash and cash equivalents on the basis of expected cash outflows. Furthermore, throughout the year and subsequent to the year end, the Company has relied significantly on the support from the Government, as Shareholder, to provide funds in the form of bank guarantees and equity injections. The ability of the Company to meet its obligations is dependent on the ongoing financial support provided by the Government (Notes 11 and 12).

As at June 30, 2014, accounts payable, accruals and interest payable are all due within 3 months of the statement of financial position date. The repayment dates on the Guaranteed Senior Notes and bank debt are as described in Notes 8 and 9 above.

Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates or equity and commodity prices will affect the positions held by the Company making them less valuable or more onerous. The Company's activities expose it to financial market fluctuations. Market risk includes interest rate risk, price risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Bank debt is subject to interest rate risk. As outlined in Note 9, the bank debt attracts variable interest rates based on market interest rates which are reset monthly. Management does not consider there to be an interest rate risk on cash and cash equivalents as it is due on demand. As outlined in Note 8 above, the Notes were issued at fixed rates of interest and therefore management does not consider there to be any interest rate risk on the Notes.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

14. Financial risk management (continued)

As at June 30, 2014, the interest rate profile of the Company's interest-bearing financial instruments was:

	2014	2013
Fixed rate instruments		
Financial liabilities	(18,759,220)	(21,439,723)
	CIS\$ (18,759,220)	(21,439,723)
	2014	2013
Variable rate instruments		
Financial assets	1,168,673	2,119,373
Financial liabilities	(5,704,066)	(9,026,204)
	CIS\$ (4,535,393)	(6,906,831)

The nature of the Company's exposures to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the prior year. Subsequent to June 30, 2014 the market interest rates have remained static and the Company has therefore not experienced any adverse effects as a result of interest rate risk.

Price risk

Price risk is the risk that factors specific to individual securities or their issuer or factors affecting all securities traded in the market will fluctuate. The Company does not hold securities as at June 30, 2014 and 2013 and as such is not exposed to price risk.

Currency risk

As substantially all transactions are denominated in Cayman Island dollars, the Company is not significantly exposed to currency risk due to the Cayman Islands dollar being fixed to the United States dollar. The nature of the Company's exposure to currency risk has not changed significantly from the prior year.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

15. Related party transactions and key management remuneration

As outlined in Note 1, the Company is wholly owned by the Government. The Company engages with other entities and bodies which are related to the Government in the ordinary course of business, at arm's length.

All of the activities with other Government entities and related parties are conducted at an arm's length basis other than those relating to the significant financial support from the Shareholder as described in Note 11.

As at June 30, 2014, included in accounts payable and accrued charges are amounts due to the Government of CI\$Nil (2013: CI\$5,061,084). As at June 30, 2014, there were no amounts due from the Government (2013: CI\$Nil).

There were no loans made to key management at June 30, 2014 and 2013. Total remuneration paid to 6 personnel considered to be key management during the years ended June 30, 2014 and 2013 was:

	Salaries CI\$	Incentive pay CI\$	Pension and health insurance CI\$	Other CI\$	Total CI\$
2014	575,661	22,199	41,894	12,358	652,112
2013	494,677	30,805	46,107	13,747	585,336

Members of the Board of Directors are voluntary and do not receive salaries for services rendered, however, all Directors not employed by the Government receive an amount of CI\$200 for each board meeting attended. The total remuneration paid to the Board of Directors was CI\$9,800 (2013: CI\$12,293).

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

16. Contingencies

(a) Breach of contract claim

During September 2011, a tour operator raised a potential breach of contract claim against the Company. The claim is for an amount of CI\$90,450 (US\$107,679) and relates to the wholesale admission price the Company had charged the tour operator from December 2008. Legal representatives are waiting for further documentation and are unable to advise on the merits of this claim. Management considers that the claim is without merit therefore no provision has been raised in the financial statements as at June 30, 2014.

(b) Construction claim

During the year ended June 30, 2006 the Company was involved in a dispute with one of the contractors for the Park. The contractor filed a claim under the terms of the contract for costs of CI\$530,000 associated with their structural concrete contract. The Company made a counter claim for the reimbursement of an account payment of CI\$221,044 made to the contractor. There has been no further development of this claim and as at June 30, 2014 management considers it difficult to make any assessment of outcome with any degree of certainty.

17. Operating leases

The Company leases an area of 46,400 square feet to Dolphin Discovery for the operations of a dolphin park. The Company entered into a 5 year lease agreement on November 21, 2003 with 3 options to renew for additional periods of 5 years each. This lease is a non-cancellable operating lease and the expected future incoming cash flows associated with this lease are as follows:

Within one year	201,600
Between one year and five years	604,800
Later than five years	0

18. Subsequent events

All subsequent events have been disclosed in the notes to the financial statements and management is not aware of any other material subsequent events requiring disclosure as of the date that these financial statements were available to be issued.

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

19. Schedule of income and expenses

	Retail operations	Farm operations	Sub-total	Admin and overheads	Research expenses	Marketing expenses	Other	2014 Total
Income								
Retail tours	3,419,148	0	3,419,148	0	0	0	0	3,419,148
Retail merchandise sales	903,872	0	903,872	0	0	0	0	903,872
Food and beverage	702,545	0	702,545	0	0	0	0	702,545
Wholesale sales	0	468,997	468,997	0	0	0	0	468,997
Change in fair value of biological assets	0	230,299	230,299	0	0	0	0	230,299
Turtle release program	0	55,878	55,878	0	0	0	0	55,878
Cost of sales	(1,047,101)	(398,937)	(1,446,038)	0	0	0	0	(1,446,038)
Gross profit	3,978,464	356,237	4,334,701	0	0	0	0	4,334,701
Rental and other income	0	0	0	0	0	0	259,569	259,569
Expenses								
Personnel expense	(1,009,701)	(1,132,577)	(2,142,278)	(1,171,918)	(211,752)	(50,831)	0	(3,576,779)
Depreciation expense	(1,618,497)	(751,635)	(2,370,132)	0	0	0	(337,600)	(2,707,732)
Utility expense	(261,578)	(1,267,894)	(1,529,472)	(199,063)	0	0	0	(1,728,535)
Interest and amortisation	0	0	0	0	0	0	(1,414,249)	(1,414,249)
Maintenance costs	(92,468)	(479,967)	(572,435)	(105,188)	(5,560)	0	0	(683,183)
Feed and other operating expenses	24,894	(675,000)	(650,106)	0	0	0	0	(650,106)
Insurance expense	(43,062)	(6,087)	(49,149)	(433,020)	0	0	0	(482,169)
Professional fees	0	0	0	(215,407)	0	0	0	(215,407)
Defined benefit liability – profit/loss	0	0	0	0	0	0	(104,000)	(104,000)
Other expenses	0	0	0	(73,136)	(58,344)	(18,326)	0	(149,806)
Advertising	0	0	0	0	0	(143,462)	0	(143,462)
Telephone	0	0	0	(102,539)	0	0	0	(102,539)
Bank fees	0	0	0	(71,537)	0	0	0	(71,537)
Retail operating expense	(62,546)	0	(62,546)	0	0	0	0	(62,546)
Travel and entertainment	0	0	0	(18,526)	0	0	0	(18,526)
Total expenses	(3,062,958)	(4,313,160)	(7,376,118)	(2,390,334)	(275,656)	(212,619)	(1,855,849)	(12,110,576)
Net profit/(loss)	CIS 915,506	(3,956,923)	(3,041,417)	(2,390,334)	(275,656)	(212,619)	(1,596,280)	(7,516,306)

CAYMAN TURTLE FARM (1983) LIMITED

Notes to Financial Statements (continued)

June 30, 2014

(expressed in Cayman Islands dollars)

19. Schedule of income and expenses

	Retail operations	Farm operations	Sub-total	Admin and overheads	Research expenses	Marketing expenses	Other	2013 Total
Income								
Retail tours	3,625,010	0	3,625,010	0	0	0	0	3,625,010
Food and beverage	838,726	0	838,726	0	0	0	0	838,726
Retail merchandise sales	776,736	0	776,736	0	0	0	0	776,736
Change in fair value of biological assets	0	453,226	453,226	0	0	0	0	453,226
Wholesale sales	0	401,373	401,373	0	0	0	0	401,373
Turtle release program	0	32,135	32,135	0	0	0	0	32,135
Cost of sales	(1,230,002)	(297,818)	(1,527,820)	0	0	0	0	(1,527,820)
Gross profit	4,010,470	588,916	4,599,386	0	0	0	0	4,599,386
Rental and other income	0	0	0	0	0	0	248,840	248,840
Expenses								
Personnel expense	(1,033,805)	(1,123,048)	(2,156,853)	(1,256,535)	(230,572)	(51,152)	0	(3,695,112)
Depreciation expense	(1,625,378)	(773,757)	(2,399,135)	0	0	0	(322,179)	(2,721,314)
Utility expense	(256,381)	(1,193,031)	(1,449,412)	(254,168)	0	0	0	(1,703,580)
Interest and amortisation	0	0	0	0	0	0	(1,647,873)	(1,647,873)
Maintenance costs	(98,495)	(490,137)	(588,632)	(156,140)	(3,937)	0	0	(748,709)
Feed and other operating expenses	3,189	(545,291)	(542,102)	0	0	0	0	(542,102)
Insurance expense	(60,620)	(6,122)	(66,742)	(379,223)	0	0	0	(445,965)
Professional fees	0	0	0	(241,789)	0	0	0	(241,789)
Other expenses	0	0	0	(93,297)	(32,129)	(87,811)	0	(213,237)
Advertising	0	0	0	0	0	(142,764)	0	(142,764)
Telephone	0	0	0	(115,074)	0	0	0	(115,074)
Bank fees	0	0	0	(70,874)	0	0	0	(70,874)
Retail operating expense	(66,941)	0	(66,941)	0	0	0	0	(66,941)
Travel and entertainment	0	0	0	(29,144)	0	0	0	(29,144)
Defined benefit liability – profit/loss	0	0	0	0	0	0	52,000	52,000
Total expenses	(3,138,431)	(4,131,386)	(7,269,817)	(2,596,244)	(266,638)	(281,727)	(1,918,052)	(12,332,478)
Net profit/(loss)	CIS 872,039	(3,542,470)	(2,670,431)	(2,596,244)	(266,638)	(281,727)	(1,669,212)	(7,484,252)