CEO Report for Year Ending October 31, 2020

When the Three Miles road construction works ended in December 2019, CAC resumed normal operations and our Q1 results reflected an improvement in revenues and profits. Since then, and like everyone else coping with the COVID-19 pandemic, CAC has been adjusting to the regularly changing curfews and rules, but our team has adapted to working remotely and our site operations have resumed along with supply chains (but with longer lead times). The net result is a significant improvement in our performance for the financial year. A summary comparison with the prior year is summarized below.

Summary of results (selected items)

	2019/20	**2018/19 (Restated)**
Profit and loss		
Revenues	$1,258,508,478	$1,120,194,094
Gross Profit	$423,856,474	$344,621,479
Other Income	$2,544,440	$47,210,722
Expenses	($366,202,657)	($389,528,568)
Operating profit	$60,198,267	$2,304,198
Finance and other costs	($27,661,504)	($35,706,676)
(Loss)/Profit before taxation	$32,536,753	($33,402,478)

CAC, once again, has demonstrated our agility by identifying and offering indoor environmental quality (IEQ) solutions such as fresh air injection systems, higher efficiency filtration, sterilization and improved maintenance services which gained us additional revenues.

Revenues are 12%, gross profit improved 23% and gross margins by 9%, over last year due to improvements in purchasing and cost controls.

Expenses were kept lower than the previous year as we took rapid action to respond to covid-19 by reducing operating costs but without making any of our staff members redundant! Net finance and other costs were also reduced, and the final result was total expenses down by 7% compared to the prior year.

The net result was a substantial increase in operating profit and a $65.9M turnaround in net profits, from a loss of $33.4M in 2019 to a profit of $32.5M

Inventory continued its downward trend despite a build-up of equipment and parts (slower movement) while work in progress (WIP) and goods in transit (GIT) were reduced.

Trade receivables increased by 28% for the following reasons. Firstly, the slowdown of work in Q2 and Q3 (job execution and customers maintaining their cash reserves and delaying payments) along with an increase in Q4 billing. Additionally, we increased contract assets (work done but not yet billable to customers as per IFRS 15) by $136M and reduced our expected credit loss (as per IFRS 9).

Trade payables were reduced due to the settlement of the X-ray Diagnostics lawsuit case with US$400,000 plus J$1,159,000 paid in the current year. The final US$45,000 is scheduled to be paid in December 2020 (completed at the time of writing this report).

Borrowings reduced slightly as we were able to contain our use of the short-term loan facilities but cash and equivalents are down primarily due to the Q4 payments to settle the X-ray Diagnostics case.

We can never say enough how appreciative we are of our dedicated and loyal employees and contractors who have worked side by side with us, to not only cope with the many challenges but to identify and convert new opportunities into wins. We have committed to a new enterprise software and this is being implemented with expected completion in early 2021.

As always, our loyal customers continue to support us while embracing the IEQ solutions we have been able to offer them as a way of making their workplaces safer from the Covid-19 virus.

We have started the new financial year with a healthy job portfolio and are working on some exciting changes, including handing over to a new CEO, and other initiatives that will put us on a path of profitable growth as we continue to "Improve People's Lives".

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Steven Marston
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Steven Marston
Chairman & CEO

December 29th, 2020