



Canadian Commercial Corporation

2019-2020 First Quarter
Financial Report
(Unaudited)

For the period ended
June 30, 2019



BUSINESS REPORTING STRUCTURE

CCC's international contracting business supports Canadian exporters in pursuing sales to foreign government buyers in challenging markets around the world. CCC's Canadian exporter base includes a substantial proportion of Canadian small and medium enterprises ("SMEs").

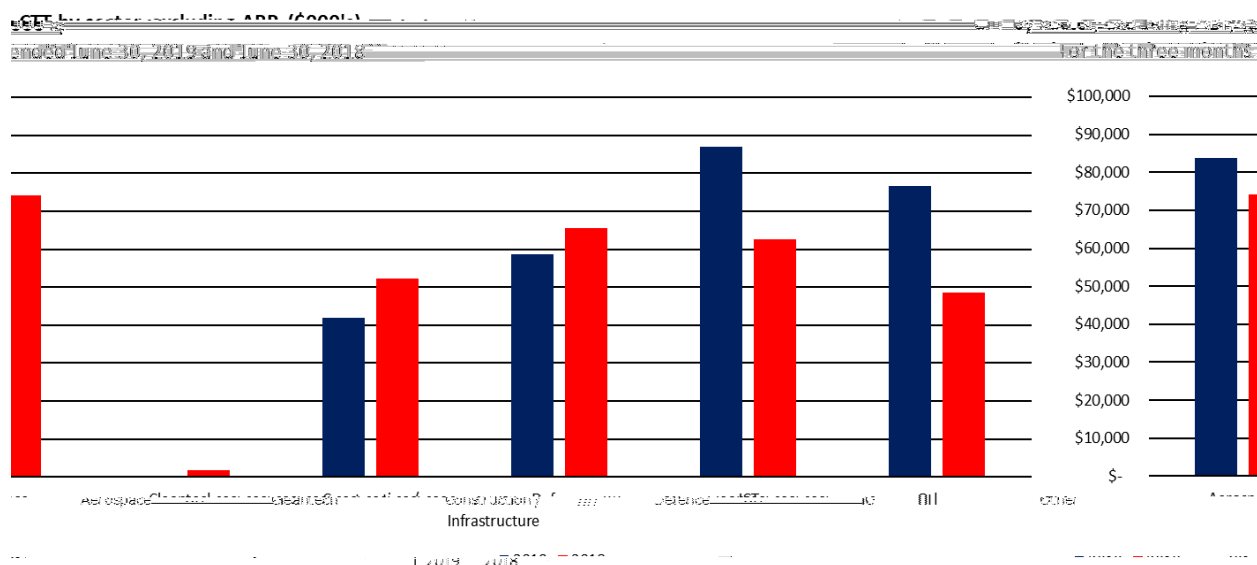
CCC classifies its business activities by priority sectors and by priority programs (formerly referred to as business lines). CCC's activities support a wide range of Canadian industrial sectors including Construction/Infrastructure, Clean Technology ("Cleantech"), Aerospace, Information and Communications Technology ("ICT"), and Defence. CCC's programs include contracting activities under the Canada-US Defence Production Sharing Agreement ("DPSA"), Cuba program ("Cuba"), electronic lotteries ("Lotteries"), and engineering services on behalf of prime contractors.

The overall year-

CTT by sector (\$000's) For the three months ended June 30,			Increase (Decrease)		% of Total	
	2019	2018 (Restated)	\$	%	2019	2018
Aerospace	\$ 83,629	\$ 74,097	\$ 9,532	13%	10%	9%
Cleantech	-	1,847	(1,847)	(100%)	-	-
Construction / Infrastructure	41,867	52,363	(10,496)	(20%)	5%	6%
Defence	58,771	65,454	(6,683)	(10%)	7%	8%
ICT	86,819	62,584	24,235	39%	10%	7%
Other	76,601	48,599	28,002	58%	9%	6%
Total excluding ABP	\$ 347,687	\$ 304,944	\$ 42,743	14%	41%	36%
ABP	509,343	545,711	(36,368)	(7%)	59%	64%
Total including ABP	\$ 857,031	\$ 850,655	\$ 6,376	1%	100%	100%

CTT by program (\$000's) For the three months ended June 30,			Increase (Decrease)		% of Total	
	2019	2018 (Restated)	\$	%	2019	2018
Cuba	\$ 23,916	\$ 15,787	\$ 8,129	51%	3%	2%
DPSA	173,867	164,186	9,680	6%	20%	19%
International	93,546	72,347	21,199	29%	11%	9%
Lotteries	52,376	49,804	2,572	5%	7%	6%
OGD	3,983	2,820	1,164	41%	<1%	<1%
Total excluding ABP	\$ 347,687	\$ 304,944	\$ 42,743	14%	41%	36%
ABP	509,343	545,711	(36,368)	(7%)	59%	64%
Total including ABP	\$ 857,031	\$ 850,655	\$ 6,376	1%	100%	100%

The charts below illustrates CTT by sector and CTT by program for the periods ended June 30, 2019, and June 30, 2018. CTT related to ABP has been excluded from the charts.



Expenses

Administrative expenses

Administrative expenses of \$6.9 million were \$483 thousand or 7% lower for the three months ended June 30, 2019 compared to the prior year. Although almost half of the decrease was due to reduced travel and hospitality (\$224 thousand) activity, reductions were achieved across the majority of expenditures.

Statement of Cash Flows discussion

Cash

For the three months ended June 30, the Corporation recorded a net loss of \$414 thousand, an improvement of \$1.4 million over the Corporate Plan budget loss of \$1.8 million. The result was due to a combination of favourable variances related to fees for service (\$196 thousand), other income (\$88 thousand) and finance income (\$139 thousand) and administrative expenses (\$1.0 million).

The favourable variance of \$196 thousand regarding fees for service resulted primarily from higher than anticipated billing activity related to the ABP which offset lower level of fees recorded on international program activity as several contract pursuits have been delayed, a consistent challenge to predicting governmentm.JJ0 Tc 0 Tw 14.87 0 Td()Tj0.001 Tc 0.083 Tww 0.25 0 -d(t)10 (ho)2 (us)6

2019-20 FORECAST

In 2019-20, net revenues are expected to be lower than 2018-19. This is primarily due to the lower level of fee generating contracts signed in 2018-19 and delays in contract signing that are expected to persist early in 2019-20. In addition, large infrastructure contracts currently in the delivery stage are expected to wind down as they near completion, resulting in lower levels of CTT and Fees for service.

In 2019-20, administrative expenses are expected to increase in relation to 2018-19, largely due to:

- Increased workforce compensation and related expenses in accordance with CCC's collective bargaining agreement;
- Incremental resources in support of the 2019-20 Corporate Plan initiatives;
- Increased travel require 80 (ui)4 (r)z (me)-1 (n)6h (80 (6 0 Td(-)Tj0.0C /LBody <</MCID 12 >>BDC /C20

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as Management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements. These quarterly financial statements have not been audited or reviewed by an external auditor.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.



Martin Zablocki
President and
Chief Executive Officer



Ernie Briard
Vice-President, Corporate Services and
Chief Financial Officer

Ottawa, Canada
August 15, 2019

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Statement of Financial Position (Unaudited)

As at	Notes	June 30, 2019	March 31, 2019	June 30, 2018 (Restated - Note 4)
ASSETS				
Current assets				
Cash and cash equivalents	5	\$ 47,411	\$ 58,481	\$ 22,877
Accounts receivable	6, 11	31,199	27,603	56,724
Other assets	7	521	403	843
		79,131	86,487	80,444
Non-current assets				
Property and equipment		2,543	2,645	2,983
Total assets		\$ 81,674	\$ 89,132	\$ 83,427
LIABILITIES				
Current liabilities				
Accounts payable				

Statement of Changes in Equity (Unaudited)

For the three months ended June 30, 2019	Notes	Contributed Capital		Retained Earnings		Total
BALANCE MARCH 31, 2019		\$	10,000	\$	11,349	\$ 21,349
Net loss					(414)	(414)
BALANCE JUNE 30, 2019		\$	10,000	\$	10,935	\$ 20,935

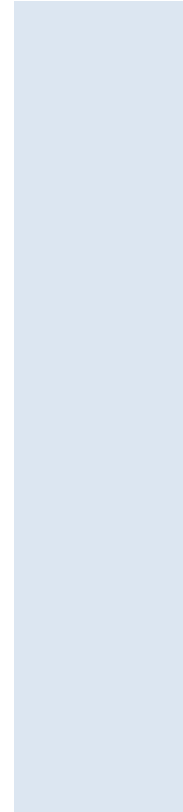
For the three months ended June 30, 2018	Notes	Contributed Capital		Retained Earnings		Total
BALANCE MARCH 31, 2018 (Restated)		\$	10,000	\$	7,232	\$ 17,232
Net profit	4				51	51
BALANCE JUNE 30, 2018 (Restated)	4	\$	10,000	\$	7,283	\$ 17,283

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows (Unaudited)

For the three months
ended June 30

For the three months ended June 30



Estimates and underlying assumptions are reviewed on an ongoing basis and in detail as at the date of the financial statements. Any changes in estimates are reflected in the financial statements in the period in which they become known and in any future periods affected. Management has used estimates to determine the useful lives of property and equipment, to account for employee benefits liabilities, provisions, lease commitments and contingencies and used judgment in determining whether a provision for contract remediation expenses should be recognized or disclosed, the amount and timing of revenue recognition and the accounting for cost recovery transactions.

Additional information about areas where management has exercised judgment and made significant use of estimates and assumptions are included in the following notes:

- Note 12 (b) – Revenue from contracts with customers
- Note 15 – Contingencies

(d) Functional and presentation currency

The Corporation's functional and presentation currency is the Canadian dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those disclosed in the Corp8 (o)2 (ns)6 (ie)3 (s)16 (e)3.1 (/TT1 1 Tf 0 Td9

Statement of Financial Position (Unaudited)

* The reclassifications are as follows:

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents had the following balances by currency as at:

The components of cash and cash equivalents were as follows as at:

Cash and cash equivalents balances include advances received from foreign buyers and others not yet paid to Canadian exporters and amounts held back from Canadian exporters to be remitted at later dates in accordance with the terms and conditions of contracts.

6. ACCOUNTS RECEIVABLE

Accounts receivable include amounts that are due to the Corporation for fees for service invoiced and yet to be collected, amounts due from foreign buyers related to amounts already paid to Canadian exporters and other amounts primarily from Canadian government organizations. These amounts are based on normal international trade terms and are generally non-interest bearing.

The maximum exposure to credit risk for accounts receivable by geographic region was as follows as at:

The maturity profile of the Corporation's accounts receivable was as follows as at:

Accounts receivable are considered past due when the payer has failed to make the payment by the contractual due date. The ageing profile of the Corporation's past due accounts receivable

(b) Market

(b) Unsatisfied (or partially unsatisfied) performance obligations

Unsatisfied, or partially unsatisfied, contractual performance obligations are mostly due to services which are yet to be provided by the Corporation over the remaining duration of the contract. The following table sets out the estimated transaction prices allocated to unsatisfied, or partially unsatisfied contracted performance obligations of the Corporation to be met in the future and the estimated timing of revenue recognition. Actual amounts may differ from these estimates due to a variety of factors, including the unpredictable nature of customer behaviour, industry regulation and the economic and political environments in which the Corporation operates.

The following table represents f

