

Consolidated Statement of Income For the six months ended June 30, 2020

(With comparatives for the six months ended June 30, 2019)
Expressed in thousands of Barbados dollars

	(Unaudited) June 30 2020 \$	(Unaudited) June 30 2019 \$	(Audited) December 31 2019 \$
Revenue			
Revenue from operations	11,720	12,377	26,219
Other gains	15	-	41
Total Revenue	11,735	12,377	26,260
Expenses			
Other operating expenses	10,033	8,407	18,208
Depreciation and right of use depreciation	513	305	866
	10,546	8,712	19,074
Operating Profit before Associates' Results	1,189	3,665	7,186
Share of Results of Associates	(9,023)	(557)	1,184
Net Operating (Loss)/Profit	(7,834)	3,108	8,370
Gains on financial assets at Fair Value through Profit and Loss	549	1,566	2,427
Write down of Investment in Associate	(21,927)	-	-
Write off of Loan due by Associate	(7,560)	-	-
(Loss)/Profit before Taxation	(36,772)	4,674	10,797
Corporation Tax	(130)	(95)	(164)
Net (Loss)/Profit for the Period	(36,902)	4,579	10,633
Attributable to:			
Equity holders of the Company	(37,668)	3,364	8,535
Non-controlling interest	766	1,215	2,098
	(36,902)	4,579	10,633
Earnings per share (EPS) - basic	\$(2.05)	\$0.18	\$0.47
Earnings per share (EPS) - fully diluted	\$(1.95)	\$0.17	\$0.45

DIRECTORS' REPORT

Financial Statements (unaudited) for quarter ended June 30, 2020

The Cave Shepherd Group incurred a loss attributable to equity holders of the Company of \$(37.7) million for the half year ended 30 June 2020. This substantial and unprecedented loss is primarily as a result of the tremendous negative impact that the COVID-19 pandemic has had on its travel retail associate, Duty Free Caribbean (Holdings) Ltd (Duty Free Caribbean). That business relies on tourists to the Caribbean for 90% of its revenue and when international travel came to a virtual halt in late March 2020 all of its 66 retail stores across seven countries were forced to close. At the time of writing only ten stores have reopened and these are recording sales considerably less than usual. Although immediate action was taken to minimise expenses, the Duty Free Caribbean business continues to carry many unavoidable costs and has therefore incurred substantial losses which it is likely to continue to incur for a period of time.

We are pleased that Caribbean countries are slowly reopening to international visitors, however we expect this to be a gradual process rather than a quick return to historical levels. Given the Duty Free Caribbean losses for the past few months and our projections for the foreseeable future, we have made the difficult, but in our view prudent decision to fully write down our investment, both loan and equity capital, in Duty Free Caribbean. The total cost of that write-down to the Cave Shepherd Group is \$39.6 million inclusive of operational losses this year, loan write down and goodwill impairment. We have also taken the decision not to inject any further funds into Duty Free Caribbean which will likely result in us having a substantially diminished shareholding, with the possibility of a full withdrawal. Duty Free Caribbean is in the process of being restructured and refocused. Regrettably, this change will result in some job losses, which are anticipated to allow the company to emerge as a viable and vibrant business ready to face the future as the world emerges from this global crisis.

On a positive note, our financial services subsidiaries and associates, Fortress Fund Managers, Cave Shepherd Card and SigniaGlobe Financial were all able to successfully operate remotely during the national shutdown. Upon the reopening of the country, these businesses have fully resumed their operations and we expect them to continue to perform satisfactorily, albeit reflecting the reality of reduced earnings this year due to reduced national economic activity. DGM Financial Group, which offers financial and support services to a range of international companies saw minimal change in its level of activity and continues to perform well. Our other retail associate, GCS Limited (Ganzee) which also targets the visitor market, has also been significantly impacted by the lack of tourists, but its underlying business fundamentals remain strong. Although Ganzee will incur losses until tourism re-emerges we see no need to impair our investment in this company. All of these companies are strong, profitable and well run businesses that have formed the foundation of the Group's performance in recent years and will continue do so in the years ahead.

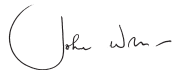
On several occasions in recent reports to shareholders we have commented on the strength of our Balance Sheet and in particular our very comfortable levels of cash and liquid reserves. It is now that the true importance of these has come to the fore. The substantial losses which we have recorded have resulted in a significant decline of our Net Assets on our Balance Sheet. However, it is important to note that the write-down of our investments in Duty Free Caribbean is a 'non-cash' accounting entry and has no impact whatsoever on our cash and liquid reserves. This means that the Group has more than enough resources to support itself through this difficult time, further grow and expand the existing profitable businesses and take advantage of new investment opportunities that will most certainly come. Given the ongoing uncertainty, and acting in an abundance of caution, the Directors took the decision to reduce the interim dividend by 50% to \$0.05 per share which will be paid as usual at the end of August.

In our 31 March 2020 report we wrote, "Whereas we are very confident that the Cave Shepherd Group will weather this crisis, we can also say that it will not be business as usual once it has passed. Barbados, Barbadians and our company will have to make many changes and will likely look very different coming out of this period of crisis compared to how we looked going in. But we will come out, and will rebuild for the future." This half year report reflects the changes that are happening and we restate our confidence that we will come out a more profitable Group with great prospects for future growth.

We have always recognised that we need to thank our staff, our shareholders, our customers and the public for their backing and encouragement. At this time, more so than ever, we truly value and appreciate this support.



Geoffrey Cave
Chairman



John Williams
Chief Executive Officer

July 28th 2020

Consolidated Statement of Financial Position As at June 30, 2020

(With comparatives as at June 30, 2019)
Expressed in thousands of Barbados dollars

	(Unaudited) June 30 2020 \$	(Unaudited) June 30 2019 \$	(Audited) December 31 2019 \$
Current Assets			
Cash and cash equivalents	20,953	14,303	18,623
Restricted cash	1,750	1,500	1,500
Financial assets at Fair Value through Profit and Loss	26,497	25,262	25,903
Trade and other receivables and prepayments	39,363	42,929	47,307
Other current assets	5,758	6,382	5,727
	94,321	90,376	99,060
Current Liabilities			
Trade and other payables	4,804	3,841	4,773
Other current liabilities	16,409	17,676	20,841
	21,213	21,517	25,614
Working Capital	73,108	68,859	73,446
Investment in Associates and at Fair Value through Profit and Loss	35,829	66,298	67,739
Property, Plant and Equipment and Right of Use Assets	3,481	2,038	3,650
Loan due by associate	-	5,800	5,800
Other Long Term Assets	172	223	172
Other Long Term Liabilities	(32,556)	(26,357)	(33,552)
	80,034	116,861	117,255
Capital and Reserves attributable to the equity holders of the company			
Share capital	38,749	38,579	38,711
Share option plan reserve	412	405	412
Retained earnings	37,462	73,873	75,130
	76,623	112,857	114,253
Non-controlling interests	3,411	4,004	3,002
	80,034	116,861	117,255

Consolidated Statement of Changes in Equity For the six months ended June 30, 2020

(With comparatives for the six months ended June 30, 2019)
Expressed in thousands of Barbados dollars

	Attributable to equity holders of the Company:			Non-controlling interest	Total
	Share Capital	Retained Earnings	Share Option Reserve		
	\$	\$	\$	\$	\$
Balance as at December 31, 2018	38,600	70,533	405	3,277	112,815
Net profit for the period	-	3,364	-	1,215	4,579
Dividends paid to non-controlling interests	-	-	-	(488)	(488)
Repurchase of shares	(21)	(24)	-	-	(45)
Balance as at June 30, 2019	38,579	73,873	405	4,004	116,861
Balance as at December 31, 2018	38,600	70,533	405	3,277	112,815
Net profit for the year	-	8,535	-	2,098	10,633
Other comprehensive income for the year	-	(3)	-	-	(3)
	38,600	79,065	405	5,375	123,445
Dividends	-	(3,677)	-	-	(3,677)
Dividends paid to non-controlling interests	-	-	-	(1,634)	(1,634)
Employee share options	-	-	138	-	138
Expired share options	-	23	(23)	-	-
Exercised share options	108	-	(108)	-	-
Reclassification	-	(256)	-	256	-
Issue of shares	24	-	-	-	24
Sale of shares by non-controlling interest	-	-	-	(995)	(995)
Repurchase of shares	(21)	(25)	-	-	(46)
Balance as at December 31, 2019	38,711	75,130	412	3,002	117,255
Balance as at December 31, 2019	38,711	75,130	412	3,002	117,255
Net (loss)/profit for the period	-	(37,668)	-	766	(36,902)
Dividends paid to non-controlling interests	-	-	-	(357)	(357)
Issue of shares	38	-	-	-	38
Balance as at June 30, 2020	38,749	37,462	412	3,411	80,034

Consolidated Statement of Cash Flows For the six months ended June 30, 2020

(With comparatives for the six months ended June 30, 2019)
Expressed in thousands of Barbados dollars

	(Unaudited) June 30 2020 \$	(Unaudited) June 30 2019 \$	(Audited) December 31 2019 \$
Net cash generated from operating activities	6,996	4,626	7,669
Net cash generated from/(used in) investing activities	599	(1,038)	(855)
Net cash used in financing activities	(5,265)	(1,126)	(32)
Net increase in cash and cash equivalents	2,330	2,462	6,782
Net cash at beginning of period	18,623	11,841	11,841
Net cash at end of period	20,953	14,303	18,623