



CAC 2000 LTD.

**INTERIM FINANCIAL REPORT
FOR SIX MONTHS ENDED
30-Apr-18**



CEO Report: 6 months ended April 30th, 2018

We are pleased to present our unaudited results for the Company for the quarter ended April 30th, 2018.

Our year to date revenue of \$623,438,994 reflected a 9.9% increase over the \$567,514,366 realized over the same period in 2017. Year to date the gross profit increased by 22.5% to \$249,167,179 from \$203,326,862 last year. As projected, we were able to recover from the first quarter shortfall and this momentum will continue as our sales funnel and won jobs portfolio continue to grow.

Other income was \$4,414,568 vs. \$2,115,167 last year due to gain on sale of motor vehicle.

Expenses were up to \$195,496,129 vs. \$146,868,216 last year. The increases were primarily related to salaries, professional fees (including costs related to the recent preference share issue) and travel related expenses. Net finance costs of \$4,433,966 are significantly less than the \$7,147,013 last year and this resulted from the interest saved due to the unavoidable delay in finalizing the additional preference share issue.

The result was a year to date profit of \$53,651,653 which was 3.9% higher than the \$51,648,612 reported last year. This is a strong recovery from the \$2,231,218 loss posted in Q1.

On the balance sheet we can compare values to the end of our last financial year (October 31st, 2017) and observe that we had an increase in all major variables due to the increased business activities. Notably, we had a cash and equivalents increase of \$69,432,688 due to operational and financing inflows.

We successfully closed our \$200,000,000 preference share offer which was subsequently listed on the Junior Market of the Jamaica Stock Exchange in May. A portion of these funds will be used to retire the initial \$148,037,000 preference share issue and the remainder to assist with our working capital demands.

Gia Abraham was appointed as our Chief Operating Officer (COO) on May 1st, 2018. With her appointment we look forward to continued improvements in our financial and business effectiveness. Our CRM system is operational and helping us better manage our selling activities and we have been selected by Carrier as a beta tester for the air-conditioning system remote monitoring system – these will ship shortly.

The Foundation continues to assist with the STEP center and has applied to JSIF for additional funding for training and mitigation of the shortage of skilled technicians in the air-conditioning and electrical industry and are expecting a positive decision shortly.

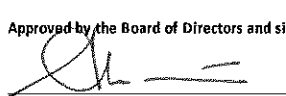
A handwritten signature in black ink, appearing to be 'S. Marston', written over a horizontal line.

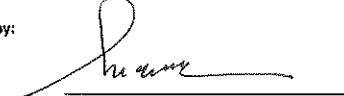
Steven Marston
Chairman and CEO

CAC 2000 LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
SECOND QUARTER ENDED APRIL 30, 2018

| | NOTES | Unaudited Apr 2018 \$ | Unaudited Apr 2017 \$ | Audited (12 months ended) Oct 2017 \$ |
|--|-------|-----------------------------|-----------------------------|--|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, Plant & Equipment | 4 | 61,633,668 | 50,119,400 | 45,550,889 |
| Deferred Tax Asset | | 0 | 0 | 0 |
| Long-term receivable | | 165,095 | 952,237 | 228,069 |
| | | <u>61,798,764</u> | <u>51,071,637</u> | <u>45,778,958</u> |
| CURRENT ASSETS | | | | |
| Income Tax Recoverable | | 3,698,102 | 2,697,979 | 3,019,666 |
| Short Term Investments | | 293,968 | 0 | 0 |
| Inventories | | 262,306,088 | 256,892,316 | 208,385,972 |
| Trade and Other Receivables | | 590,712,183 | 372,367,103 | 536,331,072 |
| Due from Related Party | | 0 | 0 | 0 |
| Cash and Cash Equivalents | | 261,127,831 | 110,021,503 | 191,695,143 |
| | | <u>1,118,138,171</u> | <u>741,978,900</u> | <u>939,431,853</u> |
| TOTAL ASSETS | | 1,179,936,935 | 793,050,537 | 985,210,811 |
| EQUITY AND LIABILITIES | | | | |
| Share Holders' Equity | | | | |
| Ordinary Share Capital (Issued & fully paid) | 5 | 138,773,634 | 138,773,634 | 138,773,634 |
| Share Issue Costs | | (9,583,877) | (9,583,877) | (9,583,877) |
| Retained Earnings | | 293,903,431 | 193,167,268 | 293,903,431 |
| Current Year Profit/(Loss) | | 53,651,653 | 51,648,612 | 0 |
| Total Shareholders' Equity | | 476,744,841 | 374,005,637 | 423,093,188 |
| NON-CURRENT LIABILITIES | | | | |
| Loans and Borrowings | 6 | 211,389,181 | 152,986,881 | 4,013,104 |
| Obligation under finance lease | | 2,651,360 | 5,445,647 | 4,076,643 |
| Deferred Tax Liability | | 0 | 0 | 0 |
| | | <u>214,040,541</u> | <u>158,432,529</u> | <u>8,089,747</u> |
| CURRENT LIABILITIES | | | | |
| Loans and Borrowings | 6 | 153,979,135 | 6,256,445 | 249,887,100 |
| Due to Related party | | 4,005,584 | 3,058,344 | 5,422,439 |
| Trade payables and other payables | 7 | 326,896,398 | 248,575,246 | 295,903,419 |
| Current portion of finance lease obligation | | 2,794,287 | 2,504,586 | 2,658,668 |
| Income tax payable | | 1,476,148 | 217,750 | 156,250 |
| | | <u>489,151,552</u> | <u>260,612,371</u> | <u>554,027,876</u> |
| TOTAL LIABILITIES AND EQUITY | | 1,179,936,935 | 793,050,537 | 985,210,811 |

Approved by the Board of Directors and signed on its behalf by:


 Steven Marston
 Chairman/CEO


 Richard Powell
 Chairman Audit Committee

CAC 2000 LTD.UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
SECOND QUARTER ENDED APRIL 30, 2018

| | Six Months to APR-18 | Six Months to APR-17 | Three Months to APR-18 | Three Months to APR-17 |
|--|-------------------------|-------------------------|---------------------------|---------------------------|
| | \$ | \$ | \$ | \$ |
| Revenue | 623,438,994 | 567,514,366 | 383,927,693 | 265,636,682 |
| Cost of Sales | (374,271,815) | (364,187,504) | (217,182,389) | (166,676,451) |
| GROSS PROFIT | 249,167,179 | 203,326,862 | 166,745,305 | 98,960,231 |
| ADMINISTRATIVE & OTHER EXPENSES | | | | |
| Selling & Distribution | (16,968,017) | (18,713,634) | (8,702,758) | (9,807,774) |
| General Administration | (178,528,112) | (128,154,582) | (100,544,101) | (59,751,918) |
| | (195,496,129) | (146,868,216) | (109,246,860) | (69,559,692) |
| Other Income | 4,414,568 | 2,115,167 | 1,176 | 2,011,525 |
| PROFIT BEFORE FINANCE COST AND TAXATION | 58,085,619 | 58,573,813 | 57,499,621 | 31,412,064 |
| Other Gains and Losses | 6,197,290 | 253,858 | 3,639,624 | (218,153) |
| Interest Income | 468,005 | 452,518 | 201,511 | 174,170 |
| Interest Expense | (11,099,260) | (7,853,389) | (5,457,885) | (4,102,927) |
| NET FINANCE COST | (4,433,966) | (7,147,013) | (1,616,750) | (4,146,911) |
| PROFIT BEFORE TAXATION | 53,651,653 | 51,426,800 | 55,882,871 | 27,265,153 |
| Taxation | 0 | 221,812 | 0 | 221,812 |
| TOTAL COMPREHENSIVE INCOME | 53,651,653 | 51,648,612 | 55,882,871 | 27,486,965 |
| Issued Shares (IAS 33) | 129,032,258 | 129,032,258 | 129,032,258 | 129,032,258 |
| Earnings per Share (EPS) | 0.42 | 0.40 | 0.43 | 0.21 |

CAC 2000 LIMITED

STATEMENT OF CHANGES IN CASH FLOW SECOND QUARTER ENDED APRIL 30, 2018

| | Apr 2018 \$ | Apr 2017 \$ | Audited Oct 2017 \$ |
|---|---------------------|---------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit/(Loss) for the year | 53,651,653 | 51,648,612 | 100,736,163 |
| Adjusted for: | | | |
| Taxation | 0 | (221,812) | (221,812) |
| Depreciation | 11,490,902 | 9,333,082 | 20,505,700 |
| Gain on disposal of fixed assets | (4,413,392) | 0 | 0 |
| Gain on revaluation of investments | (124,521) | 0 | 0 |
| Allowance for doubtful debts | 213,519 | (4,450,234) | (10,938,210) |
| Provision for inventory obsolescence | 0 | (1,464,276) | (4,090,136) |
| Interest expenses | 11,099,260 | 7,853,390 | 15,949,599 |
| Interest income | (468,005) | (452,519) | (1,090,090) |
| Operating cash flows before movement in working capital | 71,449,415 | 62,246,244 | 120,851,214 |
| Movements in Working Capital: | | | |
| Inventories | (53,920,116) | 24,874,382 | 76,006,585 |
| Trade & other receivables | (55,212,423) | (10,916,344) | (167,245,183) |
| Due from Related Party | 0 | 1,664,849 | 1,664,849 |
| Trade payables and other payables | 33,143,643 | (110,688,986) | (64,872,775) |
| Cash Generated from Operations | (4,539,480) | (32,819,855) | (33,595,310) |
| Interest paid | (11,099,260) | (7,853,390) | (14,945,983) |
| Income tax paid | (830,765) | (554,135) | (789,908) |
| Net Cash (Used) Generated by Operating Activities | (16,469,505) | (41,227,380) | (49,331,200) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of property, plant and equipment | (27,838,895) | (7,749,528) | (14,353,635) |
| Proceeds from disposal of fixed assets | 4,678,605 | 0 | 0 |
| Purchase of investments | (169,447) | 0 | 0 |
| Interest received | 470,336 | 452,519 | 1,028,036 |
| Net Cash (Used) Generated by Investing Activities | (22,859,401) | (7,297,009) | (13,325,599) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | 0 | 0 | 0 |
| Repayment of bank loans | (107,700,149) | (5,316,693) | (10,659,815) |
| Proceeds from bank loans | 19,168,261 | 8,908,495 | 108,908,495 |
| Finance lease, net | (1,289,664) | (2,458,424) | (3,673,346) |
| Increase/(decrease) in amounts due to related parties | (1,416,855) | (462,040) | 1,902,055 |
| Proceeds from ordinary shares issued | 0 | 0 | 0 |
| Proceeds from issue of preference shares | 200,000,000 | - | - |
| Net Cash Provided (Used) for Financing Activities | 108,761,593 | 671,338 | 96,477,388 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIV. | 69,432,687 | (47,853,051) | 33,820,589 |
| Cash and Cash Equivalents at Beginning of Year | 191,695,143 | 157,874,554 | 157,874,554 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 261,127,831 | 110,021,503 | 191,695,143 |

CAC 2000 LTD.STATEMENT OF CHANGES IN SHAREHOLDER'S NET EQUITY
SECOND QUARTER ENDED APRIL 30, 2018

| | <u>Share Capital</u> | <u>Share Issue Costs</u> | <u>Retained Earnings</u> | <u>Total</u> |
|--------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | \$ | \$ | \$ | \$ |
| Balances as at October 31, 2017 | 138,773,634 | (9,583,877) | 293,903,431 | 423,093,188 |
| Shares issued and fully paid | 0 | | | 0 |
| Share issue costs | 0 | | | 0 |
| Total Comprehensive Income | | | 53,651,653 | 53,651,653 |
| Balances as at April 30, 2018 | <u>138,773,634</u> | <u>(9,583,877)</u> | <u>347,555,084</u> | <u>476,744,841</u> |
| Balances as at October 31, 2016 | 138,773,634 | (9,583,877) | 193,167,268 | 322,357,025 |
| Total Comprehensive Income | | | 51,648,612 | 51,648,612 |
| Dividend | | | 0 | 0 |
| Balances as at April 30, 2017 | <u>138,773,634</u> | <u>(9,583,877)</u> | <u>244,815,880</u> | <u>374,005,637</u> |

CAC 2000 LIMITED

Notes to the Financial Statements

Second Quarter Ended April 30, 2018

1. Identification

CAC 2000 Limited (the Company) is incorporated and domiciled in Jamaica. The company is 52% owned by Caribbean Air Conditioning Company Limited, a company incorporated and domiciled in St. Lucia. The principal activities of the company are the sale of air conditioning equipment and installation and maintenance of such systems. The Company's registered office is 231 Marcus Garvey Drive, Kingston 11.

2. Statement of compliance and basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB) and comply with the provisions of the Jamaican Companies Act.

The financial statements are presented in Jamaican dollars (\$), which is the functional currency of the company. The financial statements are prepared on the historical cost basis.

3. Significant accounting policies

The same accounting policies and methods of computations are followed in the interim financial statements as compared with the most recent annual audited financial statements for the twelve months ended October 31, 2017.

4. Movements in fixed assets

| | Lease Hold Building Improvement | Motor Vehicles | Plant & Machinery | Furniture & Fixtures | Computer & Peripherals | Office Equipment | Tools & Equipment | Paintings | Work-in- Progress | TOTAL |
|----------------------------|---------------------------------------|-------------------|----------------------|-------------------------|---------------------------|---------------------|----------------------|-----------|----------------------|---------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Cost - 01/11/17 | 23,445 | 40,132 | 1,423 | 2,922 | 27,709 | 527 | 2,430 | 425 | - | 99,013 |
| Revaluation/Adjustment | - | - | - | - | - | - | - | - | - | - |
| Additions | 5,256 | 21,423 | - | - | 608 | 407 | 144 | - | - | 27,839 |
| Reclassification | - | - | - | - | - | - | - | - | - | - |
| Disposal | - | (1,854) | - | - | - | - | - | - | - | (1,854) |
| Cost - 30/04/18 | 28,700 | 59,701 | 1,423 | 2,922 | 28,318 | 935 | 2,574 | 425 | - | 124,998 |
| Depreciation - 01/11/17 | 9,744 | 21,620 | 1,350 | 1,265 | 17,667 | 366 | 1,449 | - | - | 53,462 |
| Prior year adj. | - | - | - | - | - | - | - | - | - | - |
| Disposal | - | (1,572) | - | - | - | - | - | - | - | (1,572) |
| Depreciation Charge - Year | 2,930 | 5,021 | 5 | 128 | 3,181 | 61 | 147 | - | - | 11,474 |
| Accumulated Depreciation | 12,675 | 25,069 | 1,355 | 1,393 | 20,848 | 428 | 1,596 | - | - | 63,364 |
| Net Book Value - APR 18 | 16,026 | 34,632 | 68 | 1,529 | 7,470 | 507 | 978 | 425 | - | 61,634 |
| Net Book Value - OCT 17 | 13,700 | 18,512 | 73 | 1,657 | 10,042 | 161 | 981 | 425 | - | 45,551 |

CAC 2000 LIMITED

Notes to the Financial Statements (continued)
Second Quarter Ended April 30, 2018

5. Share capital

| | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|
| | Units | Units |
| Authorised ordinary units of no par value | 200,000,000 | 200,000,000 |
| Issued ordinary units of no par value | 129,032,258 | 129,032,258 |
| Stated capital: | \$ | \$ |
| Issued and fully paid ordinary stocks of no par value | 138,773,634 | 138,773,634 |

The Company was listed on the Jamaica Junior Stock Exchange on January 7, 2016 through an Initial Public Offering of 29,032,258 ordinary stocks.

6. Loans and borrowings

| | <u>2018</u> | <u>2017</u> |
|----------------------------------|----------------------|---------------------|
| | \$ | \$ |
| Bank Loans | | |
| Motor vehicle loans | 14,711,810 | 6,752,079 |
| Premium financing loan | 2,619,506 | 4,454,247 |
| Redeemable preference shares (a) | <u>348,037,000</u> | <u>148,037,000</u> |
| | 365,368,316 | 159,243,326 |
| Less: Current Portion | <u>(153,979,135)</u> | <u>(6,256,445)</u> |
| Non-current portion | <u>211,389,181</u> | <u>152,986,881</u> |

(a) Redeemable preference shares:

| | <u>2018</u> | <u>2017</u> |
|--|--------------------|--------------------|
| | \$ | \$ |
| Proceeds from issue of redeemable pref. shares | <u>348,037,000</u> | <u>148,037,000</u> |

(a) 350,000,000 fixed and variable rate redeemable preference shares were authorised with an issue price of \$1 per share. Of this 348,037,000 are fully paid. The additional \$200,000,000 9.5% cumulative preference shares were issued for working capital support and have subsequently been listed on the Jamaica Junior Stock Exchange. This amount is included in non-current borrowings.

CAC 2000 LIMITED

Notes to the Financial Statements (continued)

Second Quarter Ended April 30, 2018

The fixed and variable rate cumulative redeemable preference shares for \$148,037,000 are mandatorily redeemable at par on July 31, 2018. This amount is included in current borrowings.

- (b) The unsecured bridge loan (reported at year-end October 31, 2017) from VM Wealth Management Limited for \$100,000,000 at an interest rate of 6.75% p.a., was repaid on April 13, 2018.

7. Contingencies and commitment

Included in other payables is the interest charge on the court awarded damages to a claimant and a provision for legal costs incurred by claimant amounting to \$66,624,365.

On December 2, 2016 the company's lawyers filed a Notice of appeal contending the basis used to calculate the interest component of the award.

CAC 2000 LIMITED
LIST OF SHAREHOLDERS
SECOND QUARTER ENDED APRIL 30, 2018

Authorised Ordinary Share Capital 200,000,000 units
 Issued Ordinary Share Capital 129,032,258 units

TOP TEN SHAREHOLDERS - ORDINARY

| SHAREHOLDERS | SHAREHOLDING | % OF ISSUED SHARES |
|---|--------------------|--------------------|
| CAC Caribbean Limited | 67,462,522 | 52.28% |
| Colin Roberts | 27,355,291 | 21.20% |
| Louis Williams | 6,180,000 | 4.79% |
| VM Wealth Equity Fund | 5,853,220 | 4.54% |
| PAM - Pooled Equity Fund | 3,334,203 | 2.58% |
| Howard Chin | 3,204,599 | 2.48% |
| Christine G. Wong | 1,232,962 | 0.96% |
| Peter Nicholas Anthony Forde and Patricia Forde | 1,232,961 | 0.96% |
| JCSD Trustee Services Ltd - Sigma Venture | 964,269 | 0.75% |
| Jamaica Credit Union Pension Fund Ltd | 843,463 | 0.65% |
| | 117,663,490 | 91.19% |

| TOTAL ACCOUNT HOLDERS | |
|-----------------------|-----|
| JCSD register | 224 |

EXECUTIVE AND NON-EXECUTIVE DIRECTORS' SHAREHOLDING

| EXECUTIVE | SHAREHOLDING | CONNECTED PARTY |
|--------------------|-------------------|------------------------------------|
| Steven Marston | Nil | Gia Abraham |
| Gia Abraham | 300,000 | Steven Marston |
| CAC Caribbean Ltd. | 67,462,522 | Steven Marston/Gia Abraham (92.4%) |
| Colin Roberts | 27,355,291 | |
| NON-EXECUTIVE | | |
| Edward Alexander | 54,286 | Charmaine/Renee/Jordanne Alexander |
| Richard Powell | Nil | |
| Matthew Hogarth | Nil | |
| Patrick Smith | Nil | |
| Jennifer McDonald | Nil | |
| | 95,172,099 | |

OTHER MANAGEMENT TEAM SHAREHOLDING

| MANAGEMENT TEAM | SHAREHOLDING | CONNECTED PARTY |
|----------------------|---------------|-----------------|
| Colleen Ellison-Hall | 30,000 | Desmond Hall |
| Marcus Hay | 23,248 | |
| Richard Stephenson | Nil | |
| Glaister Cunningham | Nil | |
| | 53,248 | |

CAC 2000 LIMITED
LIST OF SHAREHOLDERS
SECOND QUARTER ENDED APRIL 30, 2018

Authorised Preference Share Capital 350,000,000 units
 Issued Preference Share Capital 348,037,000 units

TOP TEN SHAREHOLDERS - FIXED & VARIABLE RATE CUMULATIVE REDEEMABLE PREFERENCE SHARES

| RANK | SHAREHOLDERS | ALLOCATION | PERCENTAGE |
|------|--|--------------------|----------------|
| 1 | Adolphus Black | 23,000,000 | 15.54% |
| 2 | Victoria Mutual Building Society | 15,000,000 | 10.13% |
| 3 | National Insurance Fund | 15,000,000 | 10.13% |
| 4 | JCSD Trustees Service - Sigma Venture Fund | 13,600,000 | 9.19% |
| 5 | Lindoll Limited | 11,000,000 | 7.43% |
| 6 | Donald Waugh | 10,437,000 | 7.05% |
| 7 | NCB Insurance Co. Ltd. A/c WT157 | 10,000,000 | 6.76% |
| 8 | Welljen Limited | 10,000,000 | 6.76% |
| 9 | NCB Insurance Co. Ltd A/c WT105 | 7,500,000 | 5.07% |
| | NCB Insurance Co. Ltd A/c WT109 | 7,500,000 | 5.07% |
| | NCB Insurance Co. Ltd A/c WT161 | 7,500,000 | 5.07% |
| | NCB Insurance Co. Ltd A/c WT310 | 7,500,000 | 5.07% |
| 10 | NCB Insurance Co. Ltd A/c WT174 | 5,000,000 | 3.38% |
| | NCB Insurance Co. Ltd A/c WT185 | 5,000,000 | 3.38% |
| | | 148,037,000 | 100.00% |

TOP TEN SHAREHOLDERS - FIXED RATE CUMULATIVE REDEEMABLE PREFERENCE SHARES

| RANK | SHAREHOLDERS | ALLOCATION | PERCENTAGE |
|------|--|--------------------|---------------|
| 1 | PAM - University Hospital Scheme of Pensions | 17,210,667 | 8.61% |
| | PAM - Pooled Equity Fund | 17,210,667 | 8.61% |
| | PAM - Lascelles Demarcado Defined Contribution | 17,210,667 | 8.61% |
| 2 | Victoria Mutual Building Society | 15,408,000 | 7.70% |
| 3 | GK General Insurance Company Ltd | 12,704,000 | 6.35% |
| 4 | NCB Insurance Co Ltd A/C WT1650 | 11,802,666 | 5.90% |
| 5 | NCB Insurance Co Ltd A/C WT311 | 10,901,333 | 5.45% |
| | NCB Insurance Co Ltd A/C WT157 | 10,901,333 | 5.45% |
| 6 | Winston Hoo | 10,450,667 | 5.23% |
| 7 | NCB Insurance Co Ltd A/C WT310 | 10,000,000 | 5.00% |
| | NCB Insurance Co Ltd A/C WT005 | 10,000,000 | 5.00% |
| | NCB Insurance Co Ltd A/C WT162 | 10,000,000 | 5.00% |
| 8 | NCB Insurance Co Ltd A/C WT035 | 5,000,000 | 2.50% |
| | NCB Insurance Co Ltd A/C WT062 | 5,000,000 | 2.50% |
| | NCB Insurance Co Ltd A/C WT182 | 5,000,000 | 2.50% |
| 9 | George Alpheus Brown | 3,400,000 | 1.70% |
| 10 | George Reid | 3,000,000 | 1.50% |
| | NCB Insurance Co Ltd A/C WT178 | 3,000,000 | 1.50% |
| | Alvin Henry | 3,000,000 | 1.50% |
| | | 181,200,000 | 90.60% |