



CAC 2000 LTD.

**INTERIM FINANCIAL REPORT
FOR NINE MONTHS ENDED
31-Jul-18**

CEO Report

9 months ended July 31st, 2018

We are pleased to present our unaudited results for the Company for the quarter ended July 31st, 2018.

Financial performance

Our year to date revenue of \$908,814,119 reflected a 14% increase over the \$799,181,282 realized for the same period in 2017. The year to date gross profit increased by 28% to \$352,804,379 from \$276,478,681 last year as a result of increased revenues along with an improvement in job margins realized. Kudos to the CAC team for their great work and thereby setting expectations for further improvements next year.

Other income was \$7,328,734 vs. \$2,115,167 last year due to gain from motor vehicle disposal.

Expenses are up to \$284,388,882 vs. \$217,435,096 last year which was budgeted to cover additional salaries, professional fees, costs related to the recent preference share issue and training/travel expenses.

Net finance costs of \$3,262,951 are significantly less than the \$11,367,942 last year and this is due to interest costs being offset by jumps in foreign exchange gains and interest income.

The result was a year to date net profit of \$72,481,281 or 45% higher than the \$50,012,622 reported last year. Profit to revenue ratio also increased from 6.2% to 8.0% and earnings per share from \$0.39 to \$0.56.

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, except for cash and cash equivalents, due to the increased business activities. While our operational cash flow improved by \$38,799,707 from last year our cash and cash equivalents reduced by \$76,906,095 and we continue to examine options to meet our working capital needs and expansion plans.

The CAC team must be commended for the achievements of the company while prevailing with the many disruptions due to major road works in the Three Miles area which has adversely affected customer visits, employee attendance, health issues (especially for those persons with asthma), and travel times for technicians dispatched from base to customer. Our property will also be affected as we will be losing parking spaces and some infrastructure due to compulsory acquisition of frontage so we are actively exploring options to minimize future business disruptions.

Major happenings

- 1) Our biggest news for the quarter is that the CAC 2000 Foundation received a grant from the Jamaica Social Investment Fund Integrated Community Development Project for the Alternative Livelihood Skills Development to provide skills training to 100 persons by March 2019. This training started in July and the intention is to not only provide training but to seek to provide gainful employment for the trainees in the air-conditioning industry and, to date, training of approximately 40 persons has been completed or is in progress.
- 2) We retired, on July 31st, 2018, the initial preference share offering of \$148,037,000 with a five-year term, thereby reducing our total loans and borrowings by \$40,011,345.



Steven Marston
Chairman and CEO

CAC 2000 LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
THIRD QUARTER ENDED JULY 31, 2018

	NOTES	Unaudited Jul 2018 \$	Unaudited Jul 2017 \$	Audited (12 months ended) Oct 2017 \$
ASSETS				
Non-current assets				
Property, Plant & Equipment	4	57,321,242	48,747,824	45,550,889
Deferred Tax Asset		0	0	0
Long-term receivable		165,095	509,702	228,069
		<u>57,486,337</u>	<u>49,257,526</u>	<u>45,778,958</u>
CURRENT ASSETS				
Income Tax Recoverable		6,720,228	2,821,452	3,019,666
Short Term Investments		270,451	0	0
Inventories		356,887,055	273,357,426	208,385,972
Trade and Other Receivables		583,029,466	415,171,999	536,331,072
Due from Related Party		0	3,317	0
Cash and Cash Equivalents		114,789,048	91,930,939	191,695,143
		<u>1,061,696,247</u>	<u>783,285,133</u>	<u>939,431,853</u>
TOTAL ASSETS		1,119,182,584	832,542,659	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		283,580,851	193,167,268	293,903,431
Current Year Profit/(Loss)		72,481,280	50,012,622	0
Total Shareholders' Equity		<u>485,251,888</u>	<u>372,369,647</u>	<u>423,093,188</u>
NON-CURRENT LIABILITIES				
Loans and Borrowings	6	210,533,885	152,555,184	4,013,104
Obligation under finance lease		1,863,615	4,771,361	4,076,643
Deferred Tax Liability		0	0	0
		<u>212,397,500</u>	<u>157,326,544</u>	<u>8,089,747</u>
CURRENT LIABILITIES				
Loans and Borrowings	6	3,354,975	2,905,154	249,887,100
Due to Related party		4,899,030	4,893,796	5,422,439
Trade payables and other payables	7	406,718,816	292,107,550	295,903,419
Current portion of finance lease obligation		2,907,746	2,580,477	2,658,668
Income tax payable		3,652,630	359,491	156,250
		<u>421,533,197</u>	<u>302,846,468</u>	<u>554,027,876</u>
TOTAL LIABILITIES AND EQUITY		1,119,182,584	832,542,659	985,210,811

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



Steven Marston
Director



Richard Powell
Director

CAC 2000 LTD.UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
THIRD QUARTER ENDED JULY 31, 2018

	Nine Months to JUL-18	Nine Months to JUL-17	Three Months to JUL-18	Three Months to JUL-17
	\$	\$	\$	\$
Revenue	908,814,119	799,181,282	285,375,125	231,666,915
Cost of Sales	(556,009,741)	(522,702,601)	(181,737,926)	(158,515,097)
GROSS PROFIT	352,804,379	276,478,681	103,637,199	73,151,818
ADMINISTRATIVE & OTHER EXPENSES				
Selling & Distribution	(27,197,598)	(26,100,103)	(10,229,580)	(7,386,469)
General Administration	(257,191,284)	(191,334,993)	(78,663,172)	(63,180,411)
	(284,388,882)	(217,435,096)	(88,892,753)	(70,566,880)
Other Income	7,328,734	2,115,167	2,914,166	0
PROFIT BEFORE FINANCE COST AND TAXATION	75,744,231	61,158,752	17,658,612	2,584,938
Other Gains and Losses	8,506,431	(343,064)	2,309,141	(596,922)
Interest Income	4,848,918	620,765	4,380,913	168,247
Interest Expense	(16,618,300)	(11,645,642)	(5,519,040)	(3,792,253)
NET FINANCE COST	(3,262,951)	(11,367,942)	1,171,014	(4,220,929)
PROFIT BEFORE TAXATION	72,481,281	49,790,810	18,829,627	(1,635,990)
Taxation	0	221,812	0	0
TOTAL COMPREHENSIVE INCOME	72,481,281	50,012,622	18,829,627	(1,635,990)
Issued Shares (IAS 33)	129,032,258	129,032,258	129,032,258	129,032,258
Earnings per Share (EPS)	0.56	0.39	0.15	(0.01)

CAC 2000 LTD.STATEMENT OF CHANGES IN SHAREHOLDER'S NET EQUITY
THIRD QUARTER ENDED JULY 31, 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
Total Comprehensive Income			72,481,280	72,481,280
Dividend			(10,322,581)	(10,322,581)
Balances as at July 31, 2018	138,773,634	(9,583,877)	356,062,130	485,251,887
Balances as at October 31, 2016	138,773,634	(9,583,877)	193,167,268	322,357,025
Shares issued and fully paid	0			0
Total Comprehensive Income			50,012,622	50,012,622
Dividend			0	0
Balances as at July 31, 2017	138,773,634	(9,583,877)	243,179,890	372,369,647

CAC 2000 LIMITEDSTATEMENT OF CHANGES IN CASH FLOW
THIRD QUARTER ENDED JULY 31, 2018

	Jul 2018 \$	Jul 2017 \$	Audited Oct 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the year	72,481,280	50,012,622	100,736,163
Adjusted for:			
Taxation	0	(221,812)	(221,812)
Depreciation	16,803,340	13,312,789	20,505,700
Gain on disposal of fixed assets	(7,035,026)	0	0
Gain on revaluation of investments	(101,004)	0	0
Allowance for doubtful debts	213,519	(4,452,261)	(10,938,210)
Provision for inventory obsolescence	(1,197,782)	(1,660,803)	(4,090,136)
Interest expenses	16,618,300	11,645,642	15,949,599
Interest income	(4,848,918)	(620,765)	(1,090,090)
Operating cash flows before movement in working capital	92,933,710	68,015,413	120,851,214
Movements in Working Capital:			
Inventories	(147,303,301)	8,605,798	76,006,585
Trade & other receivables	(48,533,726)	(53,400,151)	(167,245,183)
Due from Related Party	0	1,661,532	1,664,849
Trade payables and other payables	105,181,903	(66,797,191)	(64,872,775)
Cash Generated from Operations	2,278,586	(41,914,599)	(33,595,310)
Interest paid	(16,618,300)	(11,645,642)	(14,945,983)
Income tax paid	(1,192,706)	(771,885)	(789,908)
Net Cash (Used) Generated by Operating Activities	(15,532,420)	(54,332,127)	(49,331,200)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(28,972,637)	(10,357,659)	(14,353,635)
Proceeds from disposal of fixed assets	7,433,970	0	0
Purchase of investments	(169,447)	0	0
Interest received	2,833,143	620,765	1,028,036
Net Cash (Used) Generated by Investing Activities	(18,874,971)	(9,736,894)	(13,325,599)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	0	0	0
Repayment of bank loans	(259,179,606)	(9,099,682)	(10,659,815)
Proceeds from bank loans	19,168,261	8,908,495	108,908,495
Finance lease, net	(1,963,950)	(3,056,819)	(3,673,346)
Increase/(decrease) in amounts due to related parties	(523,409)	1,373,412	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	(42,498,704)	(1,874,595)	96,477,388
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIV.	(76,906,095)	(65,943,615)	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	114,789,048	91,930,939	191,695,143

CAC 2000 LIMITED

Notes to the Financial Statements

Third Quarter Ended July 31, 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									TOTAL
	Building Improvement	Motor Vehicles	Plant & Machinery	Furniture & Fixtures	Computer & Peripherals	Office Equipment	Tools & Equipment	Paintings	Work-in-Progress	
	\$'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	485	25,471	-	-	2,465	407	144	-	-	28,973
Reclassification	-	-	-	-	-	-	-	-	-	-
Disposal	-	(6,761)	-	-	-	-	-	-	-	(6,761)
Cost - 31/07/18	23,930	58,842	1,423	2,922	30,174	935	2,574	425	-	121,225
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	3,349	3,379	7	191	4,767	99	221	-	-	12,013
Accumulated Depreciation	13,093	23,427	1,357	1,456	22,434	465	1,670	-	-	63,903
Net Book Value - JUL 18	10,837	35,414	66	1,466	7,740	469	904	425	-	57,321
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)

Third Quarter Ended July 31, 2018

5. Share capital

	<u>2018</u> Units	<u>2017</u> 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	18,660,220	13,661,614
Premium financing loan	0	1,113,562
Redeemable preference shares (a)	<u>200,000,000</u>	<u>148,037,000</u>
	218,660,220	162,812,176
Less: Current Portion	<u>(6,262,720)</u>	<u>(5,485,632)</u>
Non-current portion	<u>212,397,500</u>	<u>157,326,544</u>

(a) Redeemable preference shares:

	<u>2018</u> \$	<u>2017</u> \$
Proceeds from issue of redeemable pref. shares	<u>200,000,000</u>	<u>148,037,000</u>

350,000,000 fixed and variable rate redeemable preference shares were authorised with an issue price of \$1 per share. Of this 200,000,000 are fully paid. The \$200,000,000 9.5% cumulative preference shares were issued for working capital support and have 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)

Third Quarter Ended July 31, 2018

The fixed and variable rate cumulative redeemable preference shares for \$148,037,000 were redeemed at par on July 31, 2018.

(b) The unsecured bridge loan (reported at year-ended 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.

8. Dividends and distribution

Dividends and distributions paid gross, are as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Ordinary stock units @ \$0.08 (2017: \$0.00)	<u>10,322,581</u>	<u>0</u>

On May 30, 2018, the directors declared interim dividends of \$0.08 per stock unit.

CAC 2000 LIMITED
LIST OF SHAREHOLDERS
THIRD QUARTER ENDED JULY 31, 2018

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

TOP TEN SHAREHOLDERS - ORDINARY

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

TOTAL ACCOUNT HOLDERS	
JCSD register	231

EXECUTIVE AND NON-EXECUTIVE DIRECTORS' SHAREHOLDING

EXECUTIVE	SHAREHOLDING	CONNECTED PARTY
Steven Marston	Nil	Gia Abraham
Gia Abraham	300,000	
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	

SENIOR MANAGEMENT'S SHAREHOLDING

SENIOR MANAGEMENT	SHAREHOLDING	CONNECTED PARTY
Colleen Ellison-Hall	30,000	Desmond Hall
Marcus Hay	13,400	
Richard Stephenson	Nil	
Glaister Cunningham	Nil	
	43,400	

CAC 2000 LIMITED
LIST OF SHAREHOLDERS
THIRD QUARTER ENDED JULY 31, 2018

Authorised Preference Share Capital 350,000,000 units
 Issued Preference Share Capital 200,000,000 units

TOP TEN SHAREHOLDERS - FIXED RATE 9.5% 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 Demercado Defined Contribution Fund	17,210,667	8.61%
2	Victoria Mutual Building Society	15,408,000	7.70%
3	GK General Insurance Company Limited	12,704,000	6.35%
4	NCB Insurance Co. Ltd. A/c WT160	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	Mr. 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 WT162	10,000,000	5.00%
	NCB Insurance Co. Ltd. A/c WT005	10,000,000	5.00%
8	NCB Insurance Co. Ltd. A/c WT182	5,000,000	2.50%
	NCB Insurance Co. Ltd. A/c WT035	5,000,000	2.50%
	NCB Insurance Co. Ltd. A/c WT062	5,000,000	2.50%
9	Mr. George Alpheus Brown/ Ms. Tensa Alecia Taylor	3,400,000	1.70%
	George Reid	3,000,000	1.50%
10	NCB Insurance Co. Ltd. A/c WT178	3,000,000	1.50%
	Alvin Henry/ Kerry-Ann Henry	3,000,000	1.50%
		181,200,000	90.60%

TOTAL ACCOUNT HOLDERS	
JCSD register	77