



**CAC 2000 LTD.**

**INTERIM FINANCIAL REPORT  
FOR THREE MONTHS ENDED  
31-Jan-19**

## **CAC 2000 Financial Performance for Quarter Ending January 31, 2019**

We are pleased to present our unaudited results for the Company for the first quarter ended January 31<sup>st</sup>, 2019.

### **Profit and loss**

Project revenue recognition for the quarter has still proven to be challenging as we continue to try and cope with the multiple and daily disruptions caused by the Three Miles road construction project. Initially our customers sought to venture to us, however this has come to a grinding halt as we cannot tell them how to get to our offices on a daily basis. This has negatively impacted our cash inflows and has caused some delays in both shipping and receiving. The situation is so bad that we, along with other companies in the area, have written to the PSOJ asking them to put forth a case to the Government for allowances and/or tax concessions to be granted to the affected businesses in the area. The overall impact has been invoicing delays and an overall dip in the revenues achieved for the 1<sup>st</sup> quarter of \$166,424,769 vs. \$239,511,301 for the same period last year.

Gross profit was reduced to \$54,565,360 from \$82,421,875 last year along with a slight dip in margins to 33% (from 34% last year).

On a positive note, Other Income jumped to \$27,215,915 (from \$4,413,392 last year) as a result of progress invoicing for the design project being undertaken in Barbuda. We have just been awarded another design aspect of the project and expect significant contribution of income in the current financial year and beyond.

Total expenses were \$119,476,672, compared to \$89,066,485 in the previous year, as a result of budgeted increases in professional fees (Barbuda design teams and purchasing services), and salaries, and non-budgeted increases in utility costs (construction dust reducing solar system output forcing the purchase of more electricity from JPS). Our finance costs also increased as we had budgeted for increased loans to cover short-term working capital needs (particularly covering importation of the outstanding goods in transit).

The result was a net loss of (\$37,695,398) compared to (\$2,231,218) last year. This also reflects the cyclical revenue/profit swings encountered in the construction industry.

### **Balance Sheet**

In our last report we had addressed the spike in inventory at the end of the 2018 financial year, and particularly goods in transit resulting from the slowing down of sales and collections, and that measures were being put in place to significantly reduce these values in 2019. These results have not yet manifested as inventory values increased by \$3,574,559 from the October 31 statement, but we are expecting more positive results in the forthcoming quarters as we will be improving our processes and structure in the inventory department. The most recent major change being the separation of the management of Accounts and Inventory, so that Inventory now has their own dedicated head of department.

Our efforts to reduce Trade and Other Receivables has resulted in a reduction of \$96,409,821 of the collectible A/R balances since the beginning of the year. Other Receivables and Prepayments rose by

\$101,246,200 due to the change in the overall revenue recognition process as per IFRS 15 compliance, GCT recoverable and reclassification of the Braco Hotel project receivables by the auditors.

Loans and Borrowings (long term and current) moved up by \$80,000,000 in the quarter as we drew down working capital to import goods in transit mentioned above.

Trade and Other Payables reduced from the start of the year by \$46,619,833 and Other Payables went up by \$33,593,751 as a result of increased customer deposits.

The net result is that Cash and Cash Equivalents increased by \$27,452,220 during the quarter.

**Corporate Social Responsibility:**

CAC 2000 Foundation with funding provided by Jamaica Social Investment Fund (JSIF), has developed and initiated a HVAC Technician Training Program in the Kingston and Montego Bay area, in both the theory and technical areas of HVAC basic servicing, welding, pipe fitting, and brazing. To date the Foundation has been able to successfully train 80 persons with a plan to train at least another 40 persons by the end of March 2019. All successful graduates will have been furnished with tool kits, and soft skills training to be able to gainfully provide for themselves and their families with the training they have received. Assuming that funding is successfully identified, the Foundation intends to pursue a larger program again year while also expanding training into technical content (electrical and solar energy).

**The Way Forward:**

With much of the construction disruption and temporary sales/cash flow issue still affecting our daily processes, our amazing CAC team has decided to turn this major negative into a positive by restructuring, adapting and changing our overall operational approach. As a Company we have set ourselves a goal to win and execute more projects, build on our residential and service sales while driving down Inventory and Accounts Receivables to free up cash. We have already initiated measures to contain expenses to ensure that our operating ratio is equal to or better than last years' and that operating cash is positive and improved by the third quarter.

CAC was nominated as finalists in the Business Excellence Forum held in Charleston, South Carolina, in four categories (CEO of the Year, Best Import/Export, Best Community Impact and Fastest Growing Company) and we proudly collected the trophy for Best Import/Export. We have already signed up for a team to go again next year with the expectation of winning again ... and more!

In short, we see this as a time to shine as the true "Experts" that we are in the field of HVAC Service, Design, Installation and Engineering.



Steven Marston  
Chairman and CEO



Gla Abraham  
COO

# CAC 2000 LIMITED


UNAUDITED STATEMENT OF FINANCIAL POSITION  
FIRST QUARTER ENDED JANUARY 31, 2019

	NOTES	Unaudited Jan 2019 \$	Unaudited Jan 2018 \$	Audited (12 months ended) Oct 2018 \$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant & Equipment	4	48,622,511	58,887,959	51,854,814
Deferred Tax Asset		0	0	0
Long-term receivable		0	75,560	0
		<u>48,622,511</u>	<u>58,963,519</u>	<u>51,854,814</u>
<b>CURRENT ASSETS</b>				
Income Tax Recoverable		7,914,979	3,057,180	7,311,478
Short Term Investments		265,609	285,639	269,759
Inventories		374,857,998	283,762,333	367,004,488
Trade and Other Receivables		490,309,769	520,513,449	485,472,990
Due from Related Party		11,696,022	0	11,696,022
Cash and Cash Equivalents		144,494,053	228,242,938	117,041,832
		<u>1,029,538,430</u>	<u>1,035,861,538</u>	<u>988,796,570</u>
<b>TOTAL ASSETS</b>		<b>1,078,160,940</b>	<b>1,094,825,058</b>	<b>1,040,651,384</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Share Holders' Equity</b>				
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)
Capital Reserves		56,070,656		56,070,656
Retained Earnings		302,275,721	293,903,431	227,510,194
Current Year Profit/(Loss)		(37,695,398)	(2,231,218)	74,765,527
<b>Total Shareholders' Equity</b>		<b>449,840,736</b>	<b>420,861,970</b>	<b>487,536,134</b>
<b>NON-CURRENT LIABILITIES</b>				
Loans and Borrowings	6	208,495,493	3,473,071	210,096,708
Obligation under finance lease		274,243	3,360,874	1,080,789
Deferred Tax Liability		0	0	0
		<u>208,769,736</u>	<u>6,833,945</u>	<u>211,177,497</u>
<b>CURRENT LIABILITIES</b>				
Loans and Borrowings	6	82,309,760	256,539,238	2,964,038
Due to Related party		18,009,333	1,201,117	6,803,481
Trade payables and other payables	7	315,702,271	405,289,694	328,728,403
Current portion of finance lease obligation		3,086,631	2,739,228	2,995,854
Income tax payable		442,473	1,359,865	445,977
		<u>419,550,468</u>	<u>667,129,142</u>	<u>341,937,754</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,078,160,940</b>	<b>1,094,825,058</b>	<b>1,040,651,384</b>

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



Steven Marston  
Chief Executive Officer



Richard Powell  
Director

**CAC 2000 LIMITED**STATEMENT OF CHANGES IN CASH FLOW  
FIRST QUARTER ENDED JANUARY 31, 2019

	Jan 2019 \$	Jan 2018 \$	Audited Oct 2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) for the year	(37,695,398)	(2,231,218)	74,765,527
Adjusted for:			
Taxation	0	0	0
Depreciation	5,134,173	4,756,348	22,925,850
Gain on disposal of fixed assets	(41,047)	213,519	(7,031,186)
Gain on revaluation of investments	(2,050,165)	(4,413,392)	(100,312)
Allowance for doubtful debts	4,150	(116,192)	5,552,988
Provision for inventory obsolescence	(43,322)	0	(2,291,905)
Interest expenses	5,200,433	5,641,375	22,673,331
Interest income	(73,268)	(266,494)	(3,325,095)
Operating cash flows before movement in working capital	<b>(29,564,444)</b>	<b>3,583,945</b>	<b>113,169,197</b>
Movements in Working Capital:			
Inventories	(7,810,189)	(75,376,360)	(156,326,609)
Trade & other receivables	(5,398,495)	15,851,683	41,161,166
Due from Related Party	0	0	(11,696,022)
Trade payables and other payables	(12,583,660)	110,078,514	34,951,524
Cash Generated from Operations	<b>(55,356,788)</b>	<b>54,137,782</b>	<b>21,259,256</b>
Interest paid	(5,200,433)	(4,544,892)	(22,673,331)
Income tax paid	(445,977)	(585,107)	(1,836,812)
Net Cash (Used) Generated by Operating Activities	<b>(61,003,198)</b>	<b>49,007,783</b>	<b>(3,250,887)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(2,625,703)	(18,358,630)	(29,632,560)
Proceeds from disposal of fixed assets	2,774,000	4,678,605	7,433,970
Purchase of investments	(0)	(169,447)	(169,447)
Interest received	72,530	133,909	3,405,279
Net Cash (Used) Generated by Investing Activities	<b>220,827</b>	<b>(13,715,563)</b>	<b>(18,962,758)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid	0	0	(10,322,580)
Repayment of bank loans	(2,255,492)	(3,056,156)	(111,970,721)
Proceeds from bank loans	80,000,000	9,168,261	19,168,261
Repayment of preference shares	0	0	(148,037,000)
Finance lease, net	(715,768)	(635,208)	(2,658,668)
Increase/(decrease) in amounts due to related parties	11,205,852	(4,221,322)	1,381,042
Proceeds from ordinary shares issued	0	0	0
Proceeds from issue of preference shares	0	0	200,000,000
Net Cash Provided (Used) for Financing Activities	<b>88,234,591</b>	<b>1,255,574</b>	<b>(52,439,666)</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIV.	27,452,220	36,547,795	(74,653,311)
Cash and Cash Equivalents at Beginning of Year	117,041,832	191,695,143	191,695,143
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>144,494,052</b>	<b>228,242,938</b>	<b>117,041,832</b>

## CAC 2000 LTD.

### UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FIRST QUARTER ENDED JANUARY 31, 2019

	Notes	Three Months to	Three Months to
		JAN-19	JAN-18
		\$	\$
Revenue		166,424,769	239,511,301
Cost of Sales		(111,859,409)	(157,089,426)
<b>GROSS PROFIT</b>		<b>54,565,360</b>	<b>82,421,875</b>
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>			
Selling & Distribution		(4,811,702)	(8,265,259)
General Administration	8	(106,981,702)	(77,984,010)
		(111,793,404)	(86,249,270)
Other Income	8	27,215,915	4,413,392
<b>PROFIT BEFORE FINANCE COST AND TAXATION</b>		<b>(30,012,130)</b>	<b>585,998</b>
Other Gains and Losses		(2,556,102)	2,557,665
Interest Income		73,268	266,494
Interest Expense		(5,200,433)	(5,641,375)
<b>NET FINANCE COST</b>		<b>(7,683,268)</b>	<b>(2,817,216)</b>
<b>PROFIT BEFORE TAXATION</b>		<b>(37,695,398)</b>	<b>(2,231,218)</b>
Taxation		0	0
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(37,695,398)</b>	<b>(2,231,218)</b>
Issued Shares (IAS 33 )		129,032,258	129,032,258
Earnings per Share (EPS)		(0.29)	(0.02)

**CAC 2000 LTD.**STATEMENT OF CHANGES IN SHAREHOLDER'S NET EQUITY  
FIRST QUARTER ENDED JANUARY 31, 2019

	<u>Share Capital</u>	<u>Share Issue Costs</u>	<u>Capital Reserves</u>	<u>Retained Earnings</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Balances as at October 31, 2018	138,773,634	(9,583,877)	56,070,656	302,275,720	487,536,134
Shares issued and fully paid	0				0
Total Comprehensive Income				(37,695,398)	(37,695,398)
<b>Balances as at January 31, 2019</b>	<b>138,773,634</b>	<b>(9,583,877)</b>	<b>56,070,656</b>	<b>264,580,323</b>	<b>449,840,736</b>
Balances as at October 31, 2017	138,773,634	(9,583,877)	0	293,903,431	423,093,188
Shares issued and fully paid	0				0
Total Comprehensive Income				(2,231,218)	(2,231,218)
<b>Balances as at January 31, 2018</b>	<b>138,773,634</b>	<b>(9,583,877)</b>	<b>0</b>	<b>291,672,213</b>	<b>420,861,970</b>

## CAC 2000 LIMITED

### Notes to the Financial Statements

First Quarter Ended January 31, 2019

#### 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, 2018.

#### 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 - 01/11/18	23,990	58,842	1,423	2,993	30,591	1,108	2,574	425	-	121,884
Revaluation/Adjustment	-	(602)	-	-	-	-	-	-	-	(602)
Additions	-	-	2,787	4	436	-	-	-	-	3,227
Reclassification	-	-	-	-	-	-	-	-	-	-
Disposal	-	(3,619)	-	-	-	-	-	-	-	(3,619)
Cost - 31/01/19	23,990	54,621	4,210	2,997	31,027	1,108	2,574	425	-	120,891
Depreciation - 01/11/18	14,242	26,527	1,360	1,520	24,132	505	1,743	-	-	70,030
Prior year adj.	-	(69)	-	-	-	-	-	-	-	(69)
Disposal	-	(2,895)	-	-	-	-	-	-	-	(2,895)
Depreciation Charge - Year	1,149	2,413	26	65	1,434	50	68	-	-	5,204
Accumulated Depreciation	15,391	25,975	1,385	1,585	25,566	555	1,811	-	-	72,268
Net Book Value - JAN 19	8,539	28,646	2,824	1,412	5,461	553	763	425	-	48,623
Net Book Value - OCT 18	9,688	32,314	63	1,472	6,459	603	830	425	-	51,855



## CAC 2000 LIMITED

Notes to the Financial Statements (continued)

First Quarter Ended January 31, 2019

### 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>2019</u> \$	<u>2018</u> \$
Bank Loans		
Motor vehicle loans	14,166,127	11,526,653
Premium financing loan	0	6,548,759
Unsecured bridge loan	0	100,000,000
BNS revolving loan facility	80,000,000	0
Redeemable preference shares (a)	<u>200,000,000</u>	<u>148,037,000</u>
	294,166,127	266,112,412
Less: Current Portion	<u>( 85,396,391)</u>	<u>(259,278,467)</u>
Non-current portion	<u>208,769,736</u>	<u>6,833,945</u>

#### (a) Redeemable preference shares:

	<u>2019</u> \$	<u>2018</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)

First Quarter Ended January 31, 2019

### 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 \$71,121,715.

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. Other Income

General administration expenses include professional fees associated with commission income earned on projects. These commissions are included in other income.

**CAC 2000 LIMITED**  
**LIST OF SHAREHOLDERS**  
**FIRST QUARTER ENDED JANUARY 31, 2019**

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

**TOP TEN SHAREHOLDERS - ORDINARY**

<b>RANK</b>	<b>SHAREHOLDERS</b>	<b>SHAREHOLDING</b>	<b>% OF ISSUED SHARES</b>
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	5,963,220	4.62%
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%
		<b>117,773,490</b>	<b>91.27%</b>

<b>TOTAL ACCOUNT HOLDERS</b>	
JCSD register	231

**EXECUTIVE AND NON-EXECUTIVE DIRECTORS' SHAREHOLDING**

<b>EXECUTIVE</b>	<b>SHAREHOLDING</b>	<b>CONNECTED PARTY</b>
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	
<b>NON-EXECUTIVE</b>		
Edward Alexander	54,286	Charmaine/Renee/Jordanne Alexander
Richard Powell	Nil	
Matthew Hogarth	Nil	
Patrick Smith	Nil	
Jennifer McDonald	Nil	
	<b>95,172,099</b>	

**SENIOR MANAGEMENT'S SHAREHOLDING**

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

**CAC 2000 LIMITED**  
**LIST OF SHAREHOLDERS**  
**FIRST QUARTER ENDED JANUARY 31, 2019**

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%
		<b>181,200,000</b>	<b>90.60%</b>

<b>TOTAL ACCOUNT HOLDERS</b>	
JCSD register	77