



CAC 2000 LTD.

**INTERIM FINANCIAL REPORT
FOR NINE MONTHS ENDED
31-Jul-19**

CEO REPORT

Third Quarter (Q3) ending July 2019

Our engineering team has continued to regularly win new projects, and this has resulted in an active project portfolio well over \$800M and growing. All efforts are being made to close as much of this as possible by the end of the financial year (October 31) but the Three Miles road works continues to hamper our ability to operate effectively as the contractors continue to dig up the new road surfaces to place utilities such as sewage, water, drainage etc. and traffic flows are still chaotic. However, in the eye of adversity the mettle of our team is being shown as they are more determined than ever for the company to succeed. Compliance with IFRS 15 has also impacted our ability to recognize revenues by an estimated 10-20% as we try to interpret and adjust to the new rules. As a result of the above our YTD revenue is only \$737.9M or down by \$171.1M compared to last year's Q3 revenues of \$908.8M.

Gross profit of \$239.2M was less than last years \$352.8M i.e. down by \$113.6M and this is primarily due to reduced revenues and reduction in margins realized.

Other income continues to be positively impacted by the Barbuda project and we plan to continue this trend by exploring further expansion within the territory. Note that the expenses related to design outsourcing for this project are in the legal and professional fees so there is some distortion of expenses.

Improved efficiencies have resulted in a reduction in our selling, distribution and general administration expenses despite increased warehousing (rental and transportation), plus utility costs that we have incurred to try and minimize the negative impacts of the construction. Finance costs have increased due to increased borrowing to cover our working capital shortfalls (due to reduction in walk-in cash sales).

On the balance sheet we constrained capital expenditure, reduced inventory by \$36.9M, reduced trade and other receivables by \$61.5M, trade payables were down by \$25.9M and borrowing up by \$59.1M, the improvements in working capital movements significantly countered the \$102M fall off in operating cash flows with a resulting increase in available cash on hand.

In closing, whilst this quarters numbers are down, CAC continues to adjust and persevere despite the construction chaos experienced this year, but we are finally seeing progress towards completion before November. We have a healthy inflow of jobs won, our project portfolio is growing and a great team with proven skills and expertise and, since we recognize that we cannot change the past or issues beyond our control, we are tweaking what we do today to ensure that we deliver outstanding results going forward.



Steven Marston
Chairman and CEO

CAC 2000 LIMITED

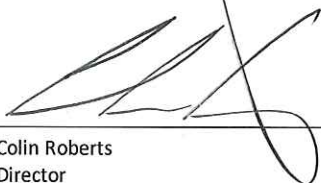
UNAUDITED STATEMENT OF FINANCIAL POSITION
THIRD QUARTER ENDED JULY 31, 2019

	NOTES	Unaudited Jul 2019 \$	Unaudited Jul 2018 \$	Audited (12 months ended) Oct 2018 \$
ASSETS				
Non-current assets				
Property, Plant & Equipment	4	48,082,867	57,321,242	51,854,814
Deferred Tax Asset		0	0	0
Long-term receivable		0	165,095	0
		<u>48,082,867</u>	<u>57,486,337</u>	<u>51,854,814</u>
CURRENT ASSETS				
Income Tax Recoverable		14,252,044	6,720,228	7,311,478
Short Term Investments		554,044	270,451	269,759
Inventories		320,016,331	356,887,055	367,004,488
Trade and Other Receivables		521,723,044	583,029,466	485,472,990
Due from Related Party		56,123,733	0	11,696,022
Cash and Cash Equivalents		148,920,702	114,789,048	117,041,832
		<u>1,061,589,898</u>	<u>1,061,696,247</u>	<u>988,796,570</u>
TOTAL ASSETS		1,109,672,765	1,119,182,584	1,040,651,384
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)
Capital Reserves		56,070,656		56,070,656
Retained Earnings		297,759,591	283,580,851	227,510,194
Current Year Profit/(Loss)		(39,470,390)	72,481,280	74,765,527
Total Shareholders' Equity		<u>443,549,615</u>	<u>485,251,888</u>	<u>487,536,134</u>
NON-CURRENT LIABILITIES				
Loans and Borrowings	6	207,014,847	210,533,885	210,096,708
Obligation under finance lease		0	1,863,615	1,080,789
Deferred Tax Liability		0	0	0
		<u>207,014,847</u>	<u>212,397,500</u>	<u>211,177,497</u>
CURRENT LIABILITIES				
Loans and Borrowings	6	27,587,120	3,354,975	2,964,038
Due to Related party		48,077,837	4,899,030	6,803,481
Trade payables and other payables	7	380,825,158	406,718,816	328,728,403
Current portion of finance lease obligation		1,863,615	2,907,746	2,995,854
Income tax payable		754,574	3,652,630	445,977
		<u>459,108,303</u>	<u>421,533,197</u>	<u>341,937,754</u>
TOTAL LIABILITIES AND EQUITY		1,109,672,765	1,119,182,584	1,040,651,384

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



Steven Marston
Chief Executive Officer



Colin Roberts
Director

CAC 2000 LIMITED

STATEMENT OF CHANGES IN CASH FLOW THIRD QUARTER ENDED JULY 31, 2019

	Jul 2019 \$	Jul 2018 \$	Audited Oct 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the year	(39,470,390)	72,481,280	74,765,527
Adjusted for:			
Taxation	0	0	0
Depreciation	15,194,637	16,803,340	22,925,850
Gain on disposal of fixed assets	(2,050,165)	(7,035,026)	(7,031,186)
Gain on revaluation of investments	(284,285)	(101,004)	(100,312)
Allowance for doubtful debts	(41,047)	213,519	5,552,988
Provision for inventory obsolescence	(43,322)	(1,197,782)	(2,291,905)
Interest expenses	17,561,164	16,618,300	22,673,331
Interest income	(206,761)	(4,848,918)	(3,325,095)
Operating cash flows before movement in working capital	(9,340,170)	92,933,710	113,169,197
Movements in Working Capital:			
Inventories	47,031,478	(147,303,301)	(156,326,609)
Trade & other receivables	(43,144,522)	(48,533,726)	41,161,166
Due from Related Party	(44,427,711)	0	(11,696,022)
Trade payables and other payables	53,446,955	105,181,903	34,951,524
Cash Generated from Operations	3,566,030	2,278,586	21,259,256
Interest paid	(17,561,164)	(16,618,300)	(22,673,331)
Income tax paid	(1,041,604)	(1,192,706)	(1,836,812)
Net Cash (Used) Generated by Operating Activities	(15,036,738)	(15,532,420)	(3,250,887)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(12,146,523)	(28,972,637)	(29,632,560)
Proceeds from disposal of fixed assets	2,774,000	7,433,970	7,433,970
Purchase of investments	0	(169,447)	(169,447)
Interest received	201,710	2,833,143	3,405,279
Net Cash (Used) Generated by Investing Activities	(9,170,813)	(18,874,971)	(18,962,758)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	(4,516,129)	0	(10,322,580)
Repayment of bank loans	(94,990,716)	(259,179,606)	(111,970,721)
Proceeds from bank loans	116,531,937	19,168,261	19,168,261
Repayment of preference shares	0	0	(148,037,000)
Finance lease, net	(2,213,028)	(1,963,950)	(2,658,668)
Increase/(decrease) in amounts due to related parties	41,274,356	(523,409)	1,381,042
Proceeds from ordinary shares issued	0	0	0
Proceeds from issue of preference shares	0	200,000,000	200,000,000
Net Cash Provided (Used) for Financing Activities	56,086,420	(42,498,704)	(52,439,666)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIV.	31,878,869	(76,906,095)	(74,653,311)
Cash and Cash Equivalents at Beginning of Year	117,041,832	191,695,143	191,695,143
CASH AND CASH EQUIVALENTS AT END OF YEAR	148,920,701	114,789,048	117,041,832

CAC 2000 LTD.UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
THIRD QUARTER ENDED JULY 31, 2019

		Nine Months to	Nine Months to	Three Months to	Three Months to
	Notes	JUL-19	JUL-18	JUL-19	JUL-18
		\$	\$	\$	\$
Revenue		737,689,129	908,814,119	221,208,222	285,375,125
Cost of Sales		(498,497,578)	(556,009,741)	(155,669,795)	(181,737,926)
GROSS PROFIT		239,191,551	352,804,379	65,538,426	103,637,199
ADMINISTRATIVE & OTHER EXPENSES					
Selling & Distribution		(15,768,050)	(27,197,598)	(5,252,917)	(10,229,580)
General Administration	8	(290,932,761)	(257,191,284)	(97,289,085)	(78,663,172)
		(306,700,811)	(284,388,882)	(102,542,003)	(88,892,753)
Other Income	8	47,197,222	7,328,734	53,577	2,914,166
PROFIT BEFORE FINANCE COST AND TAXATION		(20,312,038)	75,744,231	(36,949,999)	17,658,612
Other Gains and Losses		(1,803,949)	8,506,431	549,072	2,309,141
Interest Income		206,761	4,848,918	72,478	4,380,913
Interest Expense		(17,561,164)	(16,618,300)	(6,209,788)	(5,519,040)
NET FINANCE COST		(19,158,352)	(3,262,951)	(5,588,239)	1,171,014
PROFIT BEFORE TAXATION		(39,470,390)	72,481,281	(42,538,238)	18,829,627
Taxation		0	0	0	0
TOTAL COMPREHENSIVE INCOME		(39,470,390)	72,481,281	(42,538,238)	18,829,627
Issued Shares (IAS 33)		129,032,258	129,032,258	129,032,258	129,032,258
Earnings per Share (EPS)		(0.31)	0.56	(0.33)	0.15

CAC 2000 LTD.STATEMENT OF CHANGES IN SHAREHOLDER'S NET EQUITY
THIRD QUARTER ENDED JULY 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				(39,470,390)	(39,470,390)
Dividend (Note 9)				(4,516,129)	(4,516,129)
Balances as at July 31, 2019	138,773,634	(9,583,877)	56,070,656	258,289,201	443,549,614
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				72,481,280	72,481,280
Dividend (Note 9)				(10,322,581)	(10,322,581)
Balances as at July 31, 2018	138,773,634	(9,583,877)	0	356,062,130	485,251,887

CAC 2000 LIMITED
LIST OF SHAREHOLDERS
THIRD QUARTER ENDED JULY 31, 2019

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	5,963,220	4.62%
5	PAM - Pooled Equity Fund	3,334,203	2.58%
6	Howard Chin	3,204,599	2.48%
7	Christine G. Wong	1,232,962	0.96%
8	Peter Nicholas Anthony Forde and Patricia 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%
		117,773,490	91.27%

TOTAL ACCOUNT HOLDERS	
JCSD register	244

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	
Glaister Cunningham	Nil	
	43,400	

CAC 2000 LIMITED
LIST OF SHAREHOLDERS
THIRD QUARTER ENDED JULY 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	12,706,000	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	5,000,000	5.00%
8	NCB Insurance Co. Ltd. A/c WT185	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%
	NCB Insurance Co. Ltd. A/c WT182	5,000,000	2.50%
9	Mr. George Alpheus Brown/ Ms. Tensa Alecia Taylor	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/ Kerry-Ann Henry	3,000,000	1.50%
		181,202,000	90.60%

TOTAL ACCOUNT HOLDERS	
JCSD register	93

CAC 2000 LIMITED

Notes to the Financial Statements
Third Quarter Ended July 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	23,930	58,842	1,423	2,993	30,591	1,108	2,574	425	-	121,884
Revaluation/Adjustment	-	(602)	-	-	-	-	-	-	-	(602)
Additions	-	-	11,424	125	1,016	308	-	-	-	12,873
Reclassification	-	-	-	-	-	-	-	-	-	-
Disposal	-	(3,619)	-	-	-	-	-	-	-	(3,619)
Cost - 31/07/19	23,930	54,621	12,846	3,118	31,607	1,416	2,574	425	-	130,537
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	3,446	6,827	508	193	3,953	156	181	-	-	15,264
Accumulated Depreciation	17,689	30,390	1,868	1,713	28,085	661	1,925	-	-	82,329
Net Book Value - JUL 19	6,241	24,231	10,978	1,405	3,522	755	649	425	-	48,208
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)

Third Quarter Ended July 31, 2019

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>2019</u>	<u>2018</u>
	\$	\$
Bank Loans		
Motor vehicle loans	11,465,581	18,660,216
BNS revolving loan facility	25,000,000	0
Redeemable preference shares (a)	<u>200,000,000</u>	<u>200,000,000</u>
	236,465,581	218,660,216
Less: Current Portion	<u>(29,450,734)</u>	<u>(6,262,720)</u>
Non-current portion	<u>207,014,847</u>	<u>212,397,500</u>

(a) Redeemable preference shares:

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, 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 \$71,367,627.

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.

9. Dividends and distribution

Dividends and distributions paid gross, are as follows:

	<u>2019</u>	<u>2018</u>
	\$	\$
Ordinary stock units @ \$0.035 (2018: \$0.08)	<u>4,516,129</u>	<u>10,322,581</u>

On May 30, 2019, the directors declared interim dividends of \$0.035 per stock unit.