



## **CAC 2000 LTD.**

**INTERIM FINANCIAL REPORT  
FOR SIX MONTHS ENDED  
30-Apr-20**



## CEO Report for Quarter Ending April 30, 2020

The Covid-19 pandemic has negatively affected operations as customers have closed their job sites, walk in sales activity and collections are down, St. Catherine curfew impacted our workforce movement and we have incurred additional costs for employee and customer safety – the result is a reduction in net earnings. Despite the above we kept all staff on board on a rostered and work from home basis and took the opportunity to work on improving of operating effectiveness and pivoting into new business opportunities to provide solutions for our customers.

Our year-to-date financial performance for the second quarter of the 2019-2020 financial year is summarized below:

	2019/20	2018/19	Variance
<b>Profit and loss</b>			
Revenues	\$573,556,247	\$516,480,907	\$57,075,341
Gross Profit	\$204,621,097	\$173,653,124	\$30,967,973
Other Income	\$1,862,282	\$47,143,645	(\$49,281,363)
Expenses	(\$214,258,656)	(\$204,158,808)	(\$10,099,848)
Operating profit	(\$7,775,277)	\$16,637,960	(\$24,413,237)
Finance and other costs	(\$13,751,281)	(\$13,570,113)	(\$181,168)
(Loss)/Profit before taxation	(\$21,526,558)	\$3,067,847	(\$24,594,405)

The increased revenues and profits for this quarter demonstrates our continued recovery from the challenges arising from the road construction works in the prior year, despite the Covid-19 impact (discussed below in more detail). Note that, once “other Income” is factored out, the current profit is higher than the previous year.

Total operating expenses were slightly above the previous year due to increases in:

- *General administrative* expenses were \$8M above last year. Significant offsetting increases over budget were recorded in staff welfare, bad debt and insurance but major savings came from salaries, IT, depreciation, bad debt provision, bank charges, directors’ fees and professional fees.
- *Selling and distribution* expenses were \$2M more than last year due to advertising and salaries
- *Finance costs* increased marginally due to changes in interest expenses offset by exchange losses.

Inventory, including work in progress, moved up from \$295M last year Q2 to \$326M (\$344M audited end of year).

Trade Receivables increased from \$520M last year Q2 to \$562M (\$511M audited end of year) primarily due to a general slow-down in payments.

Borrowing changed slightly in the quarter as we drew down on our operating credit line and accounts payable went up due to increased use of supplier credit and movements in customer deposits on new jobs.

The net result was that Cash and Cash Equivalents are \$5M higher than the same time last year.

Looking forward to the rest of the year we foresee that operations will continue to be difficult and we will continue to adjust operations, reduce costs and execute, subject to customer and policy constraints, our large project portfolio. We have already launched multiple product/solutions related to indoor environmental quality (IEQ) and getting significant traction as we help our customers prepare for return to the "new normal." There will be further opportunities for expanded and new areas of business, and we plan to emerge from this pandemic invigorated and restored.



---

Steven Marston  
Chairman & CEO

**CAC 2000 LIMITED****UNAUDITED STATEMENT OF FINANCIAL POSITION  
SIX MONTHS ENDED APRIL 30, 2020**

	NOTES	Unaudited Apr 2020 \$	Unaudited Apr 2019 \$	Audited (12 months ended) Oct 2019 \$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant & Equipment	4	33,199,955	49,729,929	44,119,401
Right of Use Asset	4a	4,617,896	0	0
Deferred Tax Asset		0	0	0
Long-term receivable		0	0	0
		<u>37,817,851</u>	<u>49,729,929</u>	<u>44,119,401</u>
<b>CURRENT ASSETS</b>				
Income Tax Recoverable		14,784,644	11,138,703	14,274,091
Short Term Investments		488,333	262,151	549,894
Inventories		326,484,510	294,775,867	343,923,189
Trade and Other Receivables	8	561,627,232	520,453,899	510,805,102
Due from Related Party		29,363,269	56,123,733	44,039,667
Cash and Cash Equivalents		167,527,916	162,770,640	221,483,721
		<u>1,100,275,905</u>	<u>1,045,524,992</u>	<u>1,135,075,664</u>
<b>TOTAL ASSETS</b>		<b>1,138,093,755</b>	<b>1,095,254,921</b>	<b>1,179,195,065</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	56,070,657
Retained Earnings		181,685,274	302,275,721	208,193,737
Current Year Profit/(Loss)		(21,526,558)	3,067,847	(26,508,463)
<b>Total Shareholders' Equity</b>		<b>345,419,129</b>	<b>490,603,981</b>	<b>366,945,688</b>
<b>NON-CURRENT LIABILITIES</b>				
Loans and Borrowings	6	205,925,836	207,633,477	206,996,023
Obligation under finance lease	4c	778,946	0	0
Deferred Tax Liability		0	0	0
		<u>206,704,782</u>	<u>207,633,477</u>	<u>206,996,023</u>
<b>CURRENT LIABILITIES</b>				
Loans and Borrowings	6	129,398,808	57,419,727	107,093,409
Due to Related party		55,185,872	15,166,767	60,267,447
Trade payables and other payables	7	399,362,404	321,524,426	436,811,709
Current portion of finance lease obligation	4c	1,557,891	2,623,417	1,080,789
Income tax payable		464,869	283,126	0
		<u>585,969,845</u>	<u>397,017,463</u>	<u>605,253,354</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,138,093,755</b>	<b>1,095,254,921</b>	<b>1,179,195,065</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 SIX MONTHS ENDED APRIL 30, 2020

	Notes	Apr 2020 \$	Apr 2019 \$	Audited Oct 2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(Loss) for the year		(21,526,558)	3,067,847	(26,508,451)
Adjusted for:				
Depreciation		8,316,087	10,242,122	22,468,542
Depreciation - right of use asset	4a	1,539,299	0	0
Gain on disposal of fixed assets		(1,857,282)	(2,050,165)	(2,050,165)
Gain on revaluation of investments		61,560	7,609	(280,134)
Movement in expected credit loss	8a	(774,644)	(41,047)	(10,453,976)
Provision for inventory obsolescence		0	(43,322)	203,225
Net foreign exchange losses/(gains)		(1,302,149)	232,904	1,001,334
Interest expenses		14,321,784	11,351,376	23,927,351
Interest expenses - right of use asset	4b	70,834	0	0
Interest income		(153,443)	(134,283)	(282,280)
Operating cash flows before movement in working capital		(1,304,512)	22,633,039	8,025,445
Movements in Working Capital:				
Inventories		17,438,678	72,271,941	22,878,073
Trade & other receivables		(50,556,125)	(38,766,276)	(110,812,495)
Due from Related Party		14,676,398	(44,427,711)	(32,343,645)
Trade payables and other payables		(36,747,586)	(6,764,601)	113,816,075
Cash Generated from Operations		(56,493,146)	4,946,392	1,563,453
Income tax paid		(236,849)	(602,227)	(6,178,759)
Net Cash (Used) Generated by Operating Activities		(56,729,995)	4,344,164	(4,615,306)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of property, plant and equipment		(2,930,770)	(8,841,070)	(16,058,661)
Proceeds from disposal of fixed assets		4,350,000	2,774,000	2,774,000
Interest received		151,527	133,474	289,870
Net Cash (Used) Generated by Investing Activities		1,570,757	(5,933,596)	(12,994,791)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend paid		0	0	(4,516,129)
Repayment of bank loans		(109,674,524)	(39,539,479)	(95,503,250)
Proceeds from bank loans		130,909,736	91,531,937	196,531,937
Finance lease, net	4c	(1,859,735)	(1,453,226)	(2,995,854)
Interest paid		(14,392,618)	(11,351,376)	(23,927,351)
Increase/(decrease) in amounts due to related parties		(5,081,575)	8,363,286	53,463,966
Net Cash Provided (Used) for Financing Activities		(98,717)	47,551,143	123,053,320
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIV.		(55,257,955)	45,961,711	105,443,222
Effects of exchange rate changes on cash and cash equivalents		1,302,149	(232,904)	(1,001,334)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIV.		(53,955,805)	45,728,807	104,441,888
Cash and Cash Equivalents at Beginning of Year		221,483,721	117,041,833	117,041,833
CASH AND CASH EQUIVALENTS AT END OF YEAR		167,527,916	162,770,640	221,483,721

**CAC 2000 LTD.****UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

SIX MONTHS ENDED APRIL 30, 2020

Notes	Six Months to	Six Months to	Three Months to	Three Months to
	APR-20	APR-19	APR-20	APR-19
	\$	\$	\$	\$
Revenue	573,556,247	516,480,907	266,988,486	350,056,138
Cost of Sales	(368,935,151)	(342,827,783)	(177,178,371)	(230,968,374)
<b>GROSS PROFIT</b>	<b>204,621,097</b>	<b>173,653,124</b>	<b>89,810,115</b>	<b>119,087,764</b>
Other Income	1,862,282	47,143,645	1,857,282	19,927,730
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>				
Selling & Distribution	(12,758,488)	(10,515,133)	(5,744,172)	(5,703,431)
General Administration	(201,500,168)	(193,643,675)	(102,732,811)	(86,661,973)
	(214,258,656)	(204,158,808)	(108,476,983)	(92,365,404)
<b>PROFIT BEFORE FINANCE COST AND TAXATION</b>	<b>(7,775,277)</b>	<b>16,637,960</b>	<b>(16,809,586)</b>	<b>46,650,090</b>
Other Gains and Losses	487,894	(2,353,020)	1,421,912	203,082
Interest Income	153,443	134,283	80,176	61,016
Interest Expense	(14,392,618)	(11,351,376)	(7,531,985)	(6,150,943)
<b>NET FINANCE COST</b>	<b>(13,751,281)</b>	<b>(13,570,113)</b>	<b>(6,029,896)</b>	<b>(5,886,845)</b>
<b>PROFIT BEFORE TAXATION</b>	<b>(21,526,558)</b>	<b>3,067,847</b>	<b>(22,839,482)</b>	<b>40,763,245</b>
Taxation	0	0	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(21,526,558)</b>	<b>3,067,847</b>	<b>(22,839,482)</b>	<b>40,763,245</b>
Issued Shares (IAS 33 )	129,032,258	129,032,258	129,032,258	129,032,258
Earnings per Share (EPS)	(0.17)	0.02	(0.18)	0.32

STATEMENT OF CHANGES IN SHAREHOLDER'S NET EQUITY  
SIX MONTHS ENDED APRIL 30, 2020

Balances as at April 30, 2020	138,773,634	(9,583,877)	56,070,656	160,158,716	345,419,130
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				3,067,847	3,067,847
Balances as at April 30, 2019	138,773,634	(9,583,877)	56,070,656	305,343,567	490,603,981



**CAC 2000 LIMITED**  
**LIST OF SHAREHOLDERS**  
**SIX MONTHS ENDED APRIL 30, 2020**

Authorised Ordinary Share Capital  
 Issued Ordinary Share Capital

200,000,000 units  
 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%
		<b>117,773,490</b>	<b>91.27%</b>

**TOTAL ACCOUNT HOLDERS**

JCSD register	247
---------------	-----

**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	
	<b>95,172,099</b>	

**SENIOR MANAGEMENT'S SHAREHOLDING**

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



**CAC 2000 LIMITED**  
**LIST OF SHAREHOLDERS**  
**SIX MONTHS ENDED APRIL 30, 2020**

Authorised Preference Share Capital  
 Issued Preference Share Capital

350,000,000 units  
 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%
	Mr. George Alpheus Brown/ Ms. Tensa Alecia Taylor	3,400,000	1.70%
9	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>181,202,000</b>	<b>90.60%</b>

TOTAL ACCOUNT HOLDERS	
JCSD register	115

## CAC 2000 LIMITED

### Notes to the Financial Statements

Second Quarter Ended April 30, 2020

#### 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, 2019.

#### 4. Movements in fixed assets

	Lease Hold Building Improvement	Motor Vehicles	Plant & Machinery	Furniture & Fixtures	Computer & Peripherals	Office Equipment	Tools & Equipment	Paintings	GRAND TOTAL
Cost - 01/11/19	26,997	54,621	12,846	3,118	31,482	1,660	2,574	425	133,722
Revaluation/Adjustment	-	-	1,300	284	862	319	166	-	2,931
Additions	-	-	-	-	-	-	-	-	-
Reclassification due to IFRS 16	(3,041)	-	-	-	-	-	-	-	(3,041)
Disposal	-	(3,739)	-	-	-	-	-	-	(3,739)
Cost - 30/4/20	23,956	50,882	14,146	3,401	32,344	1,979	2,740	425	129,873
Depreciation - 01/11/19	18,863	34,858	2,156	1,773	29,245	727	1,981	-	89,603
Prior year adj.	-	-	-	-	-	-	-	-	-
Reclassification due to IFRS 16	(153)	-	-	-	-	-	-	-	(153)
Depreciation Charge - Year	2,451	2,971	619	125	790	149	118	-	7,223
Accumulated Depreciation	21,160	37,829	2,775	1,898	30,035	876	2,099	-	96,673
Net Book Value - APR 20	2,795	13,052	11,371	1,504	2,309	1,103	640	425	33,200
Net Book Value - OCT 19	8,134	19,763	10,690	1,345	2,237	933	593	425	44,119

## CAC 2000 LIMITED

### Notes to the Financial Statements

Second Quarter Ended April 30, 2020

#### Right-of-Use-Asset

The company occupies office and warehouse spaces for which monthly rentals are paid and terminates automatically on expiry of contract. New lease contracts are negotiated upon expiry. The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

For short-term leases, the company has elected not to recognise right-of-use assets and lease liabilities that have an unexpired lease term of 12 months or less as at November 1, 2019. The company recognises the lease payments associated with these leases as an expense over the lease term.

#### 4a. Right-of-use assets- Property

	2020
Balance at November 1, 2019	3,041,412
Additions	3,115,783
Depreciation	(1,539,299)
Balance as at April 30, 2020	<u>4,617,896</u>

#### 4b. Lease liabilities – right of use asset

Maturities analysis- contractual undiscounted cash flows:

Not later than 1 year	1,669,560
Later than 1 year and not later than 5 years	849,780
Total undiscounted lease liability at April 30, 2020	<u>2,549,340</u>
Less: future interest payments	(212,503)
	<u>2,336,837</u>

#### 4c. Right of use lease liabilities included in the statement of financial position at April 30, 2020:

	\$
Current	1,557,891
Non-current	778,946
	<u>2,336,837</u>



**CAC 2000 LIMITED**

## Notes to the Financial Statements

Second Quarter Ended April 30, 2020

Amount recognized in profit or loss – right of use asset	\$
Interest on lease liabilities	70,834
Depreciation of right	<u>1,539,299</u>
Amount recognized in the statement of cash flows	\$
Total cash outflow for leases - right of use asset	<u>778,946</u>

5. Share capital

	<u>2020</u>	<u>2019</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
Shared 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>2020</u>	<u>2019</u>
	\$	\$
Bank Loans:		
Motor vehicle loans	8,051,486	10,110,942
Premium financing loan	7,273,158	4,942,262
BNS revolving loan facility	120,000,000	50,000,000
Redeemable preference shares	<u>200,000,000</u>	<u>200,000,000</u>
	335,324,644	265,053,204
Less: Current portion	<u>(129,398,808)</u>	<u>(57,419,727)</u>
Non-current portion	<u>205,925,836</u>	<u>207,633,477</u>

**CAC 2000 LIMITED**

## Notes to the Financial Statements

Second Quarter Ended April 30, 2020

## (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.

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 \$74,295,411.

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. Trade and Other Receivables

	2020	2019
	\$	\$
Trade	607,675,339	497,064,915
Less: expected credit loss	(97,663,768)	(25,621,165)
	510,011,571	471,443,750
Other receivables	11,792,969	32,643,774
Prepayments	39,822,692	16,366,375
	<u>561,627,232</u>	<u>520,453,899</u>

Ageing of trade receivables at the reporting date was:

	2020	2020	2020	2019	2019
	Gross carrying amount	Expected Credit Loss rate	Expected credit loss	Gross	Loss allowance
	\$		\$	\$	\$
0-30 days	164,778,109	8%	13,003,788	223,157,264	
31-60 days	20,523,818	8%	1,697,275	23,824,702	
61-180 days	120,866,385	11%	13,513,000	44,733,792	
More than 180 days	<u>301,507,027</u>	27%	<u>69,449,704</u>	<u>205,349,157</u>	<u>25,621,165</u>
	<u>607,675,339</u>		<u>97,663,767</u>	<u>497,064,915</u>	<u>25,621,165</u>

## **CAC 2000 LIMITED**

### Notes to the Financial Statements

Second Quarter Ended April 30, 2020

8a. As at the reporting period, increase in loss allowance recognised in the income statement amounted to \$4,445,653 (2019: \$0). Bad debt written off/recovered against loss provision was \$5,645,173 (2019: \$41,047), \$5,220,297 of this amount was credited to the income statement.