



## **CAC 2000 LTD.**

**INTERIM FINANCIAL REPORT  
FOR NINE MONTHS ENDED  
31-Jul-20**

## CEO Report Q3 2020

Like everyone else in Jamaica, and most of the world, CAC has been coping with the Covid-19 pandemic that has disrupted our employees, customer operations, supply chain and financing.

The good news is that we are managing and even pivoting to build on new growth opportunities – this is evident in the attached financial disclosures and briefly summarized below:

- Revenues - we posted our highest quarterly revenues for this financial year and continue to work on maximizing jobs closed in Q4 from our healthy portfolio of open jobs
- Gross profit margins generally remain unaffected
- Expenses – we introduced a work from home/rostering system and reduced costs as much as possible without having to lay off any employees. We continue to take the opportunity to reexamine our historical business model and improve our operational efficiencies, change our approach and find creative ways to reduce our operational expenses and improve productivity ratios
- Profit – we have turned around from our Q2 losses and generated a YTD profit
- On the balance sheet we continue to work on driving down inventory, but cash inflows are down due to processing delays and hence accounts receivables and borrowings have temporarily trended upwards

The pandemic will continue to change our lives and work for the rest of 2020, and seemingly 2021, and one of the most compelling needs of every business is a desire to keep employees and customers safe and CAC has a unique selling proposition that is in keeping with our Purpose of “Improving People’s Lives” by focusing on 2 key areas:

- Internal environmental quality (IEQ) – multipoint focus on improving quality and comfort with current emphasis being mitigation of the Covid-19 virus spread; and
- Energy, costs are rising, and affordability is being reduced so there is a major need to help customers quickly reduce these, preferably with minimal capital spend

We have been aggressively working with suppliers and customers to design and rapidly execute IEQ solutions and we are happy to state that we have been making major inroads while helping customers to minimize downtime of their operations (as being announced daily). This impetus is expected to spill over to Q4 and 2021 and we continue to refine our offerings.

Once again, kudos to our employees whose continued perseverance, grit and teamwork enables CAC to excel at being the leading experts on energy and indoor environmental quality solutions, whether preventative or remedial.

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Steven Marston  
Chairman and CEO

**CAC 2000 LIMITED**

UNAUDITED STATEMENT OF FINANCIAL POSITION  
NINE MONTHS ENDED JULY 31, 2020

	NOTES	Unaudited Jul 2020 \$	Unaudited Jul 2019 \$	Audited (12 months ended) Oct 2019 \$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant & Equipment	4	29,474,000	48,082,867	44,119,401
Right of Use Asset	4a	3,848,247	0	0
		<u>33,322,246</u>	<u>48,082,867</u>	<u>44,119,401</u>
<b>CURRENT ASSETS</b>				
Income Tax Recoverable		16,647,908	14,252,044	14,274,091
Short Term Investments		484,183	554,044	549,894
Inventories		341,817,490	320,016,331	343,923,189
Trade and Other Receivables	8	643,319,263	521,723,044	510,805,102
Due from Related Party		29,128,846	56,123,733	44,039,667
Cash and Cash Equivalents		149,400,341	148,920,702	221,483,721
		<u>1,180,798,031</u>	<u>1,061,589,898</u>	<u>1,135,075,664</u>
<b>TOTAL ASSETS</b>		<b>1,214,120,277</b>	<b>1,109,672,765</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	297,759,591	208,193,737
Current Year Profit/(Loss)		7,244,174	(39,470,390)	(26,508,463)
<b>Total Shareholders' Equity</b>		<u>374,189,861</u>	<u>443,549,615</u>	<u>366,945,688</u>
<b>NON-CURRENT LIABILITIES</b>				
Loans and Borrowings	6	205,400,200	207,014,847	206,996,023
Obligation under finance lease	4c	389,473	0	0
		<u>205,789,673</u>	<u>207,014,847</u>	<u>206,996,023</u>
<b>CURRENT LIABILITIES</b>				
Loans and Borrowings	6	172,125,651	27,587,120	107,093,409
Due to Related party		45,032,640	48,077,837	60,267,447
Trade payables and other payables	7	415,080,957	380,825,158	436,811,709
Current portion of finance lease obligation	4c	1,557,891	1,863,615	1,080,789
Income tax payable		343,604	754,574	0
		<u>634,140,742</u>	<u>459,108,303</u>	<u>605,253,354</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,214,120,277</b>	<b>1,109,672,765</b>	<b>1,179,195,065</b>

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

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*Steven Marston*

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Steven Marston

Chief Executive Officer

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*Richard Powell*

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Richard Powell

Director

**CAC 2000 LIMITED****STATEMENT OF CHANGES IN CASH FLOW**  
**NINE MONTHS ENDED JULY 31, 2020**

	Notes	Jul 2020 \$	Jul 2019 \$	Audited Oct 2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(Loss) for the year		7,244,174	(39,470,390)	(26,508,451)
Adjusted for:				
Depreciation		12,228,995	15,194,637	22,468,542
Depreciation - right of use asset	4a	2,308,948	0	0
Gain on disposal of fixed assets		(2,044,236)	(2,050,165)	(2,050,165)
Gain on revaluation of investments		65,711	(284,285)	(280,134)
Movement in expected credit loss	8a	2,720,999	(41,047)	(10,453,976)
Provision for inventory obsolescence		0	(43,322)	203,225
Net foreign exchange losses/(gains)		(1,916,904)	3,671,890	1,001,334
Interest expenses		22,074,721	17,561,164	23,927,351
Interest expenses - right of use asset	4b	106,252	0	0
Interest income		(263,085)	(206,761)	(282,280)
Operating cash flows before movement in working capital		<b>42,525,575</b>	<b>(5,668,280)</b>	<b>8,025,445</b>
Movements in Working Capital:				
Inventories		2,105,698	47,031,478	22,878,073
Trade & other receivables		(137,615,975)	(43,144,522)	(110,812,495)
Due from Related Party		14,910,821	(44,427,711)	(32,343,645)
Trade payables and other payables		(20,560,429)	53,446,955	113,816,075
Cash Generated from Operations		<b>(98,634,310)</b>	<b>7,237,920</b>	<b>1,563,453</b>
Income tax paid		(826,719)	(1,041,604)	(6,178,759)
Net Cash (Used) Generated by Operating Activities		<b>(99,461,029)</b>	<b>6,196,316</b>	<b>(4,615,306)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of property, plant and equipment		(2,930,770)	(12,146,523)	(16,058,661)
Proceeds from disposal of fixed assets		4,350,000	2,774,000	2,774,000
Interest received		270,084	201,710	289,870
Net Cash (Used) Generated by Investing Activities		<b>1,689,314</b>	<b>(9,170,813)</b>	<b>(12,994,791)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend paid		0	(4,516,129)	(4,516,129)
Repayment of bank loans		(117,473,317)	(94,990,716)	(95,503,250)
Proceeds from bank loans		180,909,736	116,531,937	196,531,937
Finance lease, net	4c	(2,249,208)	(2,213,028)	(2,995,854)
Interest paid		(22,180,972)	(17,561,164)	(23,927,351)
Increase/(decrease) in amounts due to related parties		(15,234,808)	41,274,356	53,463,966
Net Cash Provided (Used) for Financing Activities		<b>23,771,430</b>	<b>38,525,257</b>	<b>123,053,320</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIV.		(74,000,285)	35,550,759	105,443,222
Effects of exchange rate changes on cash and cash equivalents		1,916,904	(3,671,890)	(1,001,334)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIV.		(72,083,380)	31,878,869	104,441,888
Cash and Cash Equivalents at Beginning of Year		221,483,721	117,041,833	117,041,833
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>149,400,341</b>	<b>148,920,702</b>	<b>221,483,721</b>

**CAC 2000 LTD.**UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
NINE MONTHS ENDED JULY 31, 2020

	Nine Months to	Nine Months to	Three Months to	Three Months to
Notes	JUL-20	JUL-19	JUL-20	JUL-19
	\$	\$	\$	\$
Revenue	928,233,049	737,689,129	354,676,802	221,208,222
Cost of Sales	(609,255,472)	(498,497,578)	(240,320,321)	(155,669,795)
<b>GROSS PROFIT</b>	<b>318,977,577</b>	<b>239,191,551</b>	<b>114,356,481</b>	<b>65,538,426</b>
Other Income	2,358,986	47,197,222	496,704	53,577
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>				
Selling & Distribution	(18,916,697)	(15,768,050)	(6,158,209)	(5,252,917)
General Administration	(276,608,815)	(290,932,761)	(75,108,646)	(97,289,085)
	(295,525,511)	(306,700,811)	(81,266,855)	(102,542,003)
<b>PROFIT BEFORE FINANCE COST AND TAXATION</b>	<b>25,811,052</b>	<b>(20,312,038)</b>	<b>33,586,329</b>	<b>(36,949,999)</b>
Other Gains and Losses	3,351,010	(1,803,949)	2,863,115	549,072
Interest Income	263,085	206,761	109,643	72,478
Interest Expense	(22,180,972)	(17,561,164)	(7,788,354)	(6,209,788)
<b>NET FINANCE COST</b>	<b>(18,566,878)</b>	<b>(19,158,352)</b>	<b>(4,815,596)</b>	<b>(5,588,239)</b>
<b>PROFIT BEFORE TAXATION</b>	<b>7,244,174</b>	<b>(39,470,390)</b>	<b>28,770,733</b>	<b>(42,538,238)</b>
Taxation	0	0	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>7,244,174</b>	<b>(39,470,390)</b>	<b>28,770,733</b>	<b>(42,538,238)</b>
Issued Shares (IAS 33 )	129,032,258	129,032,258	129,032,258	129,032,258
Earnings per Share (EPS)	0.06	(0.31)	0.22	(0.33)

**CAC 2000 LTD.**STATEMENT OF CHANGES IN SHAREHOLDER'S NET EQUITY  
NINE MONTHS ENDED JULY 31, 2020

	Share Capital	Share Issue Costs	Capital Reserves	Retained Earnings	Total
	\$	\$	\$	\$	\$
<b>Balances as at October 31, 2019</b>	138,773,634	(9,583,877)	56,070,656	181,685,274	366,945,688
Shares issued and fully paid	0				0
Total Comprehensive Income				7,244,174	7,244,174
<b>Balances as at July 31, 2020</b>	<b>138,773,634</b>	<b>(9,583,877)</b>	<b>56,070,656</b>	<b>188,929,449</b>	<b>374,189,862</b>
<b>Balances as at October 31, 2018</b>	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 )				(4,516,129)	(4,516,129)
<b>Balances as at July 31, 2019</b>	<b>138,773,634</b>	<b>(9,583,877)</b>	<b>56,070,656</b>	<b>258,289,201</b>	<b>443,549,614</b>

**CAC 2000 LIMITED**  
**LIST OF SHAREHOLDERS**  
**NINE MONTHS ENDED JULY 31, 2020**

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	Donald 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	Sagicor Select Fund Ltd - (Class C Shares)	1,035,021	0.80%
10	Jamaica Credit Union Pension Fund Ltd	843,463	0.65%
		<b>117,844,242</b>	<b>91.33%</b>

**TOTAL ACCOUNT HOLDERS**

JCSD register	251
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**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	
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	
		<b>43,400</b>

**CAC 2000 LIMITED**  
**LIST OF SHAREHOLDERS**  
**NINE MONTHS ENDED JULY 31, 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**

<b>RANK</b>	<b>SHAREHOLDERS</b>	<b>ALLOCATION</b>	<b>PERCENTAGE</b>
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	2.50%
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%
		<b>181,202,000</b>	<b>90.60%</b>

<b>TOTAL ACCOUNT HOLDERS</b>	
JCSD register	118



**CAC 2000 LIMITED**

## Notes to the Financial Statements

Third Quarter Ended July 31, 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	-	-
Additions	-	-	-	-	-	-	-	-	2,931
Reclassification due to IFRS 16	(3,041)	-	-	-	-	-	-	-	(3,041)
Disposal	-	(3,739)	-	-	-	-	-	-	(3,739)
Cost - 31/7/20	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	3,600	4,614	940	189	1,200	227	179	-	10,949
Accumulated Depreciation	22,309	39,472	3,096	1,962	30,445	954	2,161	-	100,398
<b>Net Book Value - JULY 20</b>	<b>1,646</b>	<b>11,410</b>	<b>11,051</b>	<b>1,439</b>	<b>1,899</b>	<b>1,025</b>	<b>579</b>	<b>425</b>	<b>29,474</b>
<b>Net Book Value - OCT 19</b>	<b>8,134</b>	<b>19,763</b>	<b>10,690</b>	<b>1,345</b>	<b>2,237</b>	<b>933</b>	<b>593</b>	<b>425</b>	<b>44,119</b>

**CAC 2000 LIMITED**

Notes to the Financial Statements

Third Quarter Ended July 31, 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	(2,308,948)
Balance as at July 31, 2020	<u>3,848,247</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	384,056
Total undiscounted lease liability at July 31, 2020	<u>2,053,616</u>
Less: future interest payments	(106,252)
	<u>1,947,364</u>

## 4c. Right of use lease liabilities included in the statement of financial position at July 31, 2020:

	\$
Current	1,557,891
Non-current	389,473
	<u>1,947,364</u>

**CAC 2000 LIMITED**

## Notes to the Financial Statements

Third Quarter Ended July 31, 2020

Amount recognized in profit or loss – right of use asset	\$
Interest on lease liabilities	106,252
Depreciation of right of use asset	<u>2,308,948</u>
Amount recognized in the statement of cash flows	\$
Total cash outflow for leases - right of use asset	<u>1,168,418</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
Share 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	7,525,851	9,601,966
BNS revolving loan facility	170,000,000	25,000,000
Redeemable preference shares	<u>200,000,000</u>	<u>200,000,000</u>
	377,525,851	234,601,966
Less: Current portion	<u>(172,125,651)</u>	<u>(27,587,120)</u>
Non-current portion	<u>205,400,200</u>	<u>207,014,846</u>

**CAC 2000 LIMITED**

## Notes to the Financial Statements

Third Quarter Ended July 31, 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 \$35,861,697.

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. On May 28, 2020 the claimant made an offer without prejudice for the settlement of J\$1,159,864.46 and US\$445,000 starting May 29, 2020 and settling in full by December 31, 2020 in six (6) installments.

The offer was accepted by the Company.

8. Trade and Other Receivables

	2020	2019
	\$	\$
Trade	719,768,741	499,185,222
Less: expected credit loss	<u>(101,159,410)</u>	<u>(25,621,165)</u>
	618,609,331	473,564,057
Other receivables	10,669,854	19,067,630
Prepayments	<u>14,032,078</u>	<u>29,091,357</u>
	<u>643,311,263</u>	<u>521,723,044</u>

**CAC 2000 LIMITED**

## Notes to the Financial Statements

Third Quarter Ended July 31, 2020

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	212,208,795	6%	11,949,227	86,637,609	
31-60 days	71,785,822	7%	5,229,891	53,795,194	
61-180 days	135,481,164	9%	12,598,435	172,749,174	
More than 180 days	300,292,960	24%	71,381,857	186,003,244	25,621,165
	<u>719,768,741</u>		<u>101,159,410</u>	<u>499,185,222</u>	<u>25,621,165</u>

8a. As at the reporting period, increase in loss allowance recognised in the income statement amounted to \$7,941,295 (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.