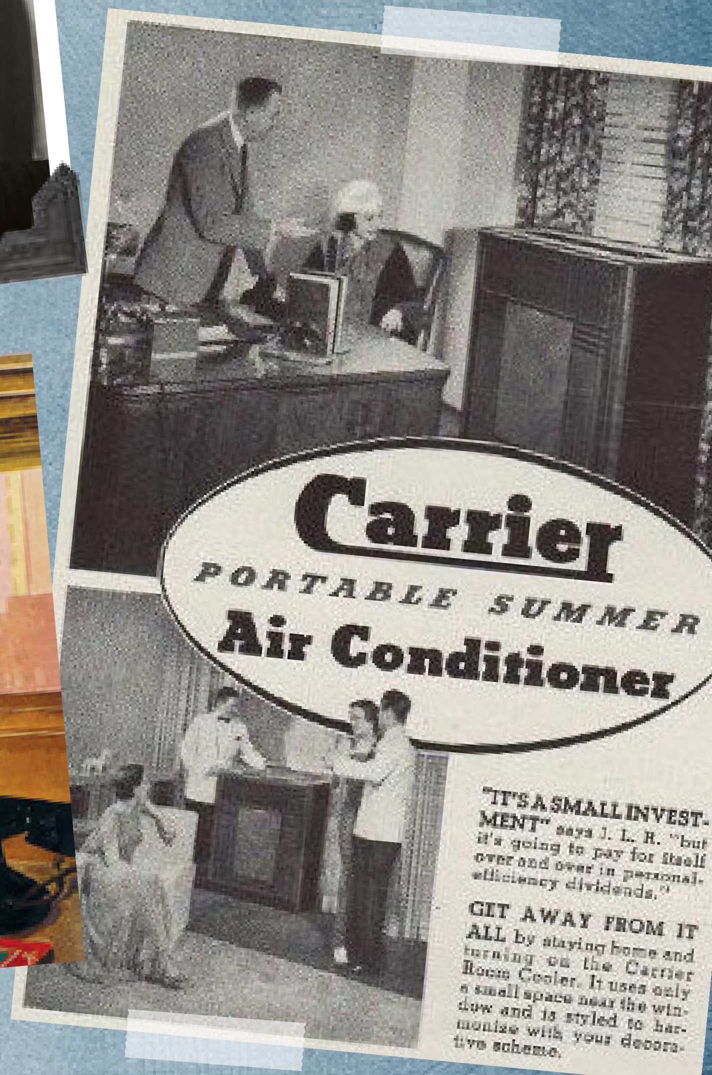
CAC

Improving People's Lives



A History of Firsts

CAC 2000 LIMITED – 2022 ANNUAL REPORT

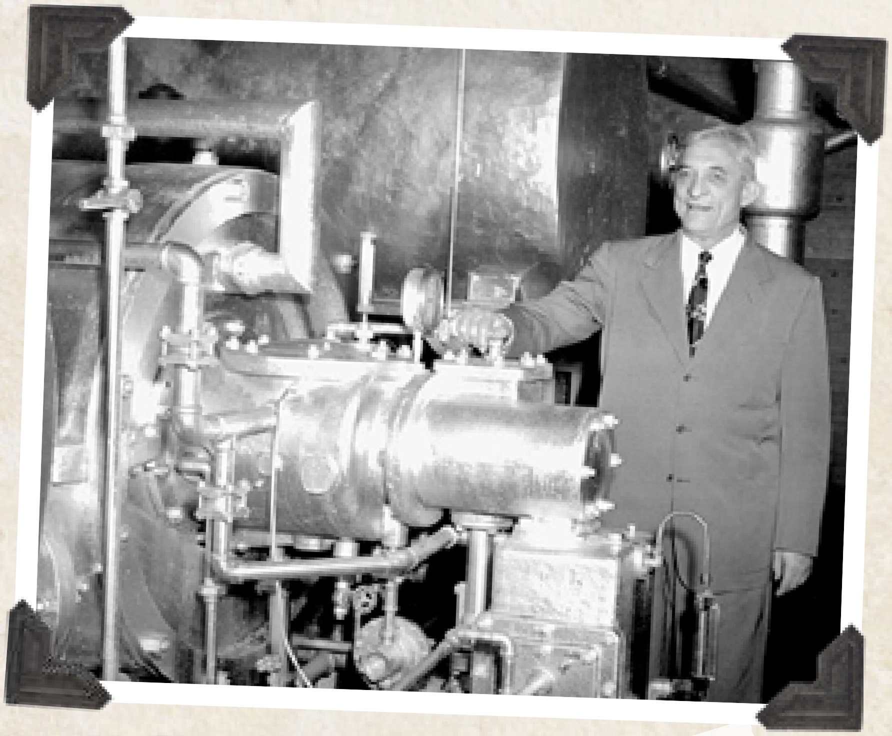
Since 1929, when CAC 2000 Limited, the first and only construction company listed on the Jamaica Stock Exchange, began representing Carrier products, the company– then Webster's Engineering has become accustomed to being pioneers in the air-conditioning industry and indoor environmental quality (IEQ) conditions.

Today, 120 years following Willis Haviland Carrier's invention of the modern air-conditioner, CAC 2000 Limited remains the oldest surviving Carrier dealer in Southern Latin America and the Caribbean and has charted the path in the region for energy and water efficient air-conditioning systems including variable speed centrifugal, screw and modular chillers, VRF (Variable Refrigerant Flow) and hybrid systems (including the first water cooled system) all using environmentally friendly refrigerants.

INNOVATIVE TECHNOLOGIES

We are proud of having introduced innovative technologies to the region including chilled beams, remote cooling plants, and ultra-low temperature cooling systems for vaccine storage and manufacturing, which rendered us particularly useful during the recent COVID-19 pandemic, as the Pfizer vaccines required this specific cooling system. We were also among the first in Jamaica to design healthy buildings as part of our IEQ offering including 100% fresh air, ultra-filtration, and sterilization. Studies show that air quality in the workplace results in healthier and happier employees and one such system that we executed was for Scotiabank Business Support Centre that resolved a major Indoor Air Quality challenge that affected them since inception. This illustrated our long history of executing complex commercial air conditioning systems such as:

- The Carib Theatre, opened in 1938 which was our first commercial installation, with a focus on IEQ, and maintained until it was upgraded in 2013.
- The design and installation of systems for large factories and warehouses to provide optimum ventilation and solve complex process problems.
- The installation of the first non-ammonia glycol chiller system to provide process temperatures as low as 0 degrees Fahrenheit for Campari for use in their sophisticated rum processing application which enables their rum to continue to be among the most sought after in the world.



They say that the reward for excellent work is more work, so it makes sense that we also piloted a first of its kind installation in Jamaica of a water-cooled VRF system by Mitsubishi Electric delivering 400 tons of cooling to Scotia Centre Building, Downtown Kingston.

FACT:

In 1902, a 25-year-old engineer from New York named Willis Carrier invented the first modern air-conditioning system. The mechanical unit, which sent air through water-cooled coils, was not aimed at human comfort, however; it was designed to control humidity in the printing plant where he worked.

THE DAILY GLEANER, THURSDAY, APRIL 13, 1939.

"Caribbean" Magazine "Air-Conditions" Carib Patrons!

FOR THOSE who go early to a show at the Carib, the minutes before starting time seem to drag by at a particularly slow pace and if one is not a comfortable "fidgiter", one tends to chew his handkerchief, dig his toe into the person sitting in front of him and generally make a nuisance of himself. It was with deep thought and thorough organisation that Mr. Morris Cargill created the Caribbean, that delightful "before the show" magazine for those who wiggled and squirmed.

The Caribbean with its twenty-eight pages of interesting movie news and breezy editorials which touch on the topics of the day, comes as a smooth comforter for those who arrive early and now that it has become an institution rather than "just another of those magazines, is much sought after by Carib patrons over each week-end. In fact it has become a part of the Carib Theatre and the organisation that is the Cinema Company of Jamaica.

Mr. Cargill is just the sort of fellow to edit the sort of magazine that waiting movie fans want and in presenting the Caribbean, he certainly turns out the right job. His interest too, does not only lie in telling patrons what the Carib will show in the coming week and that no one should miss this or that, he produces an interesting booklet and sees to it that full advertising value is received by those who are contracted with him.

MR. MORRIS CARGILL, Editor of the "Caribbean" and the Carib's Master of Ceremonies.

As an advertising medium, the Caribbean is probably one of the finest that advertisers could use for their message gets the thirty five hundred people each week at a time too when they can get the fullest value from it.

But Mr. Cargill's interest in the Carib does not end with the Caribbean. Along with Mr. Eder, he takes a great part in the production of any show which is staged there and who will remember his untiring efforts at the time when the Gleaner Fashion Parade of 1938 was staged there.

As their Master of Ceremonies, he has won a place in the hearts of his public, for his free, easy manner, his fine speaking voice and his spontaneous wit places him in the front rank .... No stage show at the Carib would be complete without Morris at the Mike.

We are told that he has greater plans for the Caribbean, that in a short time it will be a bigger and better matter magazine carrying a new cover and still more interestings news, though we venture to suggest that the editor will have a hard time beating his present publication.

The power

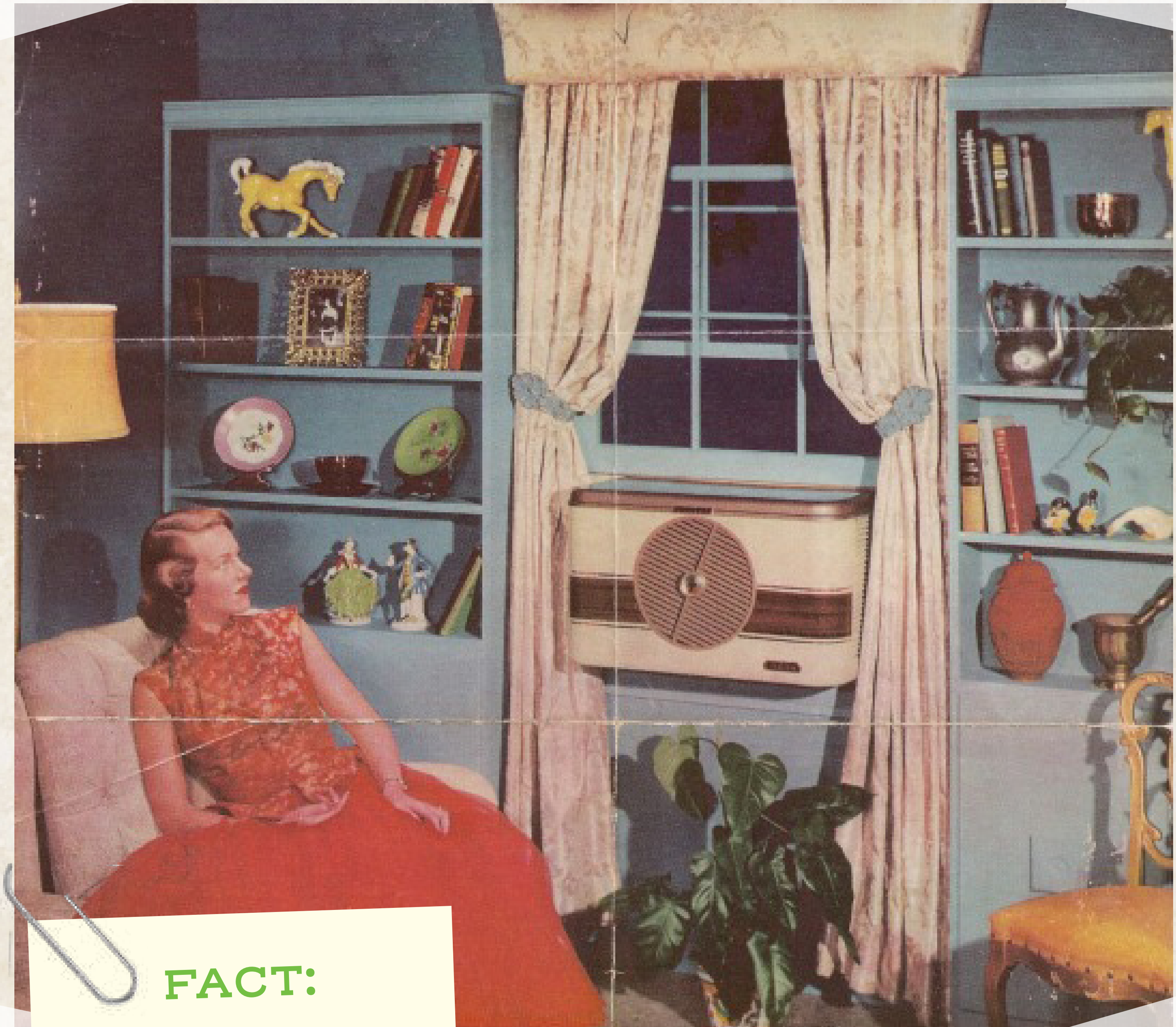
Directors of Jamaica's finest the
there during the past year. Cari
ture, left to right (above) are: M
man of the Board of Directors;
Murray, Advertising Manager; M
Mr. Peter Cargill, Assistant Mana

THE MEN

The Board of Director
Mr. J. H. Cargill, Mr.
Director.

Mr. Kerith Saunders
booth.

Mr.. John Tyndale
Mr. Cleveland Murra
a fully equipped art dep



FACT:

The first single-room air conditioner was invented in 1931 by H.H. Schultz and J.Q. Sherman. It sat on a window ledge and vented through the window opening. It was initially eye-wateringly expensive, costing at the time nearly £300 against a typical weekly wage of around £20.

MOST COMPLEX SYSTEMS

Continuing our tradition of firsts and our penchant for the innovative and complex, we boast having installed one of the most complex air-conditioning systems in the Caribbean at the Basic Medical Science Building of the Mona Campus at the University of the West Indies. The air-conditioning system includes four stage pumping systems that have variable speeds with sophisticated controls including for the first time in Jamaica, dehumidifying air handling units, and chilled beams. It also has the first commercially installed Taco zone pumps in the world. The system is rounded out with a complex chilled water system involving underground piping and multi-zone distribution across four buildings including the Basic Medical Science Department

A History of Firsts

resulting in a low maintenance system with better ventilation, and significant fresh-air and oxygenation to enhance the energy levels of those working within the building.

QUALITY OF LIFE, HEALTH, PRODUCTIVITY

In terms of economical solutions for our clients, we endeavour to be first at that as well. We redesigned the conversation surrounding the purchasing of an air-conditioning system from an expense discussion to that of an investment decision. Besides the quality of life and health that our IEQ package affords those who work for and with our clients, which can be seen as an investment in one's workforce and productivity; we have also revolutionized the way in which systems can be designed. Through our entity in partnership with Tropical Battery Company Limited, Enrvate Limited, we offer energy audits of existing systems along with a unique approach to establishing energy saving solutions for our commercial customers in Jamaica and the Caribbean by focusing on real-time measurement, the monitoring of energy consumption, and using the resulting data to identify, design, and execute energy and water saving opportunities. In other words, we help our clients save money, and we help them save the environment by improving the efficiency of their systems.

MANY HAPPY RETURNS

We wish the Carib Theatre Many Happy Returns on the First Anniversary of its opening.

LIGHTING

The Lighting in this Theatre is totally indirect, all lighting fixtures and bulbs being hidden from view, and the fact that there is no glare of any kind is an example of lighting which is "easy on the eyes."

AIR-CONDITIONING

The Air Conditioning which makes it comfortable to sit through the enjoyable programmes provided by the Carib Management is an application of Electric Refrigeration.

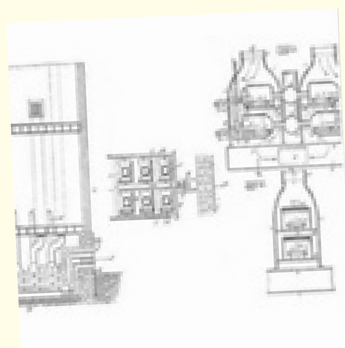
ELECTRIC REFRIGERATION

Electric Refrigeration cannot only cool your places of amusement, but individual cooling units can cool your home or office, and in the form of household refrigerators can safeguard your food supply and your family's health.

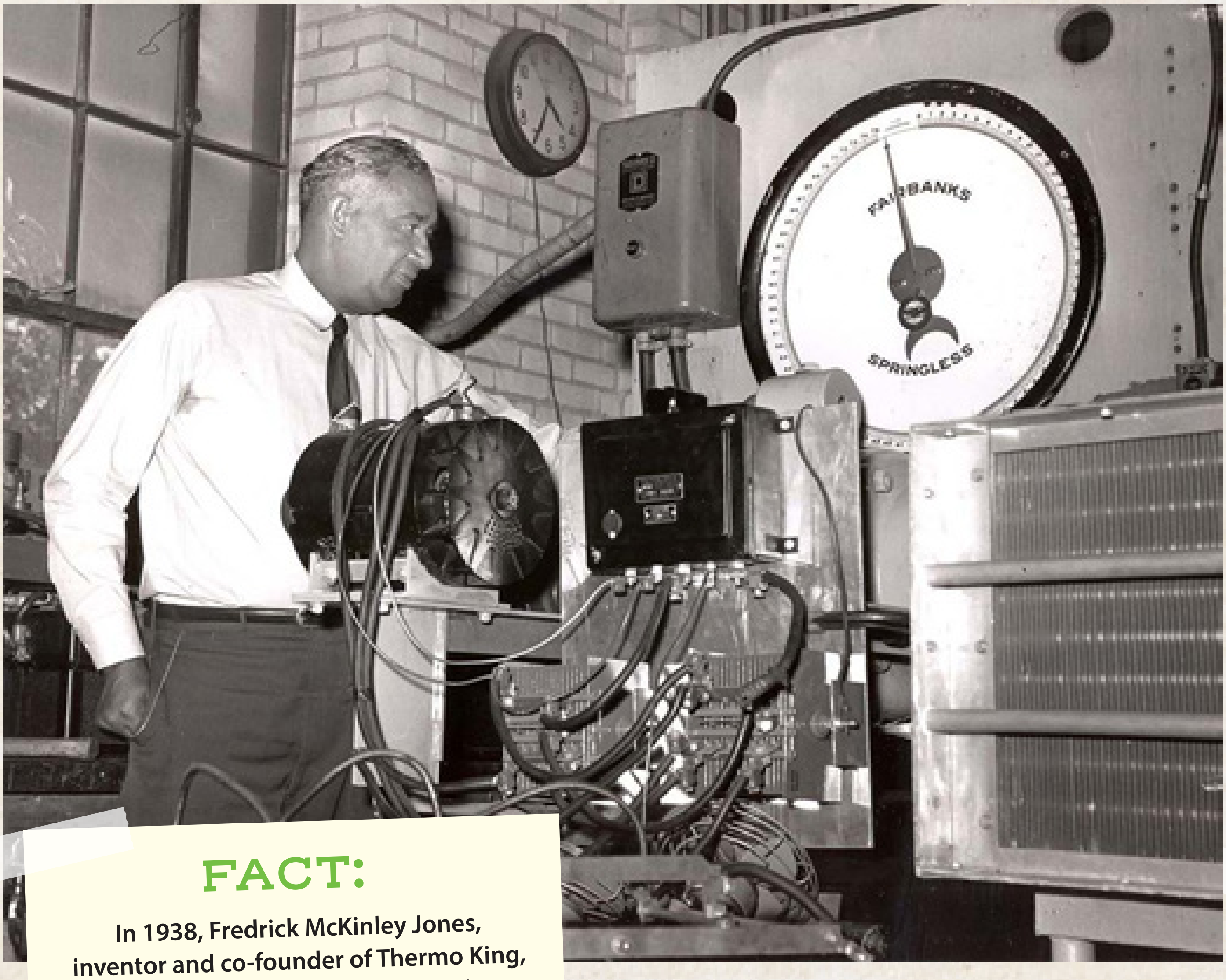
JAMAICA PUBLIC SERVICE Co., Ltd.

FACT:

Alice Parker revolutionized the world of HVAC by inventing a gas furnace with ductwork at a time when people used wood and coal for central heating. Her concept served as a precursor for modern heating systems and even inspired other HVAC innovations such as the thermostat. Alice received a patent for her invention in 1919.



A History of Firsts



FACT:

In 1938, Fredrick McKinley Jones, inventor and co-founder of Thermo King, invented a portable air conditioning unit. This revolutionized the HVAC and food industries. Grocery chains and food production companies could now import and export perishable products. The portable AC unit gave rise to a new industry of frozen foods.

He has over 61 patents and is also accredited with the innovation of many other creations which he never patented. Some of his other inventions include:

- Portable X-ray machine
- Radio transmitter
- Personal radio sets
- Motion picture devices
- Automatic ticket-dispensing machine
- Gasoline engines

NEWEST ECONOMICAL SOLUTION

Our newest economical solution for our clients is a first of its kind arrangement to rent-to-own the air conditioning system that is designed for our commercial customers. Companies no longer need to make such an investment all at once. They can rent the system for a period of years, and at the end of the term, purchase it for the predetermined amount, resulting in better cash flow and the ability to achieve many goals simultaneously, rather than a costly outlay of funds earlier on in the life of the air-conditioning system.

SUSTAINABILITY AND LONGEVITY

We are delighted to share our Service Technician Training Programme with all who will listen as we feel that it is not only a significant contribution to our industry, but also to Jamaica. The industry-specific training enables young men and women to learn about the service, the soft skills and the business which results in limitless lifelong earning potential as they can get jobs with any company industry-wide, and they can decide to form their own businesses as well. By arming at-risk youth with specialized skills, this results in a reduction of poverty, hunger, crime, and other social ills and issues. We see this as doing our part to provide sustainability and longevity within our industry and enhance the quality of lives in our community and country.

The 1940 Packard was the first car to offer factory-installed air-conditioning. By 1969, more than half of all new cars sold were equipped with A/C.

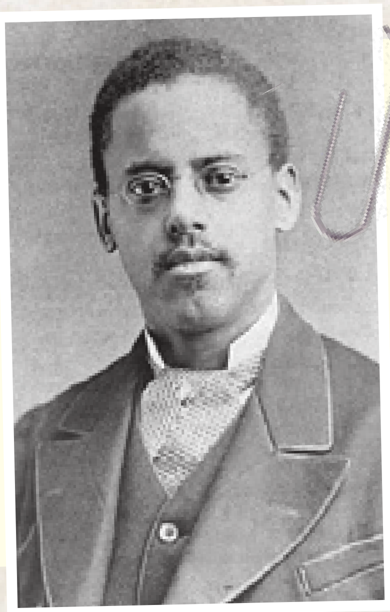
FACT:

David Crosthwait invented an upgraded boiler system and a thermostat control that significantly improved ventilation systems for larger buildings, including heating systems for:

- **New York's Radio City Music Hall**
- **The Rockefeller Center**

Crosthwait holds 39 U.S. patents and 80 international ones related to HVAC, and is also accredited with the invention of most of modern:

- **Heating systems**
- **Refrigeration solutions**
- **Temperature regulation devices**
- **Vacuum pumps**



FACT:

Lewis Latimer is synonymous with innovations like the telephone, since he worked hand-in-hand with Alexander Graham Bell, and helped him draft the patent for it.

In addition, Latimer contributed to the development of modern-day air conditioners by creating a cooling and disinfecting apparatus. It was used to control climate, disinfect rooms, and was commonly used in hospitals to prevent dust circulation in theatres.

He is also notable for inventing a more efficient and affordable carbon filament for Thomas Edison's incandescent bulb.

c. 1947 advertisement for Carrier

DRAMA OF GREAT ADVENTURE PRODUCED ON LAVISH SCALE

Opening At Carib Shortly Starring Tyrone Power, Loretta Young And Annabella

With Hollywood determined To Make The Current Motion Picture Year Unique For The Number Of "Big Pictures" Filmed, This New 20th Century-Fox Epic Of A Historic Romance And Adventure In Egypt Holds Lead In Magnitude

THE URGE to make big pictures, pictures big in every sense of the word, seems to have taken all Hollywood at once, and the word from every studio front office seems to have been: "Give it everything you've got." Nowhere has this glad order been more rousingly sounded than on the 20th Century-Fox lot, which has just released "Alexander's Ragtime Band," just completed "Suez" and now has a large company out making "Jesse James."

The concerted effort represented by the big pictures turned out by all the companies at once really is overwhelming. Overwhelming and rather incomprehensible viewed merely in the light of the money spent on them. By considering one picture, step by step, from the birth of the idea to the completed print, and then multiplying the resulting impression by all the big films in the making, a student of the screen may get some idea of the work in progress out where West begins and ends.

Take, for example, "Suez". A year and a half before the cameras started grinding, Darryl F. Zanuck summoned his ace script and story writers, Philip Dunne, Julian Josephson and Sam Duncan, and the head of the research department, Miss Frances Richardson, and explained to them that he felt there was fine screen material in the story of the Suez Canal and its builder, Ferdinand de Lesseps. He asked them to investigate and report.

IDEAL HERO FOR FILM

Their report was an enthusiastic one. There was indeed a story in de Lesseps and the Canal. The man himself was that ideal hero of the movies, a chap with great romantic appeal who actually accomplished something. Miss Richardson discovered that not only did de Lesseps come from a family famous for their service to France on the battlefields and in the courts of the world, but that he himself had established an enviable record for himself as a diplomat before he even made the first motion toward building the canal.

Ferdinand's father, Mathieu, was the man who defied the entire English Fleet at the time he was Governor of the Ionian Islands. The elder de Lesseps held out against the might of Britain's sea power, defraying the expenses of the garrison out of his own pocket, until he received word from Paris to surrender the island. Then, too, he had laid the foundations for his son's great work, by befriending Mohamet Ali and helping him gain the Viceroyship of Egypt. (It was Prince Said, Mohamet Ali's youngest son, who gave Ferdinand de Lesseps the original concessions for the canal as a matter of friendship.)

And Ferdinand's uncle, Barthelemy, in addition to diplomatic service of a high order, completed an epoch-making journey across the Siberian wastes from the remote fastnesses of the Kamschatka Peninsula to Moscow.

De Lesseps the canal-builder had a splendid career before he started to dig his amazing waterway. Educated, thanks to his father's and uncle's services to France, at the expense of the state, the young man early turned to diplomacy, and soon won deserved honours in that field. He was decorated for his courage and helpfulness to the entire population during the great plague that decimated Cairo. He was decorated again for his courage and constancy during the bombing of Barcelona.

Fascinating and enlightening as this background was, what really stimulated the writers was the story of the building of the Canal itself. For actually it was a one man job. The dream of digging such a canal, bringing East and West closer by five thousand miles and uniting

SERVICE WITH A SMILE

The ladies at the Carib serve with a smile. Above are the ticket office staff and the usherettes. From left to right Miss Elsie Liston, Mrs. Myrtle Eves, Miss Edna France, Mrs. Etta Lewis, Mrs. Dulcern Dunbar, Miss Sheila Feres, Rosalind Williams, Doris Dunn, Edna Ffrench, Gloria DuQuesnay.

Carrier

AIR CONDITION

Like CARIB Theatre

YOUR

STORE OFFICE HOME

SPECIAL COMPACT, SILENT UNIT FOR COMPLETE AIR CONDITIONING OF ONE ROOM.

IT COOLS

IT DEHUMIDIFIES

IT FILTERS

IT CIRCULATES AIR

FREE ESTIMATE ON REQUEST.

J. S. WEBSTER & SONS

BREEZY CASTLE

'Phone 3713.

Contents

The Company and Our History

CAC 2000 Limited (CAC) is an engineering company that specializes in the distribution, installation and servicing of Energy Efficient Air Conditioning Systems. We are the succession of a number of businesses starting with Webster's Engineering in the late 1920's. In the mid-1960s, the ICD Group (formerly the Mechala Group) bought Conditionedair Corporation and merged it with another company to form Conditionedair and Associated Contractors, or "CAC" for short. CAC was later merged into the iconic "Homelectrix", which was a household name in Jamaica for many years. When Homelectrix was sold in the early 1990s, the management team purchased 49% of the newly formed Conditionedair and Associated Contractors. On July 24th, 2000 the Company was incorporated, and the remaining 51% was purchased on August 18th, 2000, and that is the genesis of the Company's name: "CAC 2000 Limited".

OUR PORTFOLIO

By virtue of the various iterations of the business, we have been the sole appointed representative for Carrier®, world leaders in air conditioning technology, in Jamaica since 1929. Although the Company is predominantly a Carrier® dealer, we have expanded our portfolio to offer other premium equipment brands such as Mitsubishi Electric®, LG®, Fujitsu® and CIAC® as well as both factory and generic parts. In recent years our focus has expanded to include a range of solutions that are tailored to our clients' needs and support energy efficiency and greater control.

CAC sells, services and supports some of the most sophisticated air conditioning systems ever designed and completed in Jamaica and the Caribbean. Our technical and engineering expertise sets us apart from the competition and can be seen throughout Jamaica in the large projects that we have designed, managed and implemented.

QUALIFICATIONS AND EXPERIENCE

On the strength of the qualifications and experience of our team, we are first and foremost an engineering company that specializes in applied air conditioning systems (chillers, cooling towers, pumps, air handling units and state of the art variable refrigeration flow (VRF) systems, to name a few) and pride ourselves on offering technical solutions and multiple options for our clients' needs. In addition to being one of the leading providers of commercial Air Conditioning (HVAC) systems and refrigeration and energy solutions in Jamaica, and maintaining a respectable share of the residential market, we are also one of the few Grade 1 contractors (and also a Grade 1 Mechanical Works and Grade 2 Electrical Works).

OUR ACCOLADES

Our expertise is reinforced by our accolades. CAC was awarded two golds during the 2017 staging of the Stevie® Awards, one of the world's most coveted prizes designed to honour the achievements and positive contributions of businesses worldwide. In 2018, the Business Excellence Forum & Awards, designed to honour "the best of the best" small businesses and business owners worldwide, recognized CAC as a finalist in four of the five categories we entered: CEO of the Year, Fastest Growing Company, Best Company Culture, and Best Import/Export Company.

In May 2016, CAC established the CAC 2000 Foundation aimed at assisting disadvantaged, disabled and at-risk youth secure employment through education, as we know that with a good education anything is possible. We have partnered with existing programs and entities such as Rise which caters to the inner-city youth and the Pacers Running Club to raise funds for Step Centre which caters to the disabled. We have also received funding from JSIF for our Skills Training Program for air conditioning repairs and servicing.

LAUNCHING ENRVATE

In June 2021 CAC entered into a joint venture formation with Tropical Battery Company Limited (Tropical Battery) launching Enrvate Limited. Enrvate is the product of a shared vision of both companies to make our Caribbean paradise a better place to live and work through focusing on real-time measurement and monitoring of energy consumption, and using the resulting data to identify, design and execute energy and water saving opportunities. Enrvate plans to develop innovative financing solutions for qualified customers through the issuance of a Green Bond along with equity capital.

As a Company, we are committed to Jamaica, the future of its people and delivering comprehensive and innovative air-conditioning and energy saving solutions to the local market and the wider Caribbean region.

Corporate Data

Executive Directors

Executive Chairman: Steven D. Marston
CEO/Company Secretary: Gia Abraham
Director Customer Experience: Colin Roberts

Non-Executive Directors

Edward Alexander
Patrick Smith
M. Anthony Shaw
Simon Roberts
Katherine Francis

Registered Head Office

CAC 2000 Limited
231 Marcus Garvey Drive
Kingston 11, Jamaica
Tel: 876-656-9200 Fax: 876-923-1785
Email: sales@cac2000ltd.com
Website: www.cacjamaica.com

Attorney

Annaliesa E. Lindsay
Lindsay Law Chambers
21 Seaview Avenue
Kingston 6, Jamaica
Tel: 876-920-7428

Auditors

PricewaterhouseCoopers
Scotiabank Centre,
Duke Street
http://www.pwc.com/jm

Bankers:

SCOTIABANK
Corporate Banking
Scotia Centre
Corner of Duke Street & Port Royal Street
Kingston

NATIONAL COMMERCIAL BANK
Portmore Branch
13-14 West Trade Way
Portmore, St. Catherine

FIRST GLOBAL BANK
New Kingston Branch
28-48 Barbados Ave
Kingston 5

The Chairman's Report

Steven Marston

CHAIRMAN

As the world slowly eases out of the COVID-19 pandemic, CAC 2000's management team has begun implementing initiatives in anticipation that businesses will recover, the persistent supply chain delays and costs will ease, and companies like ours will move from a survival to an expansion mode.

Through the support of the Board, the dedicated management team, and hard-working staff we have implemented a series of major growth initiatives during the year as follows:

- Continued employee professional training development initiatives, evidenced most recently by the Company CEO's recent graduation from the Harvard Business School's Owner President Manager program.
- New management roles with goals that are measurable and incentivized
- An independent board evaluation process to strengthen the Board's effectiveness
- The appointment of new members to the Board of Directors in a restructuring exercise which filled gaps identified during the evaluation exercise
- The implementation of the ERP and Estimation technology platforms, purchased in 2021, to improve operational efficiencies
- The addition of a retail centre expected to commence operations in February 2023
- The establishment of Enrvate, a joint venture between CAC 2000 Limited and Tropical Battery Limited

These initiatives were undertaken in anticipation that we will continue to:

- Do more of what is being done differently to guarantee organic growth
- Improve our processes and maximize operating efficiencies
- Increase new product offerings and solutions through forging stronger alliances such as joint ventures, acquisitions, and partnerships for increased regional expansion and growth opportunities

I would like to take this opportunity to thank our previous Board members and welcome our new members and I look forward to this journey as we continue to pioneer many firsts in our industry, country, and region!

CAC

Improving People's Lives

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 2023 Annual General Meeting of CAC 2000 Limited ("the Company") will be held on Thursday, September 21, 2023, at 3:00 p.m. at the registered office address, 231 Marcus Garvey Drive, Kingston 11 for the following purposes:

1. **To consider the Company's Accounts and the Reports of the Directors and the Auditors for the year ended October 31st, 2022, and (if thought fit) pass the following resolution:**

   Resolution #1: "That the Directors' Report, the Auditors Report and the Statements of Accounts of the Company for the year ended October 31, 2022 be approved".

2. **To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors. To consider and (if thought fit) pass the following resolution:**

   Resolution #2: "That PwC, Chartered Accountants, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company".

3. **Resolution #3: To consider a dividend.**

4. **The Directors, Mr. Patrick Smith and Mr. Edward Alexander shall retire from office and being eligible offered themselves for re-election.**

   Resolution #4: To approve the re-election of Directors recommended for appointment to the Board of Directors of the Company. To consider and (if thought fit) pass the following resolutions:

   a. "That retiring Director Mr. Patrick Smith be and is hereby re-elected a Director of the Company".

   b. "That retiring Director Mr. Edward Alexander be and is hereby re-elected a Director of the Company".

5. **To transact any other special business.**

BY ORDER OF THE BOARD OF DIRECTORS

Gia Abraham
Company Secretary

DATED THIS 31st DAY OF JANUARY 2023


Carrier
⅓ hp model • 51Q1
the wonderful Carrier
Room Air Conditioners
with the new silhouette
for 1954
The new silhouette for 1954 is a slim silhouette – scarcely extending beyond the sill. There is no projection to disturb the closing of draperies or location of room furnishings. The Carrier Room Air Conditioner is styled for comfort as well as beauty . . . and best of all, it's built by the people who know air conditioning best

The Board Report

THE BOARD OF DIRECTORS

The Board of Directors is comprised of:

- Steven Marston
- Gia Abraham
- Colin Roberts
- Edward Alexander
- Patrick Smith
- Katherine Francis
- M. Anthony Shaw
- Simon Roberts

The Board is chaired by Steven Marston (Executive Chairman) and given his majority shareholding and past CEO position, CAC has maintained a Lead Independent Director position (definition of Independent is listed in our Board Charter) currently held by Patrick Smith.

BOARD COMMITTEES

We have three active committees each of which is Chaired by and comprises a majority of independent directors as follows:

The Audit Committee (meetings held 4 times/year)

- M. Anthony Shaw (Chairman, Independent Non-Executive)
- Patrick Smith (Independent Non-Executive)
- Simon Roberts (Independent Non-Executive)
- Gia Abraham (Executive)

The Remuneration Committee (meetings held 2 times/year)

- Patrick Smith (Chairman, Lead Independent Non-Executive)
- Simon Roberts (Independent Non-Executive)
- Katherine Francis (Independent Non-Executive)
- Gia Abraham (Executive)

The Governance Committee (meetings held 2 times/year)

- Edward Alexander (Chairman, Non-Executive)
- Simon Roberts (Independent Non-Executive)
- Katherine Francis (Independent Non-Executive)
- Gia Abraham (Executive)

Each year the Company Secretary posts a schedule that involves a minimum of six (6) meetings for directors:

- Quarterly meetings – Board and committees
- Annual General Meeting
- Strategy and budget presentation (1-2 meetings)

Selected members of the Executive team plus external parties, e.g., Auditors, are invited to the various meetings and copied on all minutes.

Please see Attendance Report on next page

The last Annual General Meeting was conducted on September 22, 2022, on the CAC compound and was attended by all directors (some remote) and previous minutes were circulated inclusive of the shareholder questions that were posed.

DIRECTORS' COMPENSATION

The payment for directors comprises a retainer of JMD$550,000 per annum plus an additional JMD$50,000 for Chairman responsibility (including Lead Independent Director). This compensation was last reviewed in 2021 and we expect to review it periodically.

BOARD EVALUATION, NEEDS ASSESSMENT, NOMINATION AND REMUNERATION POLICY

Every two years we engage an independent person to conduct a Board survey (self and peer) and this report (graded for ALL, Non-Executive and Executive) is used by the Board to identify areas for improvements along with a board expertise review and skills assessment. Once we identify a skills gap, we commence the nomination and selection process and, once completed, new Directors are engaged using a contract letter that outlines the terms of their contract, term limit and orientation activities. Our development plan includes:

- Directors Duties and Responsibilities
- Director courses (individual) – JSE, CGTI etc.
- Executive training – HBS etc.

Our last review was conducted in 2022 and we were happy to observe significant improvements and will continue with these bi-annual surveys while upgrading the scope each time.

MEETING ATTENDANCE

BOARD MEETING ATTENDANCE

Board of Directors	Virtual Meeting 16 Dec 2021	Virtual Meeting 03 Mar 2022	Virtual Meeting 09 Jun 2022	Virtual Meeting 08 Sep 2022	Virtual Meeting 22 Sep 2022	Budget/ Strategy Meeting 19 Oct 2022
Steven Marston, Executive Chairman	√	√	√	√	√	√
Colin Roberts, Executive Director	√	√	√	√	√	√
Edward Alexander, Non-Executive Director	√	√	√	√	Apology	√
Gia Abraham, CEO, Company Secretary	√	√	√	√	√	√
Patrick Smith, Lead Independent Director	√	√	√	√	√	√
M. Anthony Shaw, Independent Director	√	√	√	√	√	√
Katherine Francis, Independent Director	√	√	√	√	√	√
Simon Roberts, Independent Director	√	√	√	√	√	√

AUDIT COMMITTEE

Members	Virtual Meeting 09 Dec 2021	Virtual Meeting 11 Feb 2022	Virtual Meeting 24 Feb 2022	Virtual Meeting 01 June 2022	Virtual Meeting 09 June 2022	Virtual Meeting 01 Sept 2022
M. Anthony Shaw, Independent Director, Committee Chairman	√	√	√	√	√	√
Gia Abraham, CEO, Company Secretary	√	√	√	√	√	√
Patrick Smith, Lead Independent Director	√	√	√	√	√	√
Simon Roberts, Independent Director	√	√	√	√	√	√
Invitees						
Steven Marston, Executive Chairman	√	√	√	√	√	√
Edward Alexander, Non-Executive Director	√	√	√	Apology	Apology	√

CORPORATE GOVERNANCE

Members	Virtual Meeting December 09, 2021	Virtual Meeting March 03, 2022	Virtual Meeting September 08, 2022
Edward Alexander, Non-Executive Director, Committee Chairman	√	√	√
Gia Abraham, CEO, Company Secretary	√	√	√
Katherine Francis, Independent Director	√	√	√
Simon Roberts, Independent Director	√	√	√

REMUNERATION COMMITTEE

Members	Virtual Meeting 09 Dec 2021	Virtual Meeting 01 June 2022
Patrick Smith, Lead Independent Director, Committee Chairman	√	√
Gia Abraham, CEO, Company Secretary	√	√
Katherine Francis, Independent Director	√	√
Simon Roberts, Independent Director	√	√

ANNUAL GENERAL MEETING

Members	22 Sep 2022
Steven Marston, Executive Chairman	√
Colin Roberts, Executive Director	√
Edward Alexander, Non-Executive Director	√
Gia Abraham, CEO, Company Secretary	√
Patrick Smith, Lead Independent Director	√
M. Anthony Shaw, Independent Director	√
Katherine Francis, Independent Director	√
Simon Roberts, Independent Director	Virtual

POLICIES

At the onset we aimed for compliance with the NACD guidelines. However, since the release of the PSOJ Governance Code, we have amended our policies and charters to reflect these guidelines (2021 version). Our charters and policies are all accessible on the ***CACjamaica.com*** website and include:

- Board Charter
- Corporate Governance Charter
- Audit Charter
- Remuneration Charter
- Risk Policy
- CSG/Environmental policy
- Communication Policy
- Dividend Policy
- Code of Ethics
- Whistleblower Policy
- Classification of Director
- Nomination and orientation of directors
- Disaster Plan
- Articles of Association

2022 REVIEW:

Financial and operational performance has been reported by the CEO below, and we note that there are no qualifications in the audit report (done by PWC).

GOALS

After the strategy/budget review, the BOD reviews the goals for the Executive team (and Board if assigned) and these are entered into the HR Management system (Bamboo) and periodically scored and reported by the CEO/Chairman.

Financial

We agree financial goals and reporting schedule with the management team and their actual performance impacts the employee compensation package (with performance incentive assessed and reported quarterly).

Risk

We recently added risk reporting to the Board by the assigned responsible Manager (currently the Financial Controller).

FACT:

By the 1950's these small domestic units were far more affordable and became a common sight across the United States. Once these cheaper units were developed, it only took three years for more than one million units to be sold.

The Board Report

COMMITTEE AND BOARD EFFECTIVENESS

In late 2021 we made changes to the directors and committees and continue to try and optimize the effectiveness of these committees and the Board.

CORPORATE GOVERNANCE

The Board Chairman, CEO and Governance Committee Chairman work together to complete the CGI scoring (two forms) and we are happy to report that this year we achieved our highest ever score, and was rated B, winning two Junior Market awards, runner up for Corporate Disclosure and Investor Relations (again) and, for the very first time, runner-up for the PSOJ/JSE Corporate Governance Award! Congratulations to the CAC team for their continuously improving performance.

Synopsis of 2021-22 meeting discussions were as follows:

REMUNERATION COMMITTEE

- Welcoming and briefing of new members. Resignation of Richard Powell
- Directors' compensation review and approval
- Performance appraisal, Incentive scheme – review and approval
- Salary increases
- Management changes
- HR reports and eNPS scoring

GOVERNANCE COMMITTEE

- Guiding the selection of new Directors
- Welcoming and briefing of new members
- New PSOJ Corporate Governance Code and review and expansion of Board/Committee charters and CAC policies
- Board survey and results
- Board training
- Company Secretary role
- AGM planning updates
- Corporate Governance index review

AUDIT COMMITTEE

- Welcoming and briefing of new members and Chairman
- Audit and management reports (with external auditors)
- Review of JSE/annual reports
- Statutory compliance review
- Risk Management review
- Approval of dividends
- Preference shares refinancing

Steven Marston
Executive Chairman

Patrick Smith
Lead Independent Director

The Board of Directors

Steven Marston

B.Sc. (Hons.) in Environmental Engineering,
MSc. in Energy Management and Policy,
Owner/President Management Program, HBS (2009)
Executive Director and Chairman (appointed July 24, 2000)

Mr. Marston has worked in the air conditioning and energy business for over three decades. He began his career as an Alternative Energy Engineer at the Ministry of Mining and Energy, and later went on to hold a series of managerial positions. In 1985 he was appointed Lead Engineer at PCJ Engineering Limited, in 1990 he was Managing Director of Enertech Limited, and finally he was appointed Managing Director at Conditionedair & Associated Contractors (then owned by the ICD Group) in 1993. Part of his employment deal involved an option to purchase 49% of the company which was exercised a few years later.

In 1996, Mr. Marston was appointed Vice-President of the Development and Construction Division of the Mechala Group (now the ICD Group). In 2000, he completed a management buy-out of the remaining 51% of the shares of the company (renamed CAC 2000) and became the Chairman, Chief Executive Officer and majority beneficial owner. Since then he has lead it steadfastly to become the successful company that it is today.

Mr. Marston is a Registered Professional Engineer (P.E.) in Jamaica and a Chartered Engineer (C.Eng.) in the United Kingdom. He is a proud member of the Jamaica Institution of Engineers (M.J.I.E), life member of the American Society for Heating Refrigeration and Air Conditioning Engineers (MASHRAE) and a Fellow of the Institution of Mechanical Engineers (F.IMechE).

Gia Abraham

BSc. in Biology, C.Dir, M.CI.D,
Owner/President Management Program, HBS (2022)
Executive Director (2000) and Appointed Chief Executive Officer

Ms. Abraham worked for over 10 years in the banking industry starting with Royal Bank of Canada in Toronto. In 1996, she decided to leave her post as a Personal Investment Banker and return to Jamaica where she joined the Canadian Imperial Bank of Commerce (CIBC) in the area of training and development. This entailed the roll out of the new processes and procedures developed to the branches island wide, in 1997 Ms. Abraham was seconded to a regional team located in Barbados to work on a new banking platform for regional implementation. In March of 2000, Ms. Abraham chose to leave the banking world and join her husband in a new venture called CAC 2000 Limited.

Ms. Abraham spearheaded the formation of CAC 2000 Foundation in May 2016, and presently holds the position of CEO. The Foundation is her pride and joy as she believes that Social Responsibility especially in the area of education and disability, is one of the key things all companies should be involved in as a means of Improving Peoples' Lives.

She was most recently appointed CEO in January 2021 (promoted from COO), just in time to lead the implementation of a new ERP system at CAC, and completed the Harvard Business School's Owner/President Manager (OPM) programme on March 30, 2022.

The Board of Directors

Colin Roberts

B.Sc. (Hons.) in Electrical and Computer Engineering, MBA. [appointed July 24th, 2000]. Executive Director and Director - Customer Experience

Colin Roberts' career in engineering commenced in 1987 as Trainee and then District Engineer (Saint Catherine) at The Jamaica Public Service Company Limited.

In 1991, Mr. Roberts joined the Seprod Group of Companies in the capacity of Electrical Maintenance Engineer and Electrical Project Engineer. He later become the Maintenance Manager and Maintenance Director at LOJ Property Management Limited gaining substantial experience with design and maintenance of air conditioning and related systems in commercial buildings. In late 1993, he was invited to join Conditionedair & Associated Contractors (CAC) as a shareholder and its Technical Manager.

In 2000, Mr. Roberts joined Steven Marston in purchasing the remaining interest in CAC and forming CAC 2000 Ltd. and assumed the position of Chief Technical Officer and has recently become the Company's Director – Customer Experience.

Mr. Roberts manages the estimations and execution of many of the Company's projects. He has further honed these skills through the Key Executive Program at the Harvard Business School and Leadership Development course at Kellogg School of Management.

Edward Alexander

BSc. in Mechanical Engineering, MSc. in Energy Management and Policy [appointed October 3rd, 2012] Non-Executive Director

Edward (Teddy) Alexander is the founder and Executive Chairman of tTech Limited ("tTech"), Jamaica's first Managed IT Service Provider, and is regarded as a visionary in the field of Information Technology.

This very capable IT specialist and business executive established tTech in 2006 after an 18 year career with GraceKennedy Limited, where he served as a Director and the company's Chief Information Officer. His IT career spans more than three decades. During the 1980's he worked in the alternative energy field at the Ministry of Mining & Energy and the Petroleum Corporation of Jamaica before switching to the information technology field when he worked as a Management Consultant at KPMG Peat Marwick & Partners. In 1988 he joined Grace-Unisys as an Account Manager and it was here his passion for IT blossomed. He is a former President of the Jamaica Computer Society, and a member of the Board of Management at Jamaica College, his alma mater.

Mr. Alexander serves as the Chairman of the Corporate Governance Committee of the CAC 2000 Board.

The Board of Directors

Patrick A. H. Smith

M.B.A. Nova South Eastern

Patrick Smith has had broad general management experience having worked for more than 30 years within the Caribbean and Europe. He worked previously with the Port Authority of Jamaica, T. Geddes Grant Jamaica, and then joined The Carreras Group in 1988 where he was assigned the role of Export Manager at The Jamaica Biscuit Company, then a subsidiary of The Carreras Group. In 1995, Patrick was promoted to the role of General Manager of The Jamaica Biscuit Company and later he returned to Carreras Group Limited in 1999. Carreras was at the time an associated company of Rothmans but, following the international merger of Rothmans with British American Tobacco Plc, Patrick was appointed as The Corporate and Regulatory Manager in 2000, first for Jamaica and later in 2002 for the Caribbean. After three years he moved to Trinidad to work with another BAT subsidiary, Carisma Marketing Services as Managing Director. That lasted a year after which he was again promoted to the role of Business Unit Director [Caribbean]. As a result of that promotion he was appointed to the boards of Carreras [Jamaica], West Indian Tobacco [Trinidad], and Demerara Tobacco [Guyana]. In 2010, Patrick moved to Switzerland to work in BAT International as Global Account Manager - Dunhill Cigars. Within his long career of general management he has served on the boards of Things Jamaican Limited, JAMPRO, EXIM Bank, JEA. More recently he joined the board of CAC 2000 Limited in 2017 and was invited back to the Board of Carreras Limited as Chairman in late 2021. Mr. Smith is now retired. Mr. Smith serves as the Chairman of the Remuneration Committee and sits on the Audit Committee of the CAC 2000 Board.

Katherine P. C. Francis

B.A. English, M.A. European Languages & Literature,
Juris Doctor, L.E.C.
Non-Executive Director

Katherine P. C. Francis is currently the Senior Vice President-Legal Regulatory & Compliance at Supreme Ventures Services Limited. She has over a decade of experience in the regulatory and compliance field and is an Attorney -at-law with over 25 years at the bar. Prior to joining the Supreme Ventures family, she served in the positions of Senior Vice President-Safety Risk & Legal and Company Secretary at Jamaica Public Service Company Limited. She also worked at the Attorney General's Chambers and was an Associate at the law firm Clinton Hart & Co.

Ms. Francis is currently a member of the Disciplinary Committee of the General Legal Counsel and Former member of the Bar Counsel. She presently sits on the Board of CAC 2000 Limited and McKayla Financial Services Limited, a subsidiary of Supreme Ventures Limited.

Ms. Francis sits on the Remuneration and Governance Committees of the CAC 2000 Board.

The Board of Directors

Simon Roberts

M.A.Sc. Management Sciences,
B.A.Sc. Metallurgical and Materials Sciences
Non-Executive Director

Simon Roberts is an engineering and business consultant, focussing in the areas of manufacturing improvements, logistics, compensation design and project management. He has previously worked at GraceKennedy for over 20 years in various capacities, including Head of Special Projects, Group Chief Information Officer, General Manager of three food manufacturing plants, and as CEO of H&L Ltd. He also led several new product and manufacturing process innovations, compensation design and implementations, major construction projects, and community development activities while at GraceKennedy. He also has over 15 years' experience in the steel industry in general management, engineering, metallurgy, customer service, quality assurance, process improvement, product development, and IT deployment.

He is Chairman of the Jamaica National Agency for Accreditation, Director of Recycling Partners of Jamaica, Director of CAC 2000 Ltd, Chairman of Jamaica Stroke Alliance, Director of Grace Co-Op Credit Union and Vice President of the deCarteret College Alumni Association. He is Honorary Director, former Vice President and Deputy President of the Jamaica Manufacturers and Exporters Association.

He holds a Bachelor of Applied Science (Metallurgical and Materials Sciences) from the University of Toronto and a Master of Applied Science (Management Sciences) from the University of Waterloo.

Mr. Roberts sits on the Audit, Remuneration and Governance Committees of the CAC 2000 Board.

M. Anthony Shaw

Bachelor of Commerce (Accounting & Management Information Systems), Chartered Accountant
Non-Executive Director

M. Anthony Shaw was appointed Managing Director of the Development Bank of Jamaica Limited on April 1, 2022.

A Chartered Accountant by training, he has nearly three decades of experience in executive management within the banking and financial services sector in Canada and Jamaica, where he has established a record of building strong relationships and finding solutions to assist customers.

In Barbados, he led The Nation Group of Companies, a media conglomerate; and the Signia Financial Group Ltd., a merchant bank. Mr. Shaw has also worked in senior management positions at RBC Royal Bank, responsible for seven Eastern Caribbean islands; and worked with KPMG in Jamaica and Canada.

Currently, he is Chairman of Asphalt Processors Inc. in Barbados; and has Jamaican Directorships in CAC 2000 Limited, GK Capital Management Limited, GK Investments Limited, and the Development Bank of Jamaica Limited.

A past student of Munro College and McGill University (with both graduate and undergraduate qualifications), Mr. Shaw is a Member of the Ontario Institute of Chartered Accountants and a Fellow of the Institute of Canadian Bankers.

He is the founder of the Integrity Group of Barbados (a voluntary apolitical and open group of citizens from diverse sectors of society) which acts as an advocate for issues on integrity and legislative governance in Barbados.

Mr. Shaw serves as the Chairman of the Audit Committee of the CAC 2000 Board.


The Daily Record
NO RELIEF IN SIGHT
AS HEAT WAVE BLISTERS U.S.
WHEREVER YOU LIVE YOU CAN NOW
ENJOY COOL, DRY, RESTFUL COMFORT
with the New Westinghouse Room Air Conditioner
YOU CAN BE SURE... IF IT'S Westinghouse

Shareholders' Interests

Top 10 Shareholders *As at October 31, 2022*

Primary Account Holder	Joint Holder(s)	Volume	Percentage
CAC CARIBBEAN LIMITED		67,462,522	52.2835%
COLIN ROBERTS		27,355,291	21.2004%
DONALD LOUIS WILLIAMS		6,180,000	4.7895%
VMWEALTH EQUITY FUND		5,916,220	4.5851%
PAM - POOLED EQUITY FUND		3,334,203	2.5840%
HOWARD MARTIN CHIN		2,884,050	2.2351%
PETER NICHOLAS ANTHONY FORDE	PATRICIA FORDE	1,232,961	0.9555%
CHRISTINE G. WONG		1,143,988	0.8866%
SAGICOR SELECT FUND LIMITED - ('CLASS C' SHARES) MANUFACTURING & DISTRIBUTION		1,035,021	0.8021%
JAMAICA CREDIT UNION PENSION FUND LIMITED		843,463	0.6537%

Total issued Capital:	**129,032,258**
Total Units Owned by top 10 Shareholders:	**117,387,719**
Total Percentage Owned by Top 10 Shareholders:	**90.9755%**

Executive Holdings for CAC 2000 Limited *As at October 31, 2022*

Name	Primary Holder Joint Holder	Position	Relationship	Volume	%
STEVEN MARSTON	Steven Marston	Manager	Self	-	0.00000
	CAC Caribbean Limited		Connected	67,462,522	52.28345
	*Gia Abraham Steven Marston		Connected	248,623	0.19268
	Gia Abraham		Connected	300,001	0.23250
			Senior Manager's Holdings	**-**	**0.00000**
			Connected Party Holdings	**68,011,146**	**52.70864**
			Combined Holdings	**68,011,146**	**52.70864**
COLIN ROBERTS	Colin Roberts	Manager	Self	27,355,291	21.20035
			Senior Manager's Holdings	**27,355,291**	**21.20035**
			Connected Party Holdings	**-**	**-**
			Combined Holdings	**27,355,291**	**21.20035**
GIA ABRAHAM	Gia Abraham	Manager	Self	300,001	0.23250
	*Gia Abraham Steven Marston		Self	248,623	0.19268
	CAC Caribbean Limited		Connected	67,462,522	52.28345
			Senior Manager's Holdings	**548,624**	**0.42518**
			Connected Party Holdings	**67,462,522**	**52.28345**
			Combined Holdings	**68,011,146**	**52.70864**
Issued Shares				**129,032,258**	
Combined Director's Holdings				**27,903,915**	**21.62553**
Combined Connected Party Holdings				**67,462,522**	**52.28345**
Combined Holdings				**95,366,437**	**73.90899**

Directors Holdings for CAC 2000 Limited *As at October 31, 2022*

Name	Primary Holder Joint Holder	Position	Relationship	Volume	%
STEVEN MARSTON	Steven Marston	Director	Self	-	0.00000
	CAC Caribbean Limited		Connected	67,462,522	52.28345
	*Gia Abraham Steven Marston		Connected	248,623	0.19268
	Gia Abraham		Connected	300,001	0.23250
			Director's Holdings	**-**	**0.00000**
			Connected Party Holdings	**68,011,146**	**52.70864**
			Combined Holdings	**68,011,146**	**52.70864**
COLIN ROBERTS	Colin Roberts	Director	Self	27,355,291	21.20035
			Director's Holdings	**27,355,291**	**21.20035**
			Connected Party Holdings	**-**	**0.00000**
			Combined Holdings	**27,355,291**	**21.20035**
GIA ABRAHAM	Gia Abraham	Director	Self	300,001	0.23250
	*Gia Abraham Steven Marston		Self	248,623	0.19268
	CAC Caribbean Limited		Connected	67,462,522	52.28345
			Director's Holdings	**548,624**	**0.42518**
			Connected Party Holdings	**67,462,522**	**52.28345**
			Combined Holdings	**68,011,146**	**52.70864**
EDWARD CHARLES ALEXANDER	*Edward Charles Alexander	Director	Self	54,286	0.04207
	Charmaine Dawn Alexander			-	0.00000
	Renee Moy Alexander			-	0.00000
	Jordanne Moy Alexander			-	0.00000
			Director's Holdings	**54,286**	**0.04207**
			Connected Party Holdings	**-**	**0.00000**
			Combined Holdings	**54,286**	**0.04207**
PATRICK SMITH	Patrick Smith	Director	Combined Holdings	-	0.00000
RICHARD POWELL	Richard Powell	Director	Combined Holdings	-	0.00000
ANTHONY SHAW	Anthony Shaw	Director	Combined Holdings	-	0.00000
SIMON ROBERTS	Simon Roberts	Director	Combined Holdings	-	0.00000
KATHERINE FRANCIS	Katherine Francis	Director	Combined Holdings	-	0.00000

Continued on next page

Directors Holdings for CAC 2000 Limited **(Continued)**

Issued Shares	**129,032,258**	
Combined Director's Holdings	**27,958,201**	**21.66761**
Combined Connected Party Holdings	**67,462,522**	**52.28345**
Combined Holdings	**95,420,723**	**73.95106**

Top 10 Preferential Shareholders *As at October 31, 2022*

Primary Account Holder		Joint Holder(s)	Volume	Percentage
1	PAM - UNIVERSITY HOSPITAL SCHEME OF PENSIONS		17,210,667	8.6053%
2	SAGICOR LIFE- LASCELLES DEMERCADO DEFINED CONTRIBUTION FUND		17,210,667	8.6053%
3	PAM - POOLED EQUITY FUND		17,210,667	8.6053%
4	VICTORIA MUTUAL BUILDING SOCIETY		15,408,000	7.7040%
5	GK GENERAL INSURANCE COMPANY LIMITED		12,706,000	6.3530%
6	NCB INSURANCE AGENCY AND FUND MANAGERS LTD WT160		11,802,666	5.9013%
7	NCB INSURANCE AGENCY AND FUND MANAGERS WT311		10,901,333	5.4507%
8	NCB INSURANCE AGENCY AND FUND MANAGERS LTD WT157		10,901,333	5.4507%
9	MR. WINSTON HOO		10,450,667	5.2253%
10	NCB INSURANCE AGENCY AND FUND MANAGERS LTD WT310		10,000,000	5.0000%
11	NCB INSURANCE AGENCY AND FUND MANAGERS LTD WT162		10,000,000	5.0000%
12	NCB INSURANCE AGENCY AND FUND MANAGERS LTD. A/C WT062		5,000,000	2.5000%
13	NCB INSURANCE AGENCY AND FUND MANAGERS LIMITED WT005		5,000,000	2.5000%
14	NCB INSURANCE AGENCY AND FUND MANAGERS WT035		5,000,000	2.5000%
15	NCB INSURANCE AGENCY AND FUND MANAGERS LTD WT182		5,000,000	2.5000%
16	MR. GEORGE ALPHEUS BROWN	MISS TENSA ALECIA TAYLOR	3,400,000	1.7000%
17	GEORGE REID		3,000,000	1.5000%
18	NCB INSURANCE AGENCY AND FUND MANAGERS LTD WT178		3,000,000	1.5000%
19	ALVIN HENRY	KERRY-ANN HENRY	3,000,000	1.5000%

Total Issued Capital	**200,000,000**
Total Units Owned by Top 10 Shareholders	**176,202,000**
Total Percentage Owned by Top 10 Shareholders:	**88.1010%**

The CEO's Report

Gia Abraham

CHIEF EXECUTIVE OFFICER

I would like to thank our loyal customers for their continued trust in CAC as their partners in providing Energy and IEQ solutions and services, our Board of Directors for the support they provided during the last few years, and our amazing employees who worked as a team to overcome the business challenges caused by the COVID-19 pandemic. This involved management of job and project re-scheduling, supply chain delays and increased costs, higher than normal employee turnover and the tightening of cash inflows but I am happy to report that our embracing of the entire spectrum of IEQ (internal environmental quality) initiatives, expense/cash containment and the continued support of our key suppliers and customers meant that we were able to deliver a modest revenue increase but with a slight net profit reduction due to the impact of increase costs of sales, administrative expenses and finance costs. We have started the year with just under $400M worth of projects on hand and expect to close these out along with jobs that we continue to bid/win through 2023.

The Management team comprises:

Colin Roberts, Director of Customer Experience

Colin is directly responsible for the provision of a positive customer experience to internal and external customers. He communicates the company's purpose and value proposition to its customers and team members. He ensures that the customer experience is consistent across the Company's portfolio of services.

PURPOSE:

IMPROVING PEOPLE'S LIVES

VISION:

Excelling as the leading experts on Energy and Indoor Environmental Quality (IEQ)

MISSION:

To engineer solutions and provide products and services that sustain healthy, comfortable and productive indoor environments.

Marcus Hay, Sales & Solutions Manager

Marcus is functionally responsible for the development and management of a technical team who will provide a first world standard of technical services to our internal and external customers, consistent with our Vision and Mission

Jason Wong, Customer Experience Projects Manager

Jason is functionally responsible for the scheduling and project management of installation and construction jobs. Jason leads a team that (working closely with the Company's Estimations Department) is responsible for the execution of these jobs to meet the clients' requirements within budget.

Kevon Baker, Estimations Manager

Kevon is functionally responsible for all technical sales. Kevon leads a team that is responsible for driving the Company's Estimations efficiency, including measuring and reducing Estimation time preparation and tracking.

Shirley Silvera, Human Resources Administrator

Shirley is responsible for the HR Administration processes; responsible for the compliance of all the personnel documentation within the regulatory framework (law, internal procedures and policies).

Our focus on employees along with the newly implemented ERP and GEMS Program, in combination with our user-friendly HR platform, has enabled us to improve the quality and overall well-being of our employees, for which we are already seeing results in our improved levels of collaboration and our internal eNPS score.

Another major company objective is to improve the effectiveness and profitability of our customer solutions, the ERP system is already delivering timely data reporting and analysis. The above are just two examples of CAC strategic thrust towards:

- Diversification;
- Operational Excellence; and
- People Development

ACHIEVE OUR COMPANY VISION

These strategic pillars are what we utilize as our pathway to achieve our company vision, coupled with a company-based incentive plan versus a more individualized approach. It is our belief that no one person represents the success of CAC as a company. We are also committed to identifying key areas of risk, which will be assigned and reported to the Board on a quarterly basis.

The present can be defined as the period of time occurring now versus where we were and as such, we have dedicated this year's report to a History of our Firsts, as we continue to develop and define our future as we evolve our outlook as a company into an exciting 2023 that includes:

- Expanding into new arenas and regions;
- Winning more projects and sales to expand revenues and profits;
- Continuing to improve cashflows and reduce finance costs;
- Opening of our new retail store in Village Mall (in association with Enrvate);
- Further improvements in our ERP system plus the addition of estimation software;
- Expanding into other areas of building services and IEQ;
- Launching of new products and brands; and
- Working closely with Enrvate to generate more business (which recently received approval for a $250M loan facility that will cover working capital and project financing needs for the next 2-3 years).

I look forward to reaping the benefits of our collaborative focus in 2023 as we continue our history of firsts via our mission to engineer solutions and provide products and services that sustain healthy, comfortable and productive indoor environments.

VALUES:

- **Accuracy**
- **Well Being: Life balance & commitment**
- **Excellence & Enthusiasm**
- **Technical expertise & Teamwork:** We will use our experience and highly developed technical skills along with innovative approaches to analyse and propose options for our customers.
- **Respect**
- **Integrity & Innovation:** We will not take short-cuts or practice any deceptive business strategies.
- **Problem resolution:** We will assess, design, build and maintain solutions that solve our customers comfort, controls, or health issues.


WORLD'S FIRST TAKE-HOME
AIR CONDITIONER
...new PHILCO ¾-hp Bantam 12—smallest room air conditioner made!
Here's the best hot-weather news you've ever heard!
Philco brings you an air conditioner so small you can carry it home—yet it's a giant in cooling capacity.
Install the ¾-hp Philco Bantam 12 in only 15 minutes. You can even do it yourself! Then sit back and forget about heat and humidity.
There's never been anything like the Bantam 12. It does everything bulky, old-fashioned air conditioners can do. Yet all this comfort and compactness costs less than most ordinary ¾-hp units.
Start being comfortable today! See or telephone your Philco dealer this very minute. Tell him you want a Philco Bantam 12 right away.
PHILCO
BANTAM 12
¾ HP AIR CONDITIONER
TAKE IT HOME TODAY
BE COOL TONIGHT!
You can install it yourself. Only four screws are needed to hold the Philco Bantam 12 in place. Everything you need comes in the box. Meets most landlord requirements; runs on ordinary house voltage (110-115v), takes less current than a toaster!
Big capacity cooling—¾ hp. The new Philco Bantam 12 has all the luxury features you find on big air conditioners—2-speed fan, Automatic Temperature Control, adjustable grilles.
PHILCO MODEL A-882-2
LOOK AHEAD... and you'll choose PHILCO
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12

Management Discussion and Analysis

A HISTORY OF FIRSTS

CAC 2000 closed the year proud of a history of firsts to add to the company's strong legacy as the leading experts in energy and Indoor Environmental Quality (IEQ). As we navigated the ever-changing operating climate, we remained committed to implementing adaptive strategies to meet shifting market demands and supply chain disruptions, while serving our customers and community, and maintaining employee safety and job security.

The 2022 financial year started with turbulence across the global and local economy due to the ongoing effect of COVID-19. By March 2022, we began to see some form of normalcy however, many of our customers were not yet cleared to provide access to construction sites. Additionally, global supply chain issues caused lead times to jump from 4-8 weeks to an average of 12-22 weeks, which severely impacted our ability to improve inventory turns and complete jobs.

Once the supply finally opened, there was intense pressure on the company's cashflow due to the enormous influx of backlogged containers, along with increased landing costs due to the price of containers and the devaluation of the Jamaican dollar, all of which created unexpected increases in the cost of sales on our existing projects. Additionally, although it is thought that the supply chain issues have disappeared, the reality is that it still exists especially as it pertains to anything that requires microchips, as we have some orders originating as far back as 2020 which remain unfilled.

Through it all, our dedicated team responded to the ongoing economic uncertainty with a high level of agility and innovation that kept the company afloat and enabled us to close the year with revenue growth of 6% and a notable increase in our service and sales numbers.

We are immensely grateful and inspired by the display of loyalty and commitment from our team and we will continue to harness this energy as we fulfil CAC's purpose of "Improving People's Lives."

NIMBLE & RESPONSIVE

During 2022, our executive leadership adapted to a 4-day week while maintaining our staff complement so that we could double up and meet tight project timelines. We also controlled purchases to manage inventory, ensuring

a streamlined process. A shining star was our newly implemented Enterprise Software System (ERP) which boosted our overall operational effectiveness through improved reporting, analytics, and cost containment. It also helped us to maintain productivity by enabling staff to work efficiently from home.

Over the years CAC 2000 has built relationships with developers to outfit high-end apartment complexes which include air conditioning in their building specifications. However, in 2022 we saw an emerging trend , whereby newer developers, instead of providing air conditioning, provided piping and conduits for individual purchasers to install their own air conditioning units. CAC, therefore, has had to adapt to working directly with apartment owners and seizing the opportunity to partner with real estate agents. We are still learning about that market and hope to expand further to engage with interior decorators to install our products.

During the year, we continued streamlining our organizational structure with role re-assignments and were delighted to see the upskilling of team members as they assumed new responsibilities thereby increasing their value, both personally and professionally, and their contribution to the business.

We shifted our resourcing strategy to a nimble and modular approach that enabled us to optimise the talent deployed to large projects. This has proven to be an effective way of working and a potential game changer for our business model heading into the future.

There was senior leadership movement during the year with former Chief Technical Officer, Colin Roberts, moving into the role of Director of Customer Experience, and former Manager of Estimations, Jason Wong, assuming the position of Project Execution Manager in line with our succession plan. Marcus Hay was promoted from the role of Engineer up through the ranks to his current role of Sales and Solutions Manager and a new Financial Controller joined the team in August 2022.

FINANCIAL PERFORMANCE

CAC 2000 generated increased revenue of $1.11B in 2022 vs $1.04B in 2021, however, the cost of sales rose by 14%, thereby impacting gross profit.

This was unavoidable given the slowdown in payments, the ongoing market volatility, and increases in shipping costs for goods coming from China which stymied operations as CAC faced astronomical clearance costs on containers while client payments were not readily forthcoming.

Consequently, free cash or cash flow generated from operations experienced a dip during the period. At the end of the year, the cash and equivalents position declined from $104.4 million in 2021 to $74.6 million.

The company's margins were affected by a dip in gross profits from $447.8 million in 2021 to $430.9 million in 2022.

EXPENSES

Expenses grew by 7% from $383 million to $410 million in 2022. This was partly driven by a rise in administrative expenses from $363.3 million in the previous financial year to $390.2 million in 2022.

Increased professional fees were the main driver, as at the close of 2021, CAC 2000 hired external consultants to fill vacancies on the in-house accounting team. The company now has a fully resourced in-house accounting department, which will reduce professional fees in the future.

With the higher expenses, operating profit fell by 26% to $55.1 million from $74.1 million in 2021 while profit before tax declined to $21.2 million from $42.7 million in the previous year.

In 2022, we recorded increased imputed depreciation and interest expenses based on IFRS 16 (right-of-use) compared to 2021, because CAC 2000 leases as opposed to owning the building where we operate. This negatively impacted our profits to the tune of $16 million in depreciation, which impacted profits and the profit after tax figure resulting in a decline by almost half to $20.4 million vs. $39.8 million in the prior year.

RECEIVABLES

Trade receivables dropped by 51% to $507.5 million from $765.4 million in 2021. This reflects the herculean efforts of the Accounts Receivables collections team, and it enabled CAC to claw back Expected Credit Losses (ECL) imposed by IFRS9. Active Accounts Receivable also decreased over the prior year, which signalled an increase in efficiencies related to collections.

Inventories rose by 24%, primarily due to WIP (Work in Progress) remaining on the books, which we have been steadily reducing. Notably, although inventory rose, the total stock on hand declined.

ASSETS AND LIABILITIES

Total assets fell to $1.27 billion compared to $1.43 billion in 2021. Overall, CAC shareholders' equity or capital stood at $444 million, reflecting an increase from the $428.1 million registered in 2021.

Long-term liabilities totalled $71.4 million versus $267.8 million in 2021, while short-term liabilities increased to $753.6 million from $735.6 million, most of which represented borrowing. The increase in borrowing was driven by working capital and CAC's revolving loan. Further, the company is currently renewing preference shares, which necessitated shifting from long-term to short-term in preparation for March 2023.

Overall, our debt to equity closed the 2022 financial year at 16% ($71 million / $444 million) compared to 63% in 2021 ($268 million/ $428 million) and 53% in 2020 ($205million/$388 million).

STOCK PRICE

Earnings per share (EPS) was $0.16 vs $0.31 in 2021.

The stock price closed in October 2022 at $8.48 reflecting a slight increase from $8.30 in the previous year. CAC 2000's resilience and agility throughout the continued challenges brought by the pandemic are commendable and we believe that the future will see a stock price that reflects the true value of our business.

FIVE-YEAR FINANCIAL REVIEW

	2022	2021	2020	2019	2018
BALANCE SHEET ($'000)					
Non-current Assets	102,417	108,120	30,081	44,119	51,855
Current Assets	1,166,716	1,323,497	1,081,536	1,123,938	988,797
Non-current Liabilities	71,426	267,821	204,829	206,996	211,177
Current Liabilities	753,676	735,649	518,444	605,253	341,938
Shareholder's Equity	444,031	428,147	388,344	355,808	487,536

PROFIT & LOSS ($'000)	**2022**	**2021**	**2020**	**2019**	**2018**
Revenue	1,110,818	1,045,993	1,258,508	1,120,194	1,210,990
Yearly Change %	6.20%	-16.89%	12.35%	-7.50%	0.00%
Gross Profit	430,985	447,786	423,856	344,621	453,190
Yearly Change %	-3.75%	5.65%	22.99%	-23.96%	6.77%
Profit before Tax	21,222	42,739	32,537	(33,402)	74,766
Yearly Change %	-50.35%	31.36%	197.41%	-144.68%	-25.62%

IMPORTANT RATIOS

	2022	2021	2020	2019	2018
PROFITABILITY: Company and manager performance					
Return on Capital Employed	11%	11%	10%	-6.0%	11%
Return on Equity	5%	10%	8%	-9%	15%
Return on Total Asset	2%	3%	3%	-3%	9%
Gross Profit Margin	39%	43%	34%	31%	37%
Earnings Per Share	0.16	0.31	0.25	-0.26	0.58
Inventory Days	311	284	148	180	233
Debtor Days	167	267	200	155	136
Creditor Days	58	74	75	122	88
FINANCIAL : Structure and stability of the company					
Current ratio	1.55	1.80	2.09	1.86	2.89
Liquidity Ratio(Acid test)	0.78	1.17	1.44	1.29	1.82
Debt to Capital Employed	14%	38%	35%	37%	30%
Debt to Equity ratio	0.16	0.63	0.53	0.58	0.43

Note: The Company's prior year financial statement was restated. The information was amended to reflect this change.

STRATEGY

By creating opportunities and seeking solutions, we held strong in 2022. Moving forward, our strategy is to continue the path of Diversification, Operational Excellence and People Development. We are focused on diversifying our revenue stream and shoring up our US dollar reserves to protect the business from volatility, whether brought by ongoing global supply chain issues, foreign exchange fluctuation or a global recession.

CAC 2000 operates across three segments: Service, Engineering, and Residential Light, Commercial (RLC). Given the current climate, and the prediction of a global recession we will place greater focus on the service segment as people are more inclined to maintain what they already have versus investing in replacement equipment or high capital expenditures. Four years ago, we grew the service business to its current level, and we plan to double it moving forward. The service business has an engineering aspect; as well as dependency on the supply chain for specialized parts therefore we are carefully planning to avoid shipping delays.

Our competitive advantage has relied on a relationship-centred approach, with referrals driving the bulk of our business. We know that our customers seek the most affordable options, which presents an opportunity for us to diversify our product offerings while gaining greater control over pricing and boost our competitive advantage.

We will be deepening our foray into the retail business, as we expect that by the time of publication, CAC 2000 will have opened our first retail outlet at Village Plaza at 114 Constant Spring Road, Kingston. This easily accessible shop space will enable a closer relationship with retail customers, supplying them with air purifiers, mini-split air conditioners and other complimentary products and services, as this is also where Enrvate will be housed.

CAC 2000 is better known by large commercial project-driven companies than by smaller ones. Therefore, playing in the retail space will also keep us centrally in the mind of our customers when they are booking technicians for servicing. Our ERP system enables us to take online bookings and we intend to leverage this in the near future whilst protecting the business against the threat of cybercrime. This will also potentially free up building space at the Marcus Garvey Drive location and help us to further manage expenses.

People development is key to our success. Our staff complement shrank in the past year due to voluntary departures and this allowed our remaining team members to benefit from the opportunity to step into new roles. We are maintaining a lean and efficient team and cross-training has resumed in keeping with our objective to nurture our talent and support them in delivering their best performance. Additionally, we are exploring ways to incentivize staff and reward their contribution to CAC 2000's success.

ENRVATE LTD

CAC 2000 goes beyond merely installing air conditioning units. We seek to increase our customers' understanding of energy efficiency and advise them on how to invest in the best product usage practices. We are also deeply committed to meeting our corporate social responsibility objectives aligned with the United Nations Sustainable Development Goals. Our joint venture, Enrvate Ltd., is supporting us in fulfilling both objectives.

Launched in June 2021, Enrvate Ltd. is a joint venture with CAC 2000 and Tropical Battery led by Steven Marston, Executive Chairman of CAC 2000. Working independently of CAC 2000, Enrvate's objective is to use a unique approach to establishing energy conservation and efficiency solutions for commercial customers in Jamaica and the Caribbean. Tropical Battery is an essential partner in the joint venture as the future of energy is trending toward battery storage – both fixed and moving (electric vehicles).

CAC 2000 stands to benefit significantly from this synergistic partnership, as we evolve from a sole focus on air conditioning to energy and indoor environmental quality. Enrvate conducts energy audits and implements the best solutions for customers, which directs additional business to CAC 2000 as a provider. In addition to sharing in the profits, the CAC 2000 team benefits from upskilling as Enrvate and Tropical Battery train them to operate solar.

Enrvate's future plans include potentially offering business wellness certification to meet the demand for assurance related to Internal Environmental Quality (IEQ).

OUTLOOK

Jamaica is ripe with opportunity. The island remains a top destination for international travellers; the economy is recovering from the impact of the pandemic and the construction sector is robust. Customers are becoming savvier about how to save money while protecting the planet and CAC 2000 is ready to provide excellent service and superior technology in implementing solutions for energy efficiency, water conservation, and more.

We have several projects in the making which will see us evolving into a new business model and continuously evaluating our learnings to remain nimble and responsive to emerging market trends.

Going through challenging times is part of operating a business and it is our willingness to be agile, ignite change and steer through obstacles that have made us a more resilient company overall, year after year. The waters may be choppy, but we will continue riding the waves with buoyancy and optimism, delivering value to our shareholders, delighting our customers, growing our people, and contributing to the community.

CAC 2000 FOUNDATION

The vision of the CAC 2000 Foundation is to be an exemplary leader for corporate philanthropy and to positively impact communities while inspiring a culture of learning and volunteerism, all while improving people's lives and fostering growth in all Jamaicans.

While the effects of the pandemic lingered, we are proud to report that, during 2022, the CAC 2000 Foundation deepened its commitment to support Jamaica in its efforts toward achieving Vision 2030 and fulfilling the UN's Sustainable Development Goals.

We focused on two major initiatives geared toward making a positive impact on the communities we serve: offering secondary to tertiary scholarships to students and initiating a comprehensive youth crime and violence prevention activity. Through these initiatives, which are detailed below, we aimed to provide critical training, work experience and financial scholastic support to help shape the future of Jamaica's youth.

T-STTEP (Technical Skills Training Transformation Empowerment Programme)

With funding support from USAID/Jamaica and FHI360, CAC 2000 Foundation implemented T-STTEP from September 2021 to August 2022. Designed as a youth crime and violence prevention activity, the 12-month programme provided training for twenty-five (25) 'at risk' youth between the ages of 18-29 from the Majesty Gardens and Half Way Tree communities in Kingston and St. Andrew.

The training programme involved Heating, Ventilation and Air Conditioning (HVAC), mentorship, job shadowing, life skills, and certificates of completion at the end of each module. Enrolled participants who successfully completed all modules had the opportunity to participate in a paid apprenticeship. The technical aspects of the program were delivered by Interplay, the digital self-paced training platform purchased by CAC 2000 Limited under a licensing agreement with the supplier.

Some training and mentorship support was provided by staff as part of the company's CSR activity and an important outcome of the project is that CAC 2000 Limited employed eight participants.

STRENGTHENING COMMUNITY AND CORPORATE PARTNERSHIPS

In addition to support from funding partners USAID/Jamaica and FHI360, CAC 2000 Foundation's T-STTEP was supported by partnerships with community groups and organizations from within the immediate environs of the company, including community volunteers and liaisons. DuPont Primary and Infant School and Derrimon Trading provided space and furniture for hosting the classroom sessions. External job shadowing and apprenticeship experience were provided in partnership with Comfortair Engineering and Halitech Solutions. HVAC site visits, professional development and team building were graciously facilitated and hosted by Moon Palace Resort.

THE POWER OF MENTORSHIP

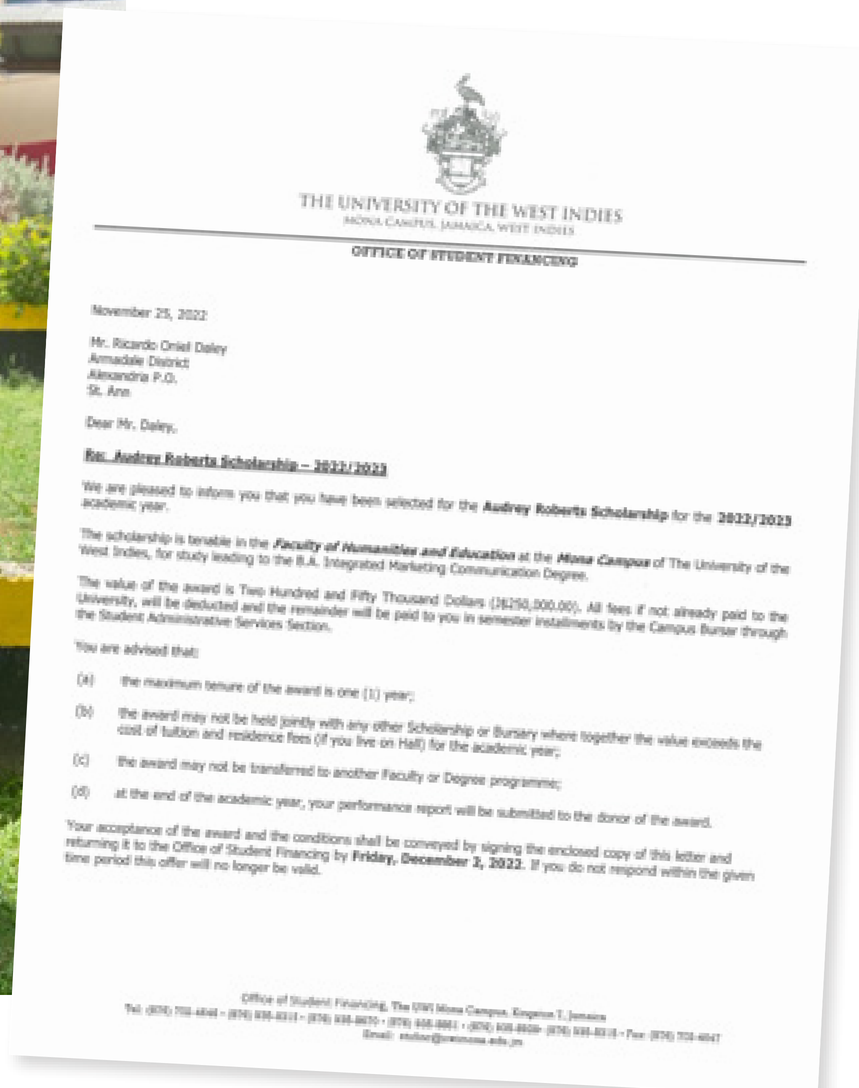
The mentorship component of the project was designed for T-STTEP participants to work closely with CAC 2000 Limited skilled HVAC technicians, staff, and contractors. The intention was to empower the beneficiaries to pursue and commit to transparent and sustainable means of earning income while providing them with guidance and decision-making support for their own entrepreneurial endeavours within the HVAC field.

It is especially gratifying that the participants expressed that they found the group mentorship sessions meaningful and learnt a great deal from the presentations.

Based on this feedback, the CAC 2000 Foundation plans to include group mentorship sessions in future training programs and to invite past beneficiaries of CAC 2000 Foundation programs as presenters, as this has demonstrated a significant impact under T-STTEP.

A graduation ceremony was held in June 2022, at the Jamaica Pegasus hotel for participants who had completed the training program. Fourteen participants were presented with Certificates of Participation, nine who had completed the HVAC course were presented with Certificates of Achievement and seven were awarded special awards.

For the participants, it was an enormously proud day, in which they could bask in the glory of their achievements. We are proud of all the participants and look forward to seeing the positive impact that this intervention will have on their lives and on their communities.



THE UNIVERSITY OF THE WEST INDIES
MONA CAMPUS, JAMAICA, WEST INDIES

OFFICE OF STUDENT FINANCING

November 25, 2022

Mr. Ricardo Oniel Daley
Armadale District
Alexandria P.O.
St. Ann

Dear Mr. Daley,

Re: Audrey Roberts Scholarship – 2022/2023

We are pleased to inform you that you have been selected for the **Audrey Roberts Scholarship** for the **2022/2023** academic year.

The scholarship is tenable in the ***Faculty of Humanities and Education*** at the ***Mona Campus*** of The University of the West Indies, for study leading to the B.A. Integrated Marketing Communication Degree.

The value of the award is Two Hundred and Fifty Thousand Dollars (J$250,000.00). All fees if not already paid to the University, will be deducted and the remainder will be paid to you in semester installments by the Campus Bursar through the Student Administrative Services Section.

You are advised that:

(a) the maximum tenure of the award is one (1) year;

(b) the award may not be held jointly with any other Scholarship or Bursary where together the value exceeds the cost of tuition and residence fees (if you live on Hall) for the academic year;

(c) the award may not be transferred to another Faculty or Degree programme;

(d) at the end of the academic year, your performance report will be submitted to the donor of the award.

Your acceptance of the award and the conditions shall be conveyed by signing the enclosed copy of this letter and returning it to the Office of Student Financing by **Friday, December 2, 2022**. If you do not respond within the given time period this offer will no longer be valid.

Office of Student Financing, The UWI Mona Campus, Kingston 7, Jamaica

CAC 2000 FOUNDATION ACADEMIC SCHOLARSHIP PROGRAMME

The CAC 2000 Foundation continues to believe that education is the foundation for Jamaica's future. During the reporting period, the CAC Foundation offered scholarships to students entering UWI (Audrey Roberts Scholarship valued at Two Hundred and Fifty Thousand Dollars) and UTECH (Annabella Marston Scholarship) respectively.

The Audrey Roberts Scholarship was awarded to Mr. Ricardo O'Neil Daley, who is matriculated in the Faculty of Humanities and Education at the Mona campus of the University of the West Indies, for studies leading to the B.A. Integrated Marketing Communication degree.

The Foundation also distributed book vouchers from the Kingston Bookshop valued at $30,000 to three secondary school scholarship awardees who continued to meet eligibility criteria during the reporting period.

Environmental, Social and Governance Report

Since its inception in 2016, the CAC 2000 Foundation has been working steadfastly to improve lives, foster growth and accomplish developmental goals in the spirit of 'UBUNTU'. This moral philosophy has become the mantra by which all our efforts have been defined and lies at the heart of everything we do, simply meaning "I am because we are." Aligned to the Environmental, Social and Governance (ESG) mandates, through a series of initiatives and partnerships, we have been actively contributing to seven of the seventeen Sustainable Development Goals (SDGs) adopted by all United Nations Member States.

Our areas of impact have been substantively bolstered by the Company's purpose, "Improving People's Lives" and in this way, we can proudly report on our commitment to the following SDGs:

We sought to affect poverty levels through employment opportunities for at-risk youth through our T-STTEP programme. With the support of USAID/Jamaica and FHI360, we enrolled twenty-five (25) youth between the ages of 18-29 from marginalized communities in a modular based Heating, Ventilation and Air Conditioning (HVAC) nine-month training program. The objective was to support their personal and social development and upskill them for the workforce. Successful participants received certification and were offered paid apprenticeships.

Eggs for Life, an initiative implemented during the COVID-19 pandemic, served a dual purpose by utilizing excess egg production that were no longer being utilized by the hospitality industry and distributing to beneficiaries of the (HVAC) technical training program. This provided an opportunity for the egg farmers to serve a market and generate revenue rather than suffer the full consequences of the pandemic, while feeding the families of our beneficiaries. Economic Enablement is an effective way to achieve zero hunger, as such, Jamaica Diaspora Task Action Network (JDTAN), an internationally based organization that provides technical and professional skills training workshops to Jamaican-based stakeholders worked with us to develop an entrepreneurship training workshop to benefit 30 HVAC trainees. We also worked shoulder to shoulder with the Private Sector Organisation of Jamaica (PSOJ) on Covid-Care. This project provided financial support and volunteers from CAC 2000 to prepare Care packages for Covid relief to those in need.

In partnership with S.T.E.P. Centre -School for Therapy and Education and Parenting (of children with disabilities), we provided support for the development of the music program.

Supported by our CSR arm, Dupont Primary and Infant School, Tavares Garden Primary School, and Seaview Gardens Primary School were the beneficiaries of virtual and video presentations conducted by CAC 2000 volunteers for Read Across Jamaica Day.

Every year, we award a scholarship to the Abilities Foundation which offers skills training for persons with disabilities. We also offer all of our training programs to everyone, including those with disabilities.

Illustrating how committed we are to Gender Equality, our CEO (Chief Executive Officer), Gia Abraham is the first female CEO of a JSE (Jamaica Stock Exchange) listed construction company. Our company strives to find the best fit for every position, as such, gender has never played a role in who we hire. Presently, CAC's Board is made up of two women and six men, all of whom were selected based on best fit for the board's needs in response to the semi-annual Board Survey and Board Gap analysis report.

CAC 2000 Limited engaged in a joint partnership with Tropical Battery Company Limited to launch Enrvate. This initiative, led by Steven Marston, is focused on offering energy saving solutions for commercial customers. The goal is to reduce waste, increase efficiency and track our carbon footprint and in this regard, and offering the service to our commercial customers, it makes them partners as well. We can save the environment while conserving resources, together.

CAC 2000 has been a pioneer in driving the adoption of environmentally friendly refrigerants and internal environmental quality (IEQ) solutions for our customers to make workplaces more conducive for customers and employees and also the leader in driving energy savings in air conditioning of buildings, all which improve people's lives.


CHEVROLET
AIR CONDITIONED by

Audited Financial Statements

CAC

Improving People's Lives

Independent auditor's report

To the Shareholders of CAC 2000 Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of CAC 2000 Limited (the Company) as at 31 October 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 October 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in stockholders' net equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

L.A. McKnight B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva K.D. Powell.

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Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses (ECL) in relation to trade receivables ***Refer to notes 2(f), 2(h), and 9 to the financial statements for disclosures of related accounting policies, judgements and estimates.*** As at 31 October 2022, trade receivables account for $444 million or 35% of total assets of the Company which includes a total associated ECL of $63.5 million. In determining the ECL, management applies the simplified approach as permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using the lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECL for these receivables. The lifetime ECL is determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information. We focused on this area due to the estimation uncertainty in assessing credit risk.	Our approach to addressing the matter involved the following procedures, amongst others: • Updated our understanding of the methodology and assumptions used by management in the determination of the ECL provision matrix. • Tested historical data, on a sample basis, used in the provision matrix to calculate the historical rates of default by agreeing data to prior year audited results. • Reperformed the calculation of days past due on a sample basis. • Recalculated the ECL by applying the expected credit loss rates of default to the aged receivable balance. • Tested subsequent payments for a sample of large customers where expected credit losses had been recognized. • Evaluated the reasonableness of management's judgement pertaining to the impact of forward-looking information on the ECL. The results of our procedures indicated that the assumptions used by management for determining the expected credit losses in relation to trade receivables were not unreasonable.

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Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Paul Williams.

PricewaterhouseCoopers

Chartered Accountants
30 December 2022
Kingston, Jamaica

Statement of Financial Position

As at 31 October 2022 *(expressed in Jamaican dollars unless otherwise indicated)*

	Note	2022 $	2021 $
ASSETS			
Non-current asset			
Property, plant and equipment	4	24,924,654	18,438,841
Intangible assets	5	3,763,517	3,247,483
Right-of-use assets	6	61,336,718	78,064,914
Deferred tax asset	7	7,392,968	3,368,475
Investment in joint venture	25	5,000,000	5,000,000
		102,417,857	108,119,713
Current assets			
Tax recoverable		10,992,519	4,671,706
Inventories	8	578,433,392	465,133,250
Due from related parties	15	18,536,610	8,382,818
Trade and other receivables	9	480,708,885	740,513,652
Investments		3,413,584	389,421
Cash and bank deposits	10	74,631,083	104,406,081
		1,166,716,073	1,323,496,928
Total assets		1,269,133,930	1,431,616,641
EQUITY AND LIABILITIES			
Stockholders' net equity			
Share capital	11	129,189,757	129,189,757
Capital redemption reserve	12	56,070,657	56,070,657
Retained earnings		258,770,796	242,886,418
		444,031,210	428,146,832
Non-current liabilities			
Borrowings	13	13,901,429	202,624,531
Lease liabilities	14	57,525,071	65,196,438
		71,426,500	267,820,969
Current liabilities			
Borrowings	13	350,027,580	2,204,460
Lease liabilities	14	15,383,031	17,880,296
Due to related parties	15	32,344,674	55,566,128
Trade and other payables	16	355,920,935	658,475,745
Tax payable		-	1,522,211
		753,676,220	735,648,840
Total equity and liabilities		1,269,133,930	1,431,616,641

Approved for issue by the Board of Directors on December 23, 2022 and signed on its behalf by:

DocuSigned by:
Anthony Shaw
3BB4DB81D34547E...

Michael Anthony Shaw
Chairman Audit Committee

DocuSigned by:
Steven Marston
9B380EA0D42E4D6...

Steven Marston
Executive Chairman

Statement of Comprehensive Income

Year ended 31 October 2022 *(expressed in Jamaican dollars unless otherwise indicated)*

	Note	2022 $	2021 $
Revenue	17	1,110,818,266	1,045,993,359
Cost of sales		(679,833,586)	(598,207,698)
Gross Profit		430,984,680	447,785,661
Other income	21	34,851,807	9,635,647
Distribution expenses		(20,549,870)	(19,975,388)
Administrative expenses		(390,182,961)	(363,272,876)
Operating Profit		55,103,656	74,173,044
Foreign exchange loss		(208,928)	(4,813,456)
Interest income		55,082	55,930
Finance costs	22	(33,728,304)	(26,676,252)
Profit before Taxation		21,221,506	42,739,266
Taxation	23	(820,999)	(2,936,813)
Net Profit, being Total Comprehensive Income for the Year		20,400,507	39,802,453
Earnings per stock unit attributable to owners of the parent during the year			
Basic and fully diluted	24	0.16	0.31

Statement of Changes in Stockholders' Net Equity

Year ended 31 October 2022 *(expressed in Jamaican dollars unless otherwise indicated)*

	Share Capital $	Capital Redemption Reserve $	Retained Earnings $	Total $
Balance at 1 November 2020	129,189,757	56,070,657	203,083,965	388,344,379
Net profit, being total comprehensive income for the year	-	-	39,802,453	39,802,453
Balances at 31 October 2021	129,189,757	56,070,657	242,886,418	428,146,832
Net profit, being total comprehensive income for the year	-	-	20,400,507	20,400,507
Dividend paid	-	-	(4,516,129)	(4,516,129)
Balance at 31 October 2022	129,189,757	56,070,657	258,770,796	444,031,210

CAC 2000 LIMITED

Statement of Cash Flows

Year ended 31 October 2022 *(expressed in Jamaican dollars unless otherwise indicated)*

	Note	2022 $	2021 $
Cash Flows from Operating Activities			
Net profit		20,400,507	39,802,453
Adjustments for:			
Taxation	23	820,999	2,936,813
Amortisation- intangible assets	5	1,811,878	783,778
Depreciation – property, plant & equipment	4	9,381,163	9,089,802
Depreciation – right of use assets	6	16,728,196	8,654,662
Loss/(gain) on disposal of property, plant & equipment		-	43,999
Unrealised loss on financial assets at fair value through profit and loss		(315,163)	2,767
Movement in expected credit loss	9	(5,929,315)	(10,955,617)
Provision for inventory obsolescence			1,063,905
Net foreign exchange losses		2,715,972	369,125
Finance costs	22	34,135,284	26,676,252
Interest income		(55,082)	(55,930)
		79,694,439	78,412,009
Changes in operating assets and liabilities:			
Inventories		(114,562,994)	(131,027,440)
Trade and other receivables		266,560,820	(92,898,189)
Trade and other payables		(303,020,779)	264,005,245
Due from related parties		(10,153,792)	(8,366,855)
Cash provided by/(used in) operations		(81,482,306)	110,124,770
Tax paid		(12,688,515)	(6,243,918)
Net cash (used in)/provided by operating activities		(94,170,821)	103,880,852
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	4	(15,866,976)	(569,794)
Acquisition of intangible assets	5	(2,327,912)	(4,031,261)
Investment in joint venture	25	-	(5,000,000)
Investment in securities	-	(3,254,513)	-
Interest received		55,082	55,930
Net cash used in investing activities		(21,394,319)	(9,545,125)
Net cash flows (used in)/provided by operating and investing activities brought forward to page 6		(115,565,140)	94,335,727

Statement of Cash Flows (Continued)

Year ended 31 October 2022 *(expressed in Jamaican dollars unless otherwise indicated)*

	Note	2022 $	2021 $
Net cash flows (used in)/provided by operating and investing activities brought forward from page 4		(115,565,140)	94,335,727
Cash Flows from Financing Activities			
Repayment of bank loans		(158,894,982)	(92,167,061)
Proceeds from bank loans		317,995,000	-
Lease liabilities		(10,168,632)	(2,122,236)
Interest paid		(34,135,284)	(26,676,252)
Dividends paid to non-controlling interests in subsidiaries		(4,516,129)	-
Related parties, net		(23,221,454)	25,317,714
Net cash provided by(used in) financing activities		87,058,519	(95,647,735)
Net decrease in cash and cash equivalents		(28,506,621)	(1,312,008)
Effects of exchange rate changes on cash and cash equivalents		(1,268,377)	(369,125)
Cash and cash equivalents at beginning of year		104,406,081	106,087,214
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	74,631,083	104,406,081

1. Identification and Activities

CAC 2000 Limited (the Company) is incorporated and domiciled in Jamaica. On January 7, 2016, the Company's ordinary shares were listed on the Jamaica Junior Stock Exchange through an Initial Public Offering (Note 9). The ultimate parent company is 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. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless stated otherwise.

(a) 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) as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS and complies with the provisions of the Jamaican Companies Act. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Standards, interpretations and amendments to published accounting standards effective in the current financial year

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial period. The Company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following are relevant to its operations:

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published accounting standards effective in the current financial year (continued)

Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39Amendments to IFRS 9, IAS 39 and IFRS 7 (effective for annual periods beginning or after January 1, 2021)
The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms.

The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

Covid-19-related Rent Concessions – Amendments to IFRS 16 (effective for annual periods beginning on or after 1 April 2021).
As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2021, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.
Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

Revised Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2021).
The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis; and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2021. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not yet effective and which the Company will adopt in future financial years. The Company has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Reference to the Conceptual Framework – Amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022).
Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2022 - deferred to 1 January 2023).
The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.
The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.
They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Since approving these amendments, the IASB has issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024

Disclosure of Accounting Policies– Amendments to IAS 1 and IFRS Practice Statement 2 (effective for annual periods beginning on or after 1 January 2022 - deferred to 1 January 2023).
The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)

Definition of Accounting Estimates – Amendments to IAS 8 (effective for annual periods beginning on or after 1 January 2022 - deferred to 1 January 2023).
The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 effective for annual periods beginning on or after 1 January 2022 - deferred to 1 January 2023).
The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16 (effective for annual periods beginning on or after 1 January 2022)
The amendment to IAS 16 Property, Plant and Equipment (PPE) prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.
Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37 (effective for annual periods beginning on or after 1 January 2022).
The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)

Annual Improvements to IFRS Standards 2018–2021 (effective for annual periods beginning on or after 1 January 2022).
The following improvement was finalised in May 2021:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

(b) Property, plant and equipment

Property, plant and equipment are measured at historical cost or deemed cost, less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is computed on a straight-line basis at annual rates estimated to write down the property, plant and equipment to their estimated residual values at the end of their expected useful lives, as follows:

Leasehold improvements	Over the term of the lease
Plant machinery	10 years
Tools and equipment	5 years
Furniture, fixtures & equipment	10 years
Computers and related equipment	3 years
Motor vehicles	5 years

The depreciation methods, useful lives and residual values are reassessed at the reporting date.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2. Significant Accounting Policies (Continued)

(c) Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

(d) Intangible assets

Intangible assets Intangible assets acquired separately are measured on initial recognition at cost and carried at cost less any accumulated amortisation and accumulated impairment losses. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

(e) Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than it's carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

2. Significant Accounting Policies (Continued)

(f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets

For the purpose of these financial statements, financial assets have been determined to include cash and deposits, investments, amounts due from related parties and trade, and other receivables.

Classification

The Company considers the following measurement categories in classifying its financial assets:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the business model used for managing the financial assets and the contractual terms of each cash flows. The Company's assets measured at fair value, gains and losses will be recorded in profit or loss.

Measurement

Debt instruments

Measurement financial instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. The Company considers three measurement categories when classifying its financial instruments.

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent sole payments of principal and interest, are measured at amortised cost. Interest income from financial assets is included in profit or loss using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on financial asset that is measured at FVPL is recognised in profit or loss in the period in which it arises.

Impairment

The Company assesses impairment on a forward-looking basis for the expected credit losses (ECL) associated with its financial assets classified at amortised cost.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using the lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECL for these receivables.

The lifetime ECL is determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information.

2. Significant Accounting Policies (Continued)

(f) Financial instruments (continued)

Financial liabilities
Similarly, financial liabilities include accounts payable, loans and borrowings and amounts due to related parties. They are initially measured at fair value, net of transaction cost, and are subsequently measured at amortised cost using the effective interest method.

(g) Inventories
Inventories are measured at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. The cost of finished goods and work-in-progress comprises raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Accounts receivable
Trade and other receivables are measured at amortised cost, less expected credit loss.

(i) Related parties
A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity or its parent is provided with key management personnel services by the management entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is char

2. Significant Accounting Policies (Continued)

(j) Cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances and other short-term investments with maturities ranging between one and three months from the reporting date, and which are readily convertible to known amounts of cash without significant change in value.

(k) Share capital
Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

In the case of its preference share capital, it is classified as:

- equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary; in such a case, dividends thereon are recognised as distributions within equity;

- liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary; in such case, dividends thereon are recognised as interest in profit or loss.

The Company's redeemable preference shares are classified as financial liabilities as they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends are recognised as interest expense in profit or loss as a component of net finance costs/income as accrued.

(l) Borrowing costs
Banks and other loans are recognised initially at cost. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective interest basis.

(m) Leases
From 1 November 2021, the following policies were applied by the Company as a lessee
The Company leases various buildings/warehouses. Rental contracts are typically made for fixed periods of 12 months to 2 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees

2. Significant Accounting Policies (Continued)

(n) Leases (continued)

- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company uses that rate as a starting point to determine the incremental borrowing rate.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

There are no variable lease payments included in lease agreements.

Extension and termination options are included in a number of leases. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

2. Significant Accounting Policies (Continued)

(o) Leases (continued)

Accounting policy applied prior to 1 November 2021
Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations to the lessor, net of finance charges, are recorded in long term liabilities.

The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The motor vehicles acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

(p) Accounts payable

Trade and other payables are measured at amortised cost.

(q) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

(i) Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted, or subsequently enacted at the end of the reporting period.

(ii) Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2. Significant Accounting Policies (Continued)

(r) Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

(s) Employee benefits

(i) Short-term employee benefits
Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave for services rendered by employees up to the end of the reporting period.

(ii) Defined contribution plans
Obligation for contributions to defined contribution plans is expensed as the related services are provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(t) Joint venture

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and joint venture is eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

2. Significant Accounting Policies (Continued)

(u) Revenue recognition

Installation contracts

IFRS 15 requires a consistent revenue recognition method for contracts and performance obligations with similar characteristics. The Company has chosen to use percentage to completion method, using the cost incurred to date as portion of the total estimated full costs of completing the contract, applied to the total expected contract revenue. This measurement basis is fairly consistent with the basis of measurement in prior year. The Company believes this measurement basis better reflects the pattern of transfer of control to the customer.

Contract price includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably. Under IFRS 15, claims and variations will be included in the contract accounting when they are approved. At 31 October 2022, there were no claims that do not meet the criteria for recognition.

A promise to deliver equipment and to install them can be treated as two distinct performance obligations for revenue recognition. The Company is committed to treating, as a single performance obligation, promises to deliver equipment and install them if the Company provides a significant service of integrating the good or service into a complete product for which the customer has contracted. An entity recognizes revenue when (or as) it satisfies a performance obligation by transferring a good or service to a customer. An entity "transfers" a good of service to a customer when the customer obtains control of that good or service. Control may be transferred either at a point in time or over time. The delivery of equipment will qualify for revenue recognition at a point in time, and work done to install the equipment will be recognised at the different stages of completion to achieve the performance obligation.

Sale of equipment and service contracts

Revenue from sale of equipment and the provision of services (excluding services provided under installation contracts) is recognized when a promised good and/or service is transferred to the customer. Under IFRS 15, for certain contracts that permit the customer to return an item, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. Revenue from sale of equipment and provision of services rendered are recognized at a point in time.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue is reduced for discounts, rebates and other similar allowances.

2. Significant Accounting Policies (Continued)

(v) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

The Company has three reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, to different customer base, and are managed separately because they require different resources and marketing strategies.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The primary reportable segments are:

(i) Engineering – Sale and installation of industrial equipment
(ii) Residential, Light and Commercial (RLC) – Sale of smaller turnkey equipment
(iii) Service – After sale service and maintenance

The Company's operations are primarily carried out in Jamaica

Transactions between business segments have been eliminated.

(w) Net finance cost

Net finance cost comprises interest payable on long-term loan, calculated using the effective interest rate method, interest income on funds invested and foreign exchange gains and losses recognised in profit or loss.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of the income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2. Significant Accounting Policies (Continued)

(x) Foreign currencies

Transactions in foreign currencies are converted at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising from fluctuations in exchange rates are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the dates that the values were determined.

(y) Dividends

Dividends are recognised in the period in which they are declared.

(z) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(aa) Determination of profit and loss

Profit is determined as the difference between the revenues from the goods and services rendered and the costs and other charges incurred during the year. Profits on transactions are taken in the year in which they are realised. A transaction is realised at the moment of delivery. Losses are taken in the year in which they are realised or determinable.

(ab) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date and the income and expense for the year then ended. Actual amounts could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Measurement of the expected credit loss allowance
The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for assessing whether a significant increase in credit risk has occurred;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar assets for the purposes of measuring ECL.

(ii) Net realisable value of inventories
Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

(iii) Revenue recognised from installation contracts
Revenues from installation contracts are determined on the cost-plus basis with reference to the stage of completion. Estimates of the total costs of the contract is made at the initial stage of the contract and is reassessed on an ongoing basis. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. Therefore, the effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate. The changed estimates are used in the determination of the amount of revenue and expenses recognised in the statement of profit or loss and other comprehensive income in the period in which the change is made and in subsequent periods.

When the outcome of the contract cannot be estimated reliably, no profit is recognised. However, even though the outcome of the contract cannot be estimated reliably, it may be probable that total contract costs will exceed total contract revenues. In such cases, any expected excess of total contract costs over total contract revenue for the contract is recognised as an expense immediately.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from those assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

CAC 2000 LIMITED

Notes to the Financial Statements

31 October 2022 *(expressed in Jamaican dollars unless otherwise indicated)*

4. Property, Plant and Equipment

	Leasehold Improvements	Plant Machinery, Tools & Equipment	Furniture, Fixtures & Equipment	Computers & Related Equipment	Motor Vehicles	Total
	$	$	$	$	$	$
At Cost -						
1 November 2020	23,955,566	17,058,444	5,818,890	33,056,574	50,881,573	130,771,047
Additions	-	76,813	166,152	326,829	-	569,794
Disposal	-	(95,997)	-	-	-	(95,997)
31 October 2021	23,955,566	17,039,260	5,985,042	33,383,403	50,881,573	131,244,844
Additions	-	-	237,776	-	15,629,200	15,866,976
31 October 2022	23,955,566	17,039,260	6,222,818	33,383,403	66,510,773	147,111,820
Accumulated Depreciation -						
1 November 2020	23,306,404	5,641,375	3,059,819	31,024,700	40,735,901	103,768,199
Charge for the year	649,162	1,482,231	622,003	1,370,360	4,966,046	9,089,802
Relieved on disposal	-	(51,998)	-	-	-	(51,998)
31 October 2021	23,955,566	7,071,608	3,681,822	32,395,060	45,701,947	112,806,003
Charge for the year		1,810,332	267,580	732,856	6,570,395	9,381,163
Relieved on disposal						
31 October 2022	23,955,566	8,881,940	3,949,402	33,127,916	52,272,342	122,187,166
Net Book Values -						
31 October 2022	-	8,157,320	2,273,416	255,487	14,238,431	24,924,654
31 October 2021	-	9,967,652	2,303,220	988,343	5,179,626	18,438,841

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

4. Property, Plant and Equipment (Continued)

The Company leases various motor vehicles under non-cancellable lease agreements (Note 14). The lease terms are four years. At year end, the net book value of motor vehicles acquired under finance leases was $nil (2021 - $ Nil).

5. Intangible Assets

	Software $
At Cost-	
31 October 2021	4,031,261
Additions	2,327,912
31 October 2022	6,359,173
Amortisation -	
31 October 2021	783,778
Additions	1,811,878
31 October 2022	2,595,656
Net Book Values -	
31 October 2022	3,763,517
31 October 2021	3,247,483

Intangible assets relate to the purchase and installation of a cloud-based ERP computer software during the year.

6. Right-of-use Assets

	Building $
Cost -	
31 October 2021	89,798,174
31 October 2022	89,798,174
Accumulated Depreciation -	
1 November 2021	11,733,260
Charge for the year	16,728,196
31 October 2022	28,461,456
Net Book Values -	
31 October 2022	61,336,718
31 October 2021	78,064,914

Right-of-use assets relates to rental of building/warehouse and related leasehold improvements.

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

7. Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method using an applicable tax rate of 12.5%. The movement on the deferred tax account is as follows:

	2022 $	2021 $
Asset as at 1 November 2021	3,368,475	-
Credited to the statement of comprehensive income (Note X)	4,024,493	3,368,475
Asset as at 31 October 2022	7,392,968	3,368,475

Deferred income tax assets and liabilities are attributable to the following items –

	2022 $	2021 $
Deferred tax assets		
Unrealised foreign exchange losses	261,098	601,682
Property, plant and equipment	3,794,008	3,212,072
Lease liabilities	1,446,423	626,476
IFRS 9 ECL provision	1,016,984	-
Other	874,455	297,697
	7,392,968	4,737,927
Deferred tax liabilities		
IFRS 9 ECL provision	-	(1,369,452)
	7,392,968	(1,369,452)
Net deferred tax assets	7,392,968	3,368,475

The deferred tax credited to the statement of comprehensive income comprises the following temporary differences:

	2022 $	2021 $
Unrealised foreign exchange losses	261,098	601,682
Property, plant and equipment	3,794,008	3,212,072
Lease liabilities	1,446,423	626,476
IFRS 9 ECL provision	1,016,984	(1,369,452)
Other	874,455	297,697
	7,392,968	3,368,475

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

7. Deferred taxation (continued)

The amounts shown in the balance sheet include the following:

	2022	**2021**
	$	**$**
Deferred tax assets to be recovered after more than 12 months	7,746,164	3,368,475

8. Inventories

	2022	**2021**
	$	**$**
Merchandise/equipment	109,912,152	118,480,056
Work-in-progress	276,109,321	187,180,916
Service supplies/parts	163,551,124	126,439,045
Goods in transit	43,615,757	47,788,195
	593,188,354	479,888,212
Provision for obsolescence	(14,754,962)	(14,754,962)
	578,433,392	465,133,250

The cost of inventories recognised as cost of sales during the year was $618,658,072 (2021 - $533,299,258).

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

9. Trade and Other Receivables

	2022 $	2021 $
Trade receivables	507,513,080	765,461,602
Less: expected credit loss	(63,517,720)	(69,447,035)
	443,995,360	696,014,567
Other receivables	28,077,523	34,940,082
Prepayments	8,636,002	9,559,003
	480,708,885	740,513,652

During 2015, the Company entered into a joint arrangement with an independent third party, Inica Ingenieria de Instalaciones S.A.L (INICA), a company registered in the Dominican Republic with registered office at the INICA Business Building, Santo Domingo, to carry out infrastructure improvements and renovations of The Braco Hotel in Jamaica; and to share the profits 50:50. Included in trade receivables is $39,606,496 (2021 - $39,606,496) in relation to this venture.

Contract assets

Included in trade receivables are contract assets totaling $nil (2021 - $238,799,576).The Company distinguishes contract assets based on whether receipt of the consideration is conditional on something other than passage of time. Contract assets primarily relate to transactions where the Company satisfies a performance obligation to transfer equipment that is part of an installation contract with the customer, but the right to payment for the equipment or the service is dependent on the agreement with the customer and services that were rendered but not yet billed to the customer at year end. The contract assets are transferred to trade receivable when the right becomes unconditional, i.e. when only the passage of time is required before payment of consideration is due.

Ageing of trade receivables at the reporting date was:

	2022		
	Gross Carrying Amount $	Expected Credit Loss Rate	Expected Credit Loss $
0-30 days	110,499,346	2%	2,451,940
31-60 days	56,170,464	7%	3,891,261
61-180 days	43,584,761	20%	8,603,288
More than 180 days	297,258,509	16%	48,571,231
	507,513,080		63,517,720

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

9. Trade and Other Receivables (Continued)

Ageing of trade receivables (continued)

	2021		
	Gross Carrying Amount	**Expected Credit Loss Rate**	**Expected Credit Loss**
	$		**$**
0-30 days	259,922,602	7%	18,750,699
31-60 days	63,273,528	5%	3,472,352
61-180 days	116,542,673	18%	9,722,585
More than 180 days	325,722,799	39%	37,501,399
	765,461,602		69,447,035

Movement in expected credit loss

	2022	2021
	$	$
Opening loss allowance as at 1 November	69,447,035	80,402,652
Increase/(Decrease) in expected credit loss recognised in income statement	(5,929,315)	(10,955,617)
Bad debt recovered	-	-
Bad debt written off	-	-
Closing loss allowance as at 31 October	63,517,720	69,447,035

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due.

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

10. Cash and Bank Deposits

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with original maturity dates not exceeding 90 days.

	2022 $	2021 $
Cash on hand and in bank	43,012,194	72,671,286
Deposits	31,618,889	31,734,795
	74,631,083	104,406,081

Cash and cash equivalents are denominated in the following currencies:

	2022 $	2021 $
Jamaican dollars	46,253,716	61,446,310
US dollars	27,432,846	41,851,467
Other	944,521	1,108,304
	74,631,083	104,406,081

The weighted average effective interest rates on cash and short-term bank deposits are as follows -

	2022 %	2021 %
Cash at bank		
- J$	0.01-0.95	0.01-0.95
- US$	0.01-0.05	0.01-0.05
Short-term deposits		
- J$	1.15-1.80	1.15-1.80
- US$	0-1.10	0-1.10
- GBP	0.19	0.19

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

11. Share Capital

	2022 No.	2021 No.
Authorised in shares -		
Ordinary units of no-par value	200,000,000	200,000,000
Fixed and variable rate cumulative redeemable preference shares	350,000,000	350,000,000

	2022 $	2021 $
Issued and fully paid as stock units -		
129,032,258 ordinary units (2021 - 129,032,258)	138,773,634	138,773,634
Less: Share issue costs	(9,583,877)	(9,583,877)
	129,189,757	129,189,757
200,000,000 fixed and variable rate cumulative redeemable preference shares (2021 - 200,000,000)	200,000,000	200,000,000
	329,189,757	329,189,757
Less: Redeemable preference shares classified as liability (Note 13)	(200,000,000)	(200,000,000)
	129,189,757	129,189,757

12. Capital Redemption Reserve

This represents the value of the cumulative redeemable preference shares redeemed from retained earnings.

13. Borrowings

	2022 $	2021 $
(i) Redeemable preference shares	200,000,000	200,000,000
(ii) Bank of Nova Scotia Jamaica Limited	18,929,009	4,828,991
(iii) Bank of Nova Scotia Jamaica Limited	145,000,000	-
	363,929,009	204,828,991

Current portion of borrowings	350,027,580	2,204,460
Non-current portion of borrowings	13,901,429	202,624,531
	363,929,009	204,828,991

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

13. Borrowings (Continued)

(i) Redeemable preference shares

	$
Balance at 1 November 2017	148,037,000
Redemption of preference shares	(148,037,000)
	-
Proceeds from issue of redeemable preference shares	200,000,000
Balance at 31 October 2021 and 2022	200,000,000

In 2021, the Company redeemed the preference shares previously held. A portion of the proceeds from the new preference shares issued was used to fund the redemption of the shares, the balance of $56,070,657 was transferred from retained earnings to capital redemption reserves.

$350,000,000 fixed and variable rate redeemable preference shares were authorized with an issue price of $1 per share. Of this $200,000,000 (2021 - 200,000,000) issued shares are fully paid. Redeemable preference shares do not carry the right to vote or rank equally with other shares with regard to the Company's residual assets, except that holders of redeemable preference shares participate only to the extent of the face value of the shares.

The redeemable preference shares are mandatorily redeemable at par on March 16, 2023 and the Company is obliged to pay holders of redeemable preference shares dividends of 9.5% percent per annum for the first four years and thereafter a variable rate of 3% point above the weighted average yield rate applicable to the six month Jamaica Treasury Bill Tender (WATBY), held immediately prior to the commencement of each quarterly interest period until maturity. Dividend is paid quarterly.

(ii) The loans represent amounts issued by Bank of Nova Scotia Jamaica Limited to facilitate the purchase of motor vehicles for employees. The loans are secured by charges over the motor vehicles purchased and comprehensive insurance endorsed in favour of the bank on the motor vehicles. The loans are repayable in monthly installments. Interest rates on the loans are fixed at 6.95% and 7.99% per annum.

(iii) This represents amounts borrowed against operating line of credit issued by Bank of Nova Scotia Jamaica Limited. The loans are repayable after six months and attracts an interest rate of 6.95% - 10.5% per annum. The loan is secured by term deposits held at other financial institutions totaling $43mil (2021 - $ Nil).

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

13. Borrowings (Continued)

Movement in Liabilities from Financing Activities

	Lease Liabilities $	Loan Liabilities $	Redeemable Preference Shares $	Total $
Net debt as at 1 November 2020	1,557,891	96,996,052	200,000,000	298,553,943
Acquisition	83,640,979	-	-	83,640,979
Repayment	(4,802,031)	(92,167,061)	-	(96,969,092)
Interest charged	2,679,895	13,981,451	19,000,000	35,661,346
Interest paid	-	(13,981,451)	(19,000,000)	(32,981,451)
Net debt as at 31 October 2021	83,076,734	4,828,991	200,000,000	287,905,725
Net debt as at 1 November 2021	83,076,734	4,828,991	200,000,000	287,905,725
Acquisition	-	317,995,000	-	317,995,000
Repayment	(10,168,632)	(158,894,982)	-	(169,063,614)
Interest charged	7,711,663	7,740,146	18,683,475	34,135,284
Interest paid	(7,711,663)	(7,740,146)	(18,683,475)	(34,135,284)
Net debt as at 31 October 2022	72,908,102	163,929,009	200,000,000	436,837,111

14. Lease Liabilities

The Company entered into lease agreements (2021 - finance lease agreements) for the purchase of motor vehicles and rental buildings/warehouses. Obligations under these agreements are as follows:

	2022 $	2021 $
Minimum lease payments under finance lease		
Not later than 1 year	21,927,996	17,880,296
Later than 1 year and not later than 5 years	66,630,911	83,199,118
	88,558,907	101,079,414
Future interest payments	(15,650,805)	(18,002,680)
Present value of finance lease obligations	72,908,102	83,076,734

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

14. Lease Liabilities (Continued)

The present value of the lease obligations is as follows:

	2022 $	2021 $
Current	15,383,031	17,880,296
Non-current	57,525,071	65,196,438
	72,908,102	83,076,734

Lease liabilities for motor vehicles are effectively secured as the rights to the leased assets revert to the lessor in the event of default (Note 4).

The statement of comprehensive income includes the following amounts in relation to leases:

	2022 $	2021 $
Interest expense (included in finance cost)	7,711,664	2,679,895
Expense relating to short-term leases (included in administrative expenses)	1,246,121	3,244,140

There are no low value lease asset or variable lease payments included in lease liability.

15. Related Party Transactions and Balances

(a) Year end balances arising from transactions with related parties:

	2022 $	2021 $
Amounts due from related parties -		
Cool Airco Limited	7,111,011	8,031,289
CAC Foundation	6,606,821	351,529
ENRVATE	4,818,778	-
	18,536,610	8,382,818
Amounts due to related parties -		
Cool Airco Limited	32,344,674	55,566,128
	32,344,674	55,566,128
Net liabilities	(13,808,064)	(47,183,310)

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

15. Related Party Transactions and Balances (Continued)

(b) During the period, the Company had the following significant transactions with related parties in the normal course of business:

	2022 $	2021 $
Purchases - Cool Airco Limited	(71,772,439)	(52,335,748)
Administrative fees paid - Cool Airco Limited	(40,023,702)	(15,559,230)

(c) Key management personnel compensation is as follows:

	2022 $	2021 $
Salaries	45,366,837	38,056,715
Statutory contributions	7,611,859	4,717,130
Pension	735,000	180,000
	53,713,696	42,953,845
Directors' emoluments-		
Fees	4,429,167	2,062,500

16. Trade and Other Payables

	2022 $	2021 $
Trade payable	108,003,586	121,196,844
Customer deposits	122,215,156	437,775,849
Statutory contributions	4,148,148	3,890,629
Accruals	55,066,360	39,555,479
Other	66,487,685	56,056,944
	355,920,935	658,475,745

17. Revenue

The Company derives revenue from the transfer of services (over time) and equipment (point in time). Gross operating revenue includes the invoiced value of goods, installation and service and amounts recognised under construction contracts. Refer to Note 26 outlining revenue by segments.

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

18. Expenses by Nature

Total distribution and administration expenses

	2022 $	2021 $
Directors' fees	4,429,167	2,062,500
Staff costs (Note 17)	219,192,894	210,978,776
Audit fees	6,330,544	5,755,040
Expected credit loss, net	(5,929,316)	(10,955,617)
Amortisation-intangible asset (Note 5)	1,811,879	783,778
Depreciation – property, plant & equipment (Note 4)	9,381,163	9,089,802
Depreciation – right-of-use assets (Note 6)	16,728,196	8,654,662
Legal and professional fees	63,223,582	60,738,349
Promotion, advertising and entertainment	5,438,489	5,784,600
Repairs and maintenance of property, plant and equipment	13,132,905	14,500,891
Insurance	19,714,078	17,620,953
Occupancy, utilities and communication	16,182,337	15,667,452
Local and foreign travel	1,242,764	1,378,608
Office supplies and computer	18,044,836	17,292,879
Security service	5,531,846	5,388,384
Dues and subscriptions	4,536,027	2,970,080
Donations	-	6,159,000
Other	11,663,815	9,378,128
	410,655,206	383,248,264

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

19. Staff Costs

	2022 $	2021 $
Administrative expenses -		
Salaries and wages	158,415,007	151,922,829
Statutory contributions	20,150,335	17,718,847
Pension	1,158,297	1,158,088
Other	27,294,744	28,417,247
	207,018,383	199,217,011
Selling and distribution -		
Salaries and wages	5,397,601	6,069,261
Commission	4,862,422	3,640,649
Statutory contributions	692,564	642,918
Pension	52,501	90,002
Other	1,169,423	1,318,935
	12,174,511	11,761,765
	219,192,894	210,978,776
Directors remuneration (Note 15)	4,429,167	42,953,845
Staff costs	214,763,727	168,024,931
	219,192,894	210,978,776

20. Retirement Scheme

The Company participates in a contributory retirement scheme for employees who have satisfied certain minimum requirements. The scheme is accounted for as a defined contribution plan in the financial statements, that is, pension contributions are expensed as and when they fall due. The scheme is administered by The Scotia Jamaica Life Insurance Company Limited, a company domiciled in Jamaica.

The Company's contributions to the scheme for the year aggregated to $1,210,798 (2021 - $1,248,090).

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

21. Other Income

	2022 $	2021 $
(Loss)/gain on disposal of property, plant and equipment	-	(43,999)
Other	34,851,807	9,679,646
	34,851,807	9,635,647

Other income includes profit share of Barbuda Project of $29,312,955 (2021 – $8,031,289)

22. Finance Costs

	2022 $	2021 $
Interest on -		
Bank loans	7,740,146	4,908,661
Finance lease	7,711,663	2,679,895
Interest on redeemable preference share	18,683,475	19,000,000
Other	(406,980)	87,696
	33,728,304	26,676,252

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

23. Taxation

Taxation is based on net profit for the year adjusted for taxation purposes and represents income tax charged at 25%. The Company's shares were listed on the Junior Market of the Jamaica Stock exchange, effective January 7, 2016. Consequently, the Company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least fifteen (15) years:

Years 1 to 5	100%
Years 5 to 10	50%

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions.

Income Tax Expense	**2022**	**2021**
Current tax	**$**	**$**
Current tax on profits for the year	4,845,492	6,305,288
Adjustments for current tax of prior periods	-	-
Total current tax expense	4,845,492	6,305,288
Deferred income tax		
Decrease/(increase) in deferred tax assets	(4,024,493)	(3,368,475)
(Decrease)/increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	(4,024,493)	(3,368,475)
Income tax expense	820,999	2,936,813

The tax on profit differs from the theoretical amount that would arise using the basic statutory rate of 25% as follows:

	2022	**2021**
	$	**$**
Profit before taxation	21,221,506	42,739,266
Tax calculated at a rate of 25%	5,305,377	10,684,817
Effect of:		
Effect of excess depreciation over capital allowances	1,054,932	6,750,761
Expenses disallowed	1,897,004	1,522,388
Income and other gains not subject to tax	(531,798)	(2,738,904)
Effect of gradual change in tax rate	-	(1,283,535)
Other adjustments	(2,059,024)	(5,693,426)
	5,666,491	9,242,101
Adjustment for the effect of tax remission	(4,845,492)	(6,305,288)
	820,999	2,936,813

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

24. Earnings per Stock Unit

Earnings per ordinary stock unit, is calculated by dividing the profit attributable to shareholders by the weighted average number of stock units in issue during the year.

	2022	2021
Net profit attributable to shareholders ($)	20,400,507	39,802,453
Weighted average number ordinary stock units in issue	129,032,258	129,032,258
Basic and diluted earnings per stock unit ($)	0.16	0.31

25. Investment in Joint Ventures

Set out below are the associates and joint ventures of the group as at 31 October 2022 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measure-ment method	Quoted fair value		Carrying amount	
		2022	2021			2022	2021	2022	2021
		%	%			$	$	$	$
EnRvate Limited	Jamaica		50	Joint Venture	Equity Method		5,000,0000		5,000,000
Total equity-accounted investments									5,000,000

1) EnRvate Limited was formed to design and sell energy solutions systems and services throughout the Caribbean region.

A commitment of $5,000,000 was made to provide funding for joint venture's capital commitments.

The joint venture has not commence operation to date and as such has not incurred and income or expenditure.

The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not CAC 2000 Limited's share of those amounts.

25. Investment in Joint Ventures (continued)

Summarised statement of financial position

	2021 and 2022 $
Current assets	
Cash and cash equivalents	5,000,000
Total current assets	5,000,000
Total assets	5,000,000
Current liabilities	
Financial liabilities (excluding trade payables)	
Other current liabilities	-
Total non-current liabilities	-
Total liabilities	-
Net assets/liabilities	5,000,000

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

26. Segment Financial Information

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before taxation, as included in the internal management reports that are reviewed by the Chief Operating Decision Maker. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the related industries.

	2022			
	Engineering	**Residential Light and Commercial**	**Service**	**Total**
	$	**$**	**$**	**$**
External segment revenues	788,116,708	117,307,361	205,394,195,	1,110,818,264
Segment gross profit	226,647,221	103,353,571	100,983,886	430,984,678
Timing of revenue recognition				
At a point in time	291,456,973	73,148,666	205,394,197	569,999,836
Over time	496,659,733	44,158,695	-	540,818,428
	788,116,706	117,307,361	205,394,197	1,110,818,264

	2021			
	Engineering	**Residential Light and Commercial**	**Service**	**Total**
	$	**$**	**$**	**$**
External segment revenues	790,513,130	89,873,197	165,607,032	1,045,993,359
Segment gross profit	338,415,575	38,474,364	70,895,722	447,785,661
Timing of revenue recognition				
At a point in time	316,224,219	48,757,868	165,607,032	530,589,119
Overtime	474,288,911	41,115,329	-	515,404,240
	790,513,130	89,873,197	165,607,032	1,045,993,359

27. Financial Risk Management

The Company's financial risk management policies are directed by the Board of Directors, assisted by the management. The Company's activities expose it to credit related risks, liquidity risks and market risks that include foreign currency risks and interest rate risks.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The board of directors has monitoring oversight of the risk management policies.

Derivative financial instruments are not presently used to reduce exposure to fluctuation in interest and foreign exchange rates.

Annual budgeting and the continuing monitoring of the operations of the Company against the budgets allow the Board and the management to achieve its objectives and to manage relevant financial risks that could be faced by the Company.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risks mainly arise from changes in foreign currencies and interest rates. Market risk exposures are measured using sensitivity analysis.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The main foreign currency risks of the Company are denominated in United States dollars (US$), which is the principal intervening currency for the Company; however, there are other transactions denominated in Great Britain Pound (GBP).

The Company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities are kept at an acceptable level by monitoring the currency positions. The Company further manages the risk by maximizing foreign currency earnings and holding in foreign currency balances.

The table below summarized the currencies in which the Company's financial assets and liabilities are denominated at 31 October:

	2022		2021	
	US$	**GBP**	**US$**	**GBP**
Cash and deposits	27,432,846	944,521	41,851,467	1,108,304
Trade and other receivables	-	-	39,606,496	-
Due (to)/from related parties	7,111,011	-	8,031,289	-
Trade and other payables	(85,205,700)	-	(159,224,121)	-
Net exposure	(50,661,843)	944,521	(69,734,689)	1,108,304

27. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity analysis:
Average exchange rates for the US dollar, in terms of Jamaica dollars, were as follows:

	US$	GBP
At October 31, 2022	154.13	176.96
At October 31, 2021	145.00	185.12

Foreign currency sensitivity
The following tables indicate the currencies to which the Company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 4% devaluation and 1% revaluation (2021 – 2% devaluation, 8% revaluation) of the respective foreign currencies. The sensitivity of the profit was as a result of foreign exchange gains/losses on translation of US dollar-denominated deposits, amounts due to/from related parties, receivables and payables. The percentage change in the currency rate will impact each financial asset/liability included in the sensitivity analysis differently. Consequently, individual sensitivity analyses were performed. The effect on profit before taxation shown below is the total of the individual sensitivities done for each of the assets/liabilities.

	Change in Currency Rate 2022 %	Effect on Profit before Tax 2022 $'000	Change in Currency Rate 2021 %	Effect on Profit before Tax 2021 $'000
Currency:				
USD	1%	506,618	8%	5,578,775
USD	-4%	(2,026,474)	-2%	(1,394,694)
GBP	1%	9,445	8%	88,664
GBP	-4%	(37,781)	-2%	(22,166)

The foreign currency sensitivities have varied due to the relative changes in the level of trade payables and related party balances held in foreign currency compared to that held for cash and bank deposits.

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

27. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the potential that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flow interest rate risk.

The Company manages its interest rate risk by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from interest rate movements.

Interests bearing financial assets are primarily represented by deposits, which have been contracted at fixed and floating interest rates for the duration of the term.

Financial liabilities subject to interest include primarily third party and related party loans which are contracted at fixed rates of interest.

The nature of the Company's exposures to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the prior period.

At the reporting date, the interest profile of the Company's interest-bearing financial instruments was:

	Carrying Amount	
	2022	**2021**
	$	**$**
Fixed rate instruments		
Financial assets	31,618,887	31,734,795
Financial liabilities	(236,837,111)	(87,905,725)
	(205,218,224)	(56,170,930)
Variable rate instrument		
Financial liability	(200,000,000)	(200,000,000)
	(405,218,224)	(256,170,930)

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

27. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis for fixed rate instruments
The Company's fixed rate financial instruments are not carried at fair value. Therefore, a change in interest rate would not affect the profit for the year.

Cash flow sensitivity analysis for variable rate instruments
Interest rate sensitivity has been determined based on the exposure to interest rates for the Company's short-term deposits, party loans at the end of reporting period as these are substantially the interest sensitive instruments impacting financial results.

A change of 150 (2021 - 100) basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

	2022 Effect on Profit before Tax		2021 Effect on Profit before Tax	
	200bp Increase	**50bp Decrease**	**100bp Increase**	**100bp decrease**
Cash flow sensitivity	4,000,000	1,000,000	2,000,000	2,000,000

(b) Credit risk
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk exposure arises principally from cash and deposits, short-term investment, and trade and other receivables.

In relation to bank accounts and short-term deposits, the Company has a policy to deal with credit worthy counterparty to minimize credit risk exposures. The credit risk on cash and cash equivalents is limited as the Company minimises this risk by seeking to limit its obligations to substantial recognised financial institutions. In respect of trade receivables, the risk is minimised by discontinuing the services and also by making adequate provisions for uncollectible amounts.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The Company addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances. The average credit period extended by the Company is 30 days. No interest is charged on trade and other receivables. The Company has provided for receivables over 180 days after due assessment and as considered necessary, because historical experience is such that receivables that are past due beyond this period are generally difficult to collect.

Impairment of financial assets
The main type of financial asset subject to expected credit loss model is trade receivables. Refer to Note 7 for details of credit exposure for trade receivable.

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

27. Financial Risk Management (Continued)

(b) Credit risk (continued)

The maximum credit exposure is represented by the carrying amount of the financial assets on the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and other liquid assets and maintaining the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

Ultimate responsibility for liquidity risk management rests with the board of directors and management. The Company manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's contractual maturity for its non-derivative financial liabilities, including interest payments and excluding the impact of off-setting agreements.

	2022				
	Carrying amount	**Contractual cash flows**	**0 - 12 Months**	**1 – 2 years**	**2 – 5 years**
	$	**$**	**$**	**$**	**$**
Trade and other payables	296,706,428	296,706,428	296,706,428	-	-
Due to related parties	32,344,674	32,344,674	32,344,674	-	-
Borrowings	363,929,009	369,066,954	367,534,037	769,345	763,572
Lease liabilities	72,908,102	88,558,907	21,927,996	23,572,595	43,058,316
	765,888,213	786,676,963	718,513,135	24,341,940	43,821,888

31 October 2022 (expressed in Jamaican dollars unless otherwise indicated)

27. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

	2021				
	Carrying amount	**Contractual cash flows**	**0 - 12 Months**	**1 – 2 years**	**2 – 5 years**
	$	**$**	**$**	**$**	**$**
Trade and other payables	658,475,745	658,475,745	658,475,745	-	-
Due to related parties	55,566,128	55,566,128	55,566,128	-	-
Borrowings	204,828,991	245,033,451	21,204,460	221,624,531	-
Lease liabilities	83,076,734	83,076,734	17,880,296	22,750,295	42,446,143
	1,001,947,598	1,042,152,058	753,126,629	244,374,826	42,446,143

(d) Capital risk management

The capital structure of the Company consists of equity attributable to the equity holders comprising issued capital and retained earnings.

The Company's objectives when managing its capital structure, which is a broader concept than the equity on the face of the statement of financial position are:

i) To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for stakeholders; and

ii) Maintain a strong capital base to support the business development.

The Company's overall strategy remains unchanged from 2022.

28. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available for some of the financial assets and liabilities of the Company, the fair values in the financial statements have been presented using various estimation techniques based on market conditions existing at the end of the reporting period. Generally, judgment is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Company would realise in a current market exchange.

The following method and assumption have been used in determining the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and deposits, trade and other receivables, trade and other payables and related party balances maturing within one year is assumed to approximate their fair value because of the short-term maturity of these instruments.

(b) Investments classified at fair value through profit and loss are measured at fair value by reference to quoted market prices.

(c) The fair value of bank loans is assumed to approximate their carrying amounts as interest rates are contractually adjusted by issuer with movement in underlying bank base rates.

29. Impact of COVID-19 Pandemic

In March 2020, the World Health Organization declared the novel coronavirus, a global pandemic. Subsequently, Jamaica identified its first case of the COVID-19 virus and the government declared Jamaica a disaster area on 13 March 2020. With covid cases are on the decline, its impact on the economy is diminishing as it continues on its rebuilding phase. The Company has done a post-pandemic evaluation to assess its continued impact on its operation.

Namely, there was an adverse effect on global supply chain, resulting in lead times going from 4-6 weeks to an average of 12-18 weeks, which has severely impacted our ability to improve inventory turns and complete jobs in a timely manner up.

The delays as expected to continue into 2023 with continued price increases due to the changes in the interest rates in the US, as well as manufacturers trying to catch up on the backlog created during Covid along with the global microchip issue (as this is a necessary component in all modern AC units).

Despite the delays, the company has ended the year with increased Revenues which had a positive impact on the working capital position.

Management continues to closely monitor the situation and adhere to the various government protocols and advice.

Improving People's Lives

POSTAGE STAMP

Form of Proxy

I/We____

of ____

being a member/members of the above named Company, hereby appoint

____

of____

or failing him ____

of____ as my/our proxy to vote for

me and on my behalf at the 2023 Annual General Meeting of CAC 2000 Limited to be held on

September 21, 2023 at 3:00 p.m. and any adjournment thereof.

Signed this _________________ day of ____________________________2023

Signature ___________________________________ (Signature of primary shareholder)

Name: ______________________________________ (Name of primary shareholder)

Signature____________________________________ (Signature of secondary shareholder)

Name: ______________________________________ (Name of secondary shareholder)

Notes

Annual report design by Heather Kong-Smith

CAC

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