



CAC 2000 LTD.

**INTERIM FINANCIAL REPORT
FOR NINE MONTHS ENDED
31-Jul-17**



Report to Stockholders: 9 months ended July 31st, 2017

The Board of Directors is pleased to present the unaudited results for the Company for the 3rd quarter ended July 31st, 2017.

Year to date revenue of \$799,181,282 reflected an 18% increase over the \$678,837,320 achieved over the same period in 2016 and the gross profit increased by 8% to \$276,478,681 from \$255,473,063. After adjusting for the significant impact of the Braco project in the 2016 accounts, organic revenue and gross profit grew by 40% and 18% respectively.

The 20% increase in selling and distribution expenses is due to increased sales commissions, advertising and warranty expenses. The 2% increase in administration expenses is due to increased legal and professional fees and office costs (supplies and utilities). By carefully managing other costs the net result was only a 3.9% increase in expenses vs 2016 while achieving improvements in our productivity levels.

Finance costs also increased, from \$4,383,252 to \$11,367,942 and, while interest expenses were reduced the countering interest income and foreign exchange gains were also reduced.

Other income remained unchanged from the \$2,115,167 reported in the 2nd quarter.

The net impact of the above was a profit before taxation of \$49,790,810 or 18.8% higher than \$41,913,785 last year and profit after taxation increasing by 27% to \$50,012,622 from \$39,275,990 (note that 2016 had a tax liability from period prior to our listing on JSE).

On the balance sheet, we had a \$3,720,208 increase in fixed assets but a seasonal \$168,792,877 spike in trade and other receivables increased our current assets, even though inventory reduced by \$51,373,302 and cash by \$55,422,481. In the liabilities section, non-current assets increased slightly due to changes in lease bookings and trade/other payables grew by \$34,701,448 mostly due to an increase in customer deposits held. Shareholders' equity value continues to steadily grow.

The CAC Foundation is now operational as a registered charity along with initial funding and an independent board.

Lastly, our initial phase of the customer relationship management system was implemented and we have managed to negotiate improved supplier credit concessions. These, along with our healthy portfolio of open (unbilled work in progress) jobs and recently added human resources, puts us in a position for a strong final quarter.

A handwritten signature in blue ink, appearing to be 'S. Marston', with a horizontal line extending to the right.


Steven Marston
Chairman and CEO

CAC 2000 LIMITED

UNAUDITED STATEMENT OF FINANCIAL POSITION
THIRD QUARTER ENDED JULY 31, 2017

	NOTES	Unaudited Jul 2017 \$	Unaudited Jul 2016 \$	Audited (12 months ended) Oct 2016 \$
ASSETS				
Non-current assets				
Property, Plant & Equipment	4	48,747,824	45,027,616	51,702,954
Deferred Tax Asset		0	154,534	0
Long-term receivable		509,702	1,849,960	1,573,611
		<u>49,257,526</u>	<u>47,032,110</u>	<u>53,276,565</u>
CURRENT ASSETS				
Income Tax Recoverable		2,821,452	599,162	1,935,494
Inventories		273,357,426	324,730,728	280,302,421
Trade and Other Receivables		415,171,999	245,038,864	356,656,286
Due from Related Party		3,317	7,219,942	1,664,849
Cash and Cash Equivalents		91,930,939	147,353,420	157,874,554
		<u>783,285,133</u>	<u>724,942,116</u>	<u>798,433,604</u>
TOTAL ASSETS		832,542,659	771,974,226	851,710,169
EQUITY AND LIABILITIES				
Share Holders' Equity				
Ordinary Share Capital (Issued & fully paid)	5	138,773,634	138,773,634	138,773,634
Share Issue Costs		(9,583,877)	(9,583,877)	(9,583,877)
Retained Earnings		193,167,268	182,697,289	182,697,289
Current Year Profit/(Loss)		50,012,622	39,275,990	10,469,979
Total Shareholders' Equity		<u>372,369,647</u>	<u>351,163,036</u>	<u>322,357,025</u>
NON-CURRENT LIABILITIES				
Borrowings		152,555,184	154,435,711	153,917,254
Obligation under finance lease		4,771,361		6,735,311
Deferred Tax Liability		0		0
		<u>157,326,544</u>	<u>154,435,711</u>	<u>160,652,565</u>
CURRENT LIABILITIES				
Borrowings		2,905,154	1,649,936	1,734,271
Due to Related party		4,893,796	5,947,640	3,520,383
Trade payables and other payables	6	292,107,550	257,406,102	359,772,579
Current portion of finance lease obligation		2,580,477		3,673,346
Income tax payable		359,491	1,371,801	0
		<u>302,846,468</u>	<u>266,375,479</u>	<u>368,700,579</u>
TOTAL LIABILITIES AND EQUITY		832,542,659	771,974,226	851,710,169

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



Steven Marston
Chairman & CEO



Richard Powell
Director

CAC 2000 LTD.

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

THIRD QUARTER ENDED JULY 31, 2017

	Nine Months to JUL-17	Nine Months to JUL-16	Three Months to JUL-17	Three Months to JUL-16
	\$	\$	\$	\$
Revenue	799,181,282	678,837,320	231,666,915	197,517,738
Cost of Sales	(522,702,601)	(423,364,257)	(158,515,097)	(124,013,634)
GROSS PROFIT	276,478,681	255,473,063	73,151,818	73,504,105
ADMINISTRATIVE & OTHER EXPENSES				
Selling & Distribution	(26,100,103)	(21,717,578)	(7,386,469)	(7,780,368)
General Administration	(191,334,993)	(187,599,304)	(63,180,411)	(73,593,832)
	(217,435,096)	(209,316,883)	(70,566,880)	(81,374,200)
Other Income	2,115,167	140,837	0	21,500
PROFIT BEFORE FINANCE COST AND TAXATION	61,158,752	46,297,017	2,584,938	(7,848,595)
Other Gains and Losses	(343,064)	6,480,155	(596,922)	2,286,925
Interest Income	620,765	1,214,735	168,247	435,968
Interest Expense	(11,645,642)	(12,078,122)	(3,792,253)	(3,293,133)
NET FINANCE COST	(11,367,942)	(4,383,232)	(4,220,929)	(570,240)
PROFIT BEFORE TAXATION	49,790,810	41,913,785	(1,635,990)	(8,418,835)
Taxation	221,812	(2,637,795)	0	(779,422)
TOTAL COMPREHENSIVE INCOME	50,012,622	39,275,990	(1,635,990)	(9,198,257)
Issued Shares (IAS 33 note 7)	129,032,258	123,416,529	129,032,258	123,416,529
Earnings per Share (EPS)	0.39	0.32	(0.01)	(0.07)

CAC 2000 LTD.**STATEMENT OF CHANGES IN SHAREHOLDER'S NET EQUITY
THIRD QUARTER ENDED JULY 31, 2017**

	<u>Share Capital</u>	<u>Share Issue Costs</u>	<u>Retained Earnings</u>	<u>Total</u>
	\$	\$	\$	\$
Balances as at October 31, 2016	138,773,634	(9,583,877)	193,167,268	322,357,025
Shares issued and fully paid				0
Share issue costs				0
Total Comprehensive Income			50,012,622	50,012,622
Dividend				0
Balances as at July 31, 2017	<u>138,773,634</u>	<u>(9,583,877)</u>	<u>243,179,890</u>	<u>372,369,647</u>
Balances as at October 31, 2015	500,000		204,632,773	205,132,773
Shares issued and fully paid (Note 5)	138,273,634			138,273,634
Share issue costs		(9,583,877)		(9,583,877)
Total Comprehensive Income			39,275,990	39,275,990
Dividend			(21,935,484)	(21,935,484)
Balances as at July 31, 2016	<u>138,773,634</u>	<u>(9,583,877)</u>	<u>221,973,279</u>	<u>351,163,036</u>

CAC 2000 LIMITEDSTATEMENT OF CHANGES IN CASH FLOW
THIRD QUARTER ENDED JULY 31, 2017

	Jul 2017	Jul 2016	Audited Oct 2016
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the year	50,012,622	39,275,990	10,469,979
Adjusted for:			
Taxation	(221,812)	2,637,795	845,746
Depreciation	13,312,789	9,143,299	14,915,160
Allowance for doubtful debts	(4,452,261)	0	6,996,027
Provision for inventory obsolescence	(1,660,803)	0	1,032,250
Interest expenses	11,645,642	12,078,122	15,733,067
Interest income	(620,765)	(1,214,735)	(1,406,350)
Operating cash flows before movement in working capital	68,015,413	61,920,471	48,585,879
Movements in Working Capital:			
Inventories	8,605,798	(96,650,948)	(53,254,891)
Trade & other receivables	(53,400,151)	35,770,678	(80,335,514)
Due from Related Party	1,661,532	(928,162)	4,626,931
Trade payables and other payables	(66,797,191)	74,636,922	177,475,223
Cash Generated from Operations	(41,914,599)	74,748,961	97,097,628
Interest paid	(11,645,642)	(12,078,122)	(15,733,067)
Income tax paid	(771,885)	(12,042,609)	(15,959,720)
Net Cash (Used) Generated by Operating Activities	(54,332,127)	50,628,230	65,404,841
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(10,357,659)	(23,507,801)	(35,954,999)
Interest received	620,765	1,214,735	1,383,589
Net Cash (Used) Generated by Investing Activities	(9,736,894)	(22,293,066)	(34,571,410)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	0	(22,411,072)	(37,326,672)
Repayment of bank loans	(9,099,682)	(1,239,239)	(1,673,361)
Proceeds from bank loans	8,908,495	0	0
Finance lease, net	(3,056,819)	0	10,408,657
Increase/(decrease) in amounts due to related parties	1,373,412	(47,364,237)	(34,400,305)
Proceeds from ordinary shares issued	0	128,689,757	128,689,757
Proceeds from issue of preference shares	-	-	-
Net Cash Provided (Used) for Financing Activities	(1,874,595)	57,675,209	65,698,076
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIV.	(65,943,615)	86,010,373	96,531,506
Cash and Cash Equivalents at Beginning of Year	157,874,554	61,343,048	61,343,048
CASH AND CASH EQUIVALENTS AT END OF YEAR	91,930,939	147,353,420	157,874,554

CAC 2000 LIMITED

Notes to the Financial Statements
Third Quarter Ended July 31, 2017

1. Identification

CAC 2000 Limited (the Company) is incorporated and domiciled in Jamaica. The company is 52% owned by Caribbean Air Conditioning Company Limited, a company incorporated and domiciled in St. Lucia. The principal activities of the company are the sale of air conditioning equipment and installation and maintenance of such systems. The Company's registered office is 231 Marcus Garvey Drive, Kingston 11.

2. Statement of compliance and basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB) and comply with the provisions of the Jamaican Companies Act.

The financial statements are presented in Jamaican dollars (\$), which is the functional currency of the company. The financial statements are prepared on the historical cost basis.

3. Significant accounting policies

The same accounting policies and methods of computations are followed in the interim financial statements as compared with the most recent annual audited financial statements for the twelve months ended October 31, 2016.

4. Movements in fixed assets

	Lease Hold Building Improvement	Motor Vehicles	Plant & Machinery	Furniture & Fixtures	Computer & Peripherals	Office Equipment	Tools & Equipment	Paintings	Work-in- Progress	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost - 01/11/16	23,411	36,835	1,423	2,903	17,563	507	1,594	425	-	84,560
Revaluation/Adjustment	-	(897)	-	-	-	-	-	-	-	(897)
Additions	34	4,195	-	20	556	-	4	-	6,446	11,255
Reclassification	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-
Cost - 30/04/17	23,445	40,132	1,423	2,922	18,119	507	1,598	425	6,446	95,017
Depreciation - 01/11/16	5,343	12,654	1,265	1,005	11,057	302	1,332	-	-	32,957
Prior year adj.	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-
Depreciation Charge - Year	3,301	7,040	76	195	2,573	48	79	-	-	13,313
Accumulated Depreciation	8,644	19,694	1,341	1,200	13,630	350	1,410	-	-	46,269
Net Book Value - APR 17	14,801	20,438	82	1,722	4,489	157	188	425	6,446	48,748
Net Book Value - OCT 16	18,067	24,180	158	1,898	6,506	206	262	425	-	51,703

CAC 2000 LIMITED

Notes to the Financial Statements (continued)

Third Quarter Ended July 31, 2017

5. Share capital

	<u>2017</u> Units	<u>2016</u> Units
Authorised ordinary units of no par value	200,000,000	200,000,000
Issued ordinary units of no par value	129,032,258	129,032,258
Stated capital:	\$	\$
Issued and fully paid ordinary stocks of no par value	138,773,634	138,773,634

A resolution was passed at a General Meeting on November 27, 2015 that each of the authorised and issued ordinary stocks of CAC 2000 Limited be sub-divided into 20 ordinary stocks (20:1). The stock split preceded the new issue of 29,032,258 stocks on December 23, 2015 at a value of \$138,273,634. Costs associated with the share issue amounted to \$9,583,877.

6. Contingencies and commitment

Damages were assessed in favour of a claimant who brought a claim against the Company whereby the court awarded damages of US\$372,100 and J\$568,186.64 plus loss of profits of \$7,077,874, interest and legal fees. Included in other payables is the interest charge on the court awarded damages and a provision for legal costs incurred by claimant amounting to \$68,222,093.

The damages excluding the interest charges and legal fees were settled in December 2016. The insurance proceed of \$20,000,000 was also received in December 2016.

On December 2, 2016 the company's lawyers filed a Notice of appeal contending the basis used to calculate the interest component of the award.

7. Restated EPS

The earnings per share (EPS) for the prior period was restated based on the weighted average number of shares in issue during the year.

Jamaica Central Securities Depository Limited
Registrar Services Unit
P.O. BOX 1084, 40 Harbour Street, Kingston, Jamaica
Tel: (876) 967-3271-4 Fax: (876) 948-6653

Top 10 for CAC 2000 Limited

As at July 31, 2017

	Shareholder	Units	Percentage
1	CAC CARIBBEAN LIMITED	67,462,522.	52.28
2	COLIN ROBERTS	27,355,291.	21.20
3	LOUIS WILLIAMS	6,180,000	4.79
4	VMWEALTH EQUITY FUND	4,946,699	3.83
5	PAM – POOLED EQUITY FUND	3,334,203	2.58
6	HOWARD CHIN	3,204,599.	2.48
7	CHRISTINE G. WONG	1,232,962.	0.96
8	PETER NICHOLAS ANTHONY FORDE	1,232,961.	0.96
9	JCSD TRUSTEE SERVICES LTD- SIGMA VENTURE	964,269	0.74
10	JA CREDIT UNION PENSION FUND	843,463	0.65
10	WELLJEN LIMITED	825,539	0.63

Directors Holdings for CAC 2000 Limited

As at July 31, 2017

Name	Position		Units	Percentage
Account #	Primary Holder Joint Holder	Relationship		
Steven Marston	Chief Executive Officer			
		Key Members Holdings	0.00	0.00
		Connected Party Holdings	0.00	0.00
		Combined Holdings	0.00	0.00
Colin Roberts	CTO			
		Key Members Holdings	27,355,291.00	21.20
		Connected Party Holdings	0.00	0.00
		Combined Holdings	27,355,291.00	21.20
Gia Abraham	CAO			
		Key Members Holdings	300,000.00	0.23
		Connected Party Holdings	0.00	0.00
		Combined Holdings	300,000.00	0.23
Andrew Cockings	Director			
		Key Members Holdings	0.00	0.00
		Connected Party Holdings	0.00	0.00
		Combined Holdings	0.00	0.00
Edward Charles Alexander	Director			
	Edward Charles Alexander			
	Charmaine Dawn Alexander	Wife		
	Renee Moy Alexander	Daughter		
	Jordanne Moy Alexander	Daughter		
		Key Members Holdings	54,286.00	0.04
		Connected Party Holdings	0.00	0.00
		Combined Holdings	54,286.00	0.04
Annette Morrison	Director			
		Key Members Holdings	0.00	0.00
		Connected Party Holdings	0.00	0.00
		Combined Holdings	0.00	0.00
Kerith Foster	Director			
		Key Members Holdings	0.00	0.00
		Connected Party Holdings	0.00	0.00
		Combined Holdings	0.00	0.00

Directors Holdings for CAC 2000 Limited

As at July 31, 2017

Name	Position	Relationship	Units	Percentage
Account #	Primary Holder Joint Holder			
CAC Caribbean Limited	Connected Party Steven Marston Gia Abraham	Husband Wife		
		Key Members Holdings	67,462,522.00	52.28
		Connected Party Holdings	0.00	0.00
		Combined Holdings	67,462,522.00	52.28
	Total Key Members Holdings	27,709,577.00	21.47	
	Total Connected Party Holdings	67,462,522.00	52.28	
	Total Combined Holdings	95,172,099.00	73.75	