

TRANSJAMAICAN HIGHWAY LTD

Unaudited Interim Condensed Financial Statements

For the Quarter Ended June 30, 2020



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion contains an analysis of our results of operations and financial position for the six-month period ended June 30, 2020 and should be read in conjunction with the Audited Financial Statements for the year ended December 31, 2019, together with the notes thereto, which have been prepared in accordance with IFRS as adopted by the International Accounting Standards Board.

Statement of Comprehensive Income

Revenue

Our revenue consists mainly of Toll Collections. For the Quarter ended June 30, 2020 the Company had revenue of U.S.\$8.5 million, reflecting a decrease of U.S.\$4.6 million (-36%), compared to U.S.\$13.1 million for the same period in 2019. This decrease resulted from the decline in Traffic we experienced as a result of the various measures implemented to help combat the spread of the Coronavirus. Revenue for the six-month period ended June 30, 2020 was U.S.\$21.4 million, compared to U.S.\$25.9 million for the same period in 2019, an overall decline of 17%.

Other gains and losses

Other gains and losses are comprised primarily of the gains produced by financial market operations and resulting financial income on investment instruments, amortization of the Shareholder Grant and the change in valuation of equity investments. Under the Concession Agreement, the Company also has the right to collect revenues generated from commercial exploitation of the areas surrounding the Toll Road, including gas stations and related ancillary services, electricity and telecommunication cables and fiber optics (collectively, the "Secondary Developments"). For the Quarter ended June 30, 2020, the Company had other gains and losses of (U.S.\$0.005) million, reflecting a decrease of U.S.\$0.658 million, compared to U.S.\$0.653 million for the same period in 2019. This decrease was primarily due to the impact of the amortization of the Discounted Shareholder grant which was offset by foreign exchange losses resulting from the continued devaluation of the Jamaican Dollar against its U.S Dollar counterpart. Other gains and losses for the six-month period ended June 30, 2020, were U.S.\$0.1 million, reflecting a decrease of U.S.\$1.8 million, compared to U.S.\$1.9 million for the same period in 2019 and reflects the full impact of the discounted grant (U.S.\$1.9 million booked for the 6 months ended June 2019, Nil for the same period in 2020).

Operating expenses

Operating expenses consist primarily of operation and maintenance costs of the Toll Road, including the Operator's (Jamaican Infrastructure Operator Limited's) Monthly Fixed and Variable Fee and amortization of intangible assets. For the Quarter ended June 30, 2020, the Company incurred operating expenses of U.S.\$8.6 million, reflecting an increase of U.S.\$0.1 million, compared to U.S.\$8.5 million for the same period in 2019. This increase was primarily due to rises in the Insurance cost, the Operator's Monthly Fixed Fee and in the amortization recognized on intangible assets. This was offset by a decrease in repairs and maintenance cost resulting from delays experienced because of the pandemic and a reduction in the Operator's variable fee (tied to the decrease in traffic). For the six-month period ended June 30, 2020, operating expenses were U.S.\$17.2 million compared to U.S.\$16.9 million for the same period in 2019 and was impacted by the same aforementioned factors.

Administrative expenses

Administrative expenses are primarily comprised of staff costs, depreciation of plant and equipment and other routine office expenses. For the Quarter ended June 30, 2020, the Company incurred administrative expenses of U.S.\$0.4 million, reflecting an increase of U.S.\$0.1 million, compared to administrative expenses of U.S.\$0.3 million for the same period in 2019. This 22% increase was primarily due to additional expenses arising from the issuance of the Secured Notes and the JSE listing. For the six-month period ended June 30, 2020, administrative expenses were U.S.\$0.7 million, reflecting an increase of U.S.\$0.1 million, compared to administrative expenses of U.S.\$0.6 million for the same period in 2019 and was impacted by the same aforementioned factors.

Finance costs

Finance costs are comprised mainly of interest on the long-term loans. For the Quarter ended June 30, 2020, finance costs of U.S.\$3.9 million was incurred, reflecting a decrease of U.S.\$1.2 million, compared with finance costs of U.S.\$5.1 million for the same period in 2019 and resulted from the difference in our loan portfolio (Interest on Secured Notes vs Multilateral Banks + loss on SWAP derivative). For the six-month period ended June 30, 2020, we had finance costs of U.S.\$9.5 million, reflecting an increase of U.S.\$0.6 million, compared with finance costs of U.S.\$8.9 million for the same period in 2019. This 6% increase was due the cost incurred in the debt restructuring which saw our existing loans being repaid and the Secured Notes being issued during the first quarter of this year.

Net (loss) profit before tax

For the Quarter ended June 30, 2020 we had net loss before tax of U.S.\$4.4 million, reflecting an increase of U.S.\$4.3 million when compared to net loss before tax of U.S.\$0.1 million for the same period in 2019 and was impacted by the decline in Revenue and other factors mentioned above. Net Loss for the six-month period ended June 30, 2020, was U.S.\$5.9 million and reflected a decrease of U.S.\$7.4 million, compared to net profit before tax of U.S.\$1.5 million for the same period in 2019.

Net profit being total comprehensive income for the period

For the six-month period ended June 30, 2020, we had net loss after tax of U.S.\$1.1 million, reflecting a decrease of U.S.\$2.6 million, compared to net profit after tax of U.S.\$1.5 million for the same period in 2019. A deferred tax credit of U.S.\$4.8 million was recognized during the period.

Statement of Financial Position

Total Assets

Total Assets comprises of assets owned by the Company and primarily includes our Intangible assets, deferred tax and cash held by the Company. As at June 30, 2020, we had total assets of U.S.\$327.5 million, reflecting an increase of U.S.\$35.3 million, compared to total assets of U.S.\$292.2 million as at December 31, 2019. This 11% increase resulted primarily from increase in restricted cash (49.9 million as at June 30, 2020) and Deferred Tax Credit. This was also offset by the amortization of the Intangibles.

Equity

As at June 30, 2020, our share capital was U.S.\$27 million, reflecting a decrease of U.S.\$27 million, compared to our share capital of U.S.\$54 million as at December 31, 2019. This was due to the redemption of our existing preferred share and the issuing of 2.7 billion 8% Cumulative Redeemable Preference Shares. Retained earnings was U.S.\$37.4 million, an increase of U.S.\$26.1 million, compared to U.S.\$11.3 million as at December 31, 2019 and was mainly due to the write back of the NROCC "Shareholder Grant" and a dividend declaration of U.S.\$35 million all occurring in January 2020.

Liabilities

As at June 30, 2020, our liabilities consisted mainly of long-term debts, provisions and other trade related payables. We had total liabilities of U.S.\$263.1 million, reflecting an increase of U.S.\$36.1 million,

compared to total liabilities of U.S.\$227 million as at December 31, 2019 and was primarily due to debt restructuring which includes the preferred shares mentioned above and the Secured Notes issued by the Company from which the proceeds were used to repay the short-term loans held at December 2019.

Covid 19 Impact

Irrespective of the human and health consequences, the epidemic of the Coronavirus has resulted in a significant decline in economic activities and consequently, in a reduction in road traffic. The first two months of 2020 were marked by a 2.1% increase in toll transactions compared to the same period last year. However, the impact of health and safety measures taken to limit the spread of the virus have been weighing on our motorway traffic since mid-March 2020. The decrease for the month of March was 19.3% following the closure of schools, all island curfews and the 'work from home' order issued by the Government of Jamaica for non-essential workers.

The month of April 2020 saw a more significant decrease (-52% when compared with April 2019) due to additional restrictions introduced such as the lockdown of the parish of St Catherine, which started on April 15. The end of this confinement on May 1, was immediately followed by an increase in traffic on the motorway, as the decline fell to 34.2% when compared to May 2019.

The trend observed for the month of June 2020 (-17.3% when compared to the previous year) confirms a gradual recovery in traffic and is anticipated to continue in the next weeks. However, given the uncertainties still hanging over the pace of economic recovery and the measures that could again be taken to stem the health crisis we are experiencing, it is difficult at this time to make a revised forecast for the second half of this year.

We also note that we continue to meet all our financial obligations in accordance with the Financing Documents governing the Secured Notes.

In this particular context, Transjamaican Highway Ltd has decided to postpone the annual tariff increase, approved by the authorities in June 2020 and which should have been implemented from July 4, 2020.

Whatever the circumstances, our objective remains to guarantee a high level of safety and a good quality of service for our users.



Thierry Parizot
Managing Director

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
TRANSJAMAICAN HIGHWAY LIMITED
AS AT JUNE 30, 2020
(Expressed in United States dollars)

		Unaudited June 30, 2020 \$'000	Unaudited June 30, 2019 \$'000	Audited December 31, 2019 \$'000
ASSETS				
Non-current assets				
Property and equipment		670	822	734
Right of use asset		138	-	184
Intangible assets		240,874	258,066	249,308
Deferred tax asset		26,272	-	21,443
Restricted cash		49,919	40,731	10,913
Total non-current assets		317,873	299,619	282,582
Current assets				
Other receivables		790	1,762	528
Cash and bank balances		8,824	1,920	9,099
Total current assets		9,614	3,682	9,627
Total assets		327,487	303,301	292,209
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	3	27,000	54,000	54,000
Retained Earnings		37,427	4,462	11,251
Total shareholders' equity		64,427	58,462	65,251
Non-current liabilities				
Derivative financial instrument		-	5,037	-
Lease liability		147	-	96
Shareholder grant	5	-	60,930	59,194
Borrowings	4	215,469	147,292	-
Cumulative Redeemable Preference Shares	3	27,543	-	-
Provisions		12,122	12,303	11,320
Total non-current liabilities		255,281	225,562	70,610
Current liabilities				
Lease liability		-	-	91
Shareholder grant	5	-	3,009	3,066
Borrowings	4	4,077	11,696	148,301
Provisions		869	1,690	1,277
Contract liabilities		843	1,027	919
Trade and other payables		1,990	1,855	2,694
Total current liabilities		7,779	19,277	156,348
Total equity and liabilities		327,487	303,301	292,209


 Director – John Bell


 Director – Jan Dear

The unaudited Financial Statements were approved and authorized for issue by the Board of Directors on August 5, 2020 and are signed on its behalf.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
TRANSJAMAICAN HIGHWAY LIMITED
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Expressed in United States dollars)

	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	Quarter ended June 30, 2020 \$'000	Quarter ended June 30, 2019 \$'000	6 months ended June 30, 2020 \$'000	6 months ended June 30, 2019 \$'000	12 months ended December 31, 2019 \$'000
Notes					
Revenue	8,450	13,149	21,412	25,944	53,285
Other gains and losses	(5)	653	58	1,904	3,859
Operating expenses	(8,620)	(8,497)	(17,232)	(16,864)	(36,008)
Administrative expenses	(377)	(309)	(686)	(559)	(1,292)
Finance costs	<u>(3,857)</u>	<u>(5,066)</u>	<u>(9,464)</u>	<u>(8,914)</u>	<u>(32,987)</u>
Net (loss) profit before tax	(4,409)	(70)	(5,912)	1,511	(13,143)
Taxation	<u>1,058</u>	<u>-</u>	<u>4,828</u>	<u>-</u>	<u>21,443</u>
NET PROFIT BEING TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(3,351)</u>	<u>(70)</u>	<u>(1,084)</u>	<u>1,511</u>	<u>8,300</u>
Earnings per share	6 (0.0003¢)	(0.0000¢)	(0.0001¢)	0.0001¢	0.0007¢

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
TRANSJAMAICAN HIGHWAY LIMITED
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Expressed in United States dollars)

	Notes	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Unaudited six months ended June 30, 2019				
Balance at January 1, 2019		54,000	2,951	56,951
Net profit being total comprehensive income for the period		-	1,511	1,511
Balance at June 30, 2019		54,000	4,462	58,462
Unaudited six months ended June 30, 2020				
Balance at January 1, 2020		54,000	11,251	65,251
Net profit being total comprehensive income for the period		-	(1,084)	(1,084)
Shareholder grant write-back	5	-	62,260	62,260
Preference share redemption	3	(27,000)	-	(27,000)
Dividends paid	7	-	(35,000)	(35,000)
Balance at June 30, 2020		27,000	37,427	64,427

INTERIM CONDENSED STATEMENT OF CASH FLOWS
TRANSJAMAICAN HIGHWAY LIMITED
SIX MONTHS ENDED JUNE 30, 2020
(Expressed in United States dollars)

	Unaudited 6 months ended June 30, 2020 \$'000	Unaudited 6 months ended June 30, 2019 \$'000	Audited 12 months ended December 31, 2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	(1,084)	1,511	8,300
Adjustments for:			
Depreciation of property and equipment	68	94	186
Depreciation - Right of use asset	46	-	92
Gain on disposal of property and equipment	-	(5)	(5)
Unrealized foreign exchange losses	118	476	733
Amortization of intangible assets	8,433	8,109	16,867
Interest income	(22)	(461)	(773)
Income tax (credit) charge	(4,828)	663	(21,443)
Finance cost recognized in profit or loss	9,426	8,914	32,987
Amortization of shareholder grant	-	(1,907)	(3,585)
Increase in provisions	434	845	1,277
Operating cash flows before movements in working capital	12,591	18,239	34,636
Decrease (Increase) in other receivables	(262)	(1,193)	(98)
Decrease in owed by related parties	-	401	445
Provisions utilized during the year	(40)	(310)	(2,138)
(Decrease) Increase in trade and other payables	(705)	256	1,966
Decrease in contract liabilities	(76)	-	(84)
Increase in owed to related parties	-	(1,318)	(1,552)
Cash generated from operations	11,508	16,075	33,175
Lease liability payments – interest	(5)	-	(6)
Interest paid	(4,410)	(8,023)	(19,586)
Loan prepayment/breakage costs paid	-	-	(19,220)
Tax paid	-	(658)	(658)
Net cash provided by (used in) operating activities	7,093	7,394	(6,295)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	22	461	773
Proceeds from disposal of property and equipment	-	5	5
Payments for property and equipment	(4)	(3)	(6)
Decrease in restricted cash	(39,006)	(1,305)	28,607
Net cash (used in) provided by investing activities	(38,988)	(842)	29,379

INTERIM CONDENSED STATEMENT OF CASH FLOWS
TRANSJAMAICAN HIGHWAY LIMITED
SIX MONTHS ENDED JUNE 30, 2020
(Expressed in United States dollars)

	Unaudited 6 months ended June 30, 2020 \$'000	Unaudited 6 months ended June 30, 2019 \$'000	Audited 12 months ended December 31, 2019 \$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability payments - principal	(41)	-	(89)
Long-term loans repaid	(150,000)	(7,183)	(164,241)
Proceeds from borrowings	216,779	-	148,051
Dividends paid	(35,000)	-	-
Net cash provided by (used in) financing activities	<u>31,738</u>	<u>(7,183)</u>	<u>(16,279)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(157)	(631)	6,805
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,099	3,027	3,027
Effect of foreign exchange rate changes	(118)	(476)	(733)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>8,824</u>	<u>1,920</u>	<u>9,099</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
TRANSJAMAICAN HIGHWAY LIMITED
SIX MONTHS ENDED JUNE 30, 2020
(Expressed in United States dollars)

1 Identification and Principal Activities

Transjamaican Highway Ltd (the Company) is a public company and was listed on the Jamaica Stock Exchange on March 24, 2020.

Prior to being listed, National Road Operating & Constructing Company (“NROCC”) acquired 100% of the Company’s ordinary shares from the former shareholders pursuant to a purchase and sale agreement, among NROCC as buyer, Bouygues Travaux Publics, VINCI Concessions, Proparco and IFC as sellers, and the Company, dated as of December 6, 2019 (the “Purchase and Sale Agreement”). The registered office of the Company is located at 2 Goodwood Terrace, Kingston 10.

The Company holds a 35-year concession for the design, construction, operation and maintenance of the “Highway 2000 East-West”, a toll road of approximately 49.9 km connecting the capital of Jamaica, Kingston with (i) the city of May Pen, with a connection to the city of Spanish Town, through highway T1 (also known as the Kingston – May Pen corridor or the “T1 Corridor”) and (ii) the city of Portmore, through highway T2 (also known as the “Portmore Causeway, the “T2 Corridor”, and together with the T1 Corridor, the “Toll Road”) pursuant to a concession agreement, dated November 21, 2001, between the Company, as concessionaire and the National Road Operating and Constructing Company Limited (“NROCC”), as grantor, as amended and restated from time to time (the “Concession Agreement”).

The Toll Road is one of two toll road concessions in Jamaica and it is the only high-speed roadway connecting the greater Kingston metropolitan area with other highly populated suburban towns west of Kingston (including, the parishes of Saint Catherine and Clarendon). The first section of the Toll Road opened in 2003, the second was completed between 2004 and 2006, and the final section opened in 2012. The French construction company, Bouygues Travaux Publics, Jamaican Branch (the “EPC Contractor”) constructed the Toll Road for a cost of approximately \$387.0 million. No major construction works have been required since 2012 and no additional construction works, except for routine and major maintenance, are required under the terms of the Concession Agreement until three years preceding the termination of the Concession Agreement, when the concession handback works are estimated to commence.

The Toll Road has four active toll plazas located in May Pen, Vineyards and Spanish Town on the T1 Corridor, and in Portmore on the T2 Corridor (the “Toll Plazas”). Our toll rates are subject to an annual cap defined in the Concession Agreement. Toll rates charged at each Toll Plaza vary by vehicle class and are set in Jamaican dollars.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
 TRANSJAMAICAN HIGHWAY LIMITED
 SIX MONTHS ENDED JUNE 30, 2020
 (Expressed in United States dollars)

2 Basis of Preparation and the Company's Accounting Policies

(a) Basis of preparation

The interim condensed financial statements for the six months ended June 30, 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2019.

The interim condensed financial statements have been prepared on the historical cost basis which is generally based on fair value of the consideration given in exchange for assets. These interim condensed financial statements are expressed in United States of America dollars, which is the Company's functional currency.

(b) Accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2019.

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. Based on the information presented to and reviewed by the CODM, the operations of the Company are considered as one operating segment.

3 Share Capital

	Unaudited June 30, 2020 No. of Shares '000	Unaudited June 30, 2019 No. of Shares '000	Audited December 31, 2019 No. of Shares '000
Authorized shares			
- Ordinary shares - no par value,	Unlimited	27,000	27,000
- Preference share	-	*	*
	<u>Unlimited</u>	<u>27,000</u>	<u>27,000</u>
Issued shares:			
- Ordinary shares	12,501,000	27,000	27,000
- Preference share	-	*	*
	<u>12,501,000</u>	<u>27,000</u>	<u>27,000</u>

* denoted less than 1,000; represents 1 preference share

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
 TRANSJAMAICAN HIGHWAY LIMITED
 SIX MONTHS ENDED JUNE 30, 2020
 (Expressed in United States dollars)

3 Share Capital (Continued)

Stated Capital:

	Unaudited June 30, 2020 \$'000	Unaudited June 30, 2019 \$'000	Audited December 31, 2019 \$'000
Issued and fully paid	<u>27,000</u>	<u>27,000</u>	<u>54,000</u>
Issued and fully paid capital comprises:			
- Ordinary shares	27,000	27,000	27,000
- Preference share redemption	<u>-</u>	<u>27,000</u>	<u>27,000</u>
Issued and fully paid	<u><u>27,000</u></u>	<u><u>54,000</u></u>	<u><u>54,000</u></u>

On January 22, 2020, an extraordinary shareholders' meeting passed a resolution to restructure the authorized share capital pursuant to section 65(1)(d) of the Companies Act, 2004, in anticipation of NROCC completing an initial public offering on the main market of the Jamaica Stock Exchange.

Pursuant to this resolution:

- i) the Company's share capital was restructured by dividing each of the 27.0 million existing ordinary shares to create 12.5 billion ordinary shares, and
- ii) redeem the Original Preference Share and issue 2.7 billion 8.0% Preference Shares, (denominated and paid in Jamaican dollars) that will mature in 8 years, provided that the 8.0% Preference Shares shall be subordinated to the Notes in all respects. Interest payable on the preference shares at June 30, 2020 amounted to \$0.544 million (2019: \$Nil)

During February 2020, 10,000,000,000 Ordinary Shares at US\$0.01 or J\$1.41 per ordinary share were offered by NROCC to the market through an initial public offering which closed during March 2020.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
TRANSJAMAICAN HIGHWAY LIMITED
SIX MONTHS ENDED JUNE 30, 2020
(Expressed in United States dollars)

4 Borrowings

	Unaudited June 30, 2020 \$'000	Unaudited June 30, 2019 \$'000	Audited December 31, 2019 \$'000
Secured – at amortized cost			
National Commercial Bank Jamaica Limited	-	-	131,673
(Note 4(a))	-	-	16,378
NROCC (Note 4(a))	-	-	-
Senior Secured Notes (Note 4(b))	225,000	-	-
Other loans – ECA financing (Note 4(a))	-	159,036	-
Accrued interest	2,767	1,836	250
Unamortized borrowing cost	(8,221)	(1,884)	-
	<u>219,546</u>	<u>158,988</u>	<u>148,301</u>
Total liabilities			
Classified as:			
Current	4,077	11,696	148,301
Non-current	215,469	147,292	-
	<u>219,546</u>	<u>158,988</u>	<u>148,301</u>

(a) Debt Bridge Facility & Promissory Note

On December 23, 2019, the Company borrowed (i) the Debt Bridge Facility (US\$133.6 million) from the National Commercial Bank Ltd (NCB) and (ii) the NROCC Promissory Note (US\$16.4 million). The proceeds of the Debt Bridge Facility and the NROCC Promissory Note were used to repay the Company's outstanding ECA Financing. Both facilities were repaid by the Senior Secured Notes issued in February 2020 (see Note 4(b)) below.

(b) Senior Secured Notes

On February 18, 2020, the Company issued \$US225 million Senior Secured Notes. These Notes were held in escrow until March 10, 2020 following the success of an Offer for Sale to sell 10 billion of the Company's ordinary shares by NROCC, the Company's then sole shareholder.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
TRANSJAMAICAN HIGHWAY LIMITED
SIX MONTHS ENDED JUNE 30, 2020
(Expressed in United States dollars)

4 Borrowings (Continued)

The Notes pay interest on a quarterly basis at a rate of 5.75% and mature in 2036. The notes are secured by liens created over certain Collateral Documents including the Company's rights under the Concession Agreement which have been assigned in favor of the Noteholders. A portion of the proceeds of the Notes were applied to the following:

- to repay in full the Debt Bridge Facility in an aggregate amount of approximately US\$133.6 million;
- to repay in full the NROCC Promissory Note in an aggregate amount of approximately US\$16.4 million;
- to fund in the Debt Service Reserve Account, Major Maintenance Reserve Account and the O&M Reserve Account, which currently amounts to US\$11.3 million, US\$6.6 million and US\$5.1 million respectively, our reserve account balance also includes US\$26.9 million which is held in the USD Distribution account;
- to pay US\$35.0 million as a dividend to NROCC;
- to pay fees and expenses incurred in connection with the offering of the Notes; and
- general corporate purposes.

5 Shareholder Grants

On January 20, 2020, the Board of Directors passed a resolution to effect an immediate write-off of the amortizing grant to retained earnings as a part of the restructuring of the statement of financial position.

6 Earnings per Share

The calculation of earnings per stock unit of (0.0001 ¢) (6 months June 2019: 0.0001 ¢ and 12 months December 2019: 0.0007 ¢) is based on the loss after taxation of (\$1.084) million (6 months June 2019: \$1.511 million and 12 months December 2019: \$8.300 million) and the number of stock units in issue during the period of 12,501,000,000 units. Retrospective treatment has been applied to the prior periods.

7 Dividends

On January 20, 2020, the Company declared a dividend payment of \$35 million to its then ordinary shareholder. The dividend per share was calculated as \$1.30 per share.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
TRANSJAMAICAN HIGHWAY LIMITED
SIX MONTHS ENDED JUNE 30, 2020
(Expressed in United States dollars)

8 Taxation

(a) The tax charge for the year represents:

	Unaudited June 30, 2020 \$'000	Unaudited June 30, 2019 \$'000	Audited December 31, 2019 \$'000
Deferred tax credit	<u>(4,828)</u>	<u>-</u>	<u>(21,443)</u>
	<u>(4,828)</u>	<u>-</u>	<u>(21,443)</u>

(b) The following are the main deferred tax assets and liabilities recognised by the Company and movements thereon during the current and prior reporting periods:

(i) Deferred tax assets

	Accrued Vacation \$'000	Interest Payable \$'000	Provision for Heavy Repairs \$'000	Lease Liability \$'000	Tax Losses \$'000	Total \$'000
Balance, January 1, 2019	2	525	1,685	-	4,850	7,062
Credited/ (Charged) to income for the year	<u>-</u>	<u>(462)</u>	<u>(215)</u>	<u>1</u>	<u>21,176</u>	<u>20,500</u>
Balance, December 31, 2019	2	63	1,470	1	26,026	27,562
Credited/ (Charged) to income for the period	<u>1</u>	<u>765</u>	<u>74</u>	<u>2</u>	<u>1,860</u>	<u>2,702</u>
Balance, June 30, 2020	<u>3</u>	<u>828</u>	<u>1,544</u>	<u>3</u>	<u>27,886</u>	<u>30,264</u>

(ii) Deferred tax liabilities

	Accelerated Tax depreciation \$'000	Interest Receivable \$'000	Total \$'000
Balance, January 1, 2019	(7,038)	(24)	(7,062)
Credited/Charged to income for the year	<u>919</u>	<u>24</u>	<u>943</u>
Balance, December 31, 2019	(6,119)	-	(6,119)
Credited/ (Charged) to income for the period	<u>2,127</u>	<u>-</u>	<u>2,127</u>
Balance, June 30, 2020	<u>(3,992)</u>	<u>-</u>	<u>(3,992)</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
TRANSJAMAICAN HIGHWAY LIMITED
SIX MONTHS ENDED JUNE 30, 2020
(Expressed in United States dollars)

8 Taxation (Continued)

- (c) Subject to agreement of the Commissioner General, Tax Administration Jamaica, at the reporting date the Company had tax losses of approximately \$112 million (2019: 104.10 million) available for set-off against future taxable profits. Prior year losses that may be deducted in any tax year are capped at 50% of the aggregate income for that year after taking into consideration the appropriate tax deductions and exemptions. The income tax rate applicable for the Company is 25%. No deferred tax asset was recognized in respect of the financial period ended June 30, 2019.

SCHEDULE OF TOP 10 SHAREHOLDERS, DIRECTORS, MANAGERS AND CONNECTED PARTIES

TRANSJAMAICAN HIGHWAY LIMITED				
Top Ten Shareholders, Directors and Senior Managers Shareholdings				
as at June 30, 2020				
Shareholder	Shareholding	Connected Parties	Total Shareholding	Percentage
National Road Operating & Constructing Company Ltd	2,501,000,000	-	2,501,000,000	20.0064
NCB Capital Market (Cayman) Ltd	995,639,089	-	995,639,089	7.9645
Jamaica Money Markets Brokers Ltd	763,642,219	-	763,642,219	6.1087
NCB Capital Markets (Barbados) Ltd	565,258,462	-	565,258,462	4.5217
Musson Investments Ltd	400,558,907	-	400,558,907	3.2042
ATL Group pension Fund Trustee Nominee Ltd	354,609,000	-	354,609,000	2.8366
SJIMLA/ C 3119	295,744,000	-	295,744,000	2.3658
Guardian Life Pooled Pension Fund	283,687,000	-	283,687,000	2.2693
NCB Insurance Co. Ltd A/ C WT109	177,305,000	-	177,305,000	1.4183
NCB Insurance Co. Ltd A/ C WT161	177,305,000	-	177,305,000	1.4183
Total	6,514,748,677		6,514,748,677	52.11378
Board Member	Shareholding	Connected Parties	Total Shareholding	Percentage
Ivan Anderson	21,276,000	28,000.00	21,304,000	0.1704
Alok Jain	12,990,000		12,990,000	0.1039
John "Mitchie" Bell	708,836		708,836	0.0057
Phillip Henriques	212,000		212,000	0.0017
Total	35,186,836		35,214,836	0.2817
Senior Manager	Shareholding	Connected Parties	Total Shareholding	Percentage
Susan Garriques	5,042,000	376,000	5,418,000	0.0433
Total	5,042,000	376,000	5418000	0.0433
GRAND TOTAL	6,554,977,513		6,555,381,513	52.4388