

2020

# TRANSJAMAICAN HIGHWAY LTD

## Unaudited Interim Financial Statements

### Third Quarter - September 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 nine-month period ended September 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 September 30, 2020 the Company had revenue of U.S.\$11.2 million, reflecting a decrease of U.S.\$2.1 million (-16%), compared to U.S.\$13.3 million for the same period in 2019. This decrease resulted mainly from the decline in Traffic we have been experiencing as a result of the various measures implemented to help combat the spread of the Coronavirus. Revenue for the nine-month period ended September 30, 2020 was U.S.\$32.6 million, compared to U.S.\$39.3 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 value 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 September 30, 2020, the Company had other gains and losses of (U.S.\$0.13) million, reflecting a decrease of U.S.\$0.96 million, compared to U.S.\$0.83 million for the same period in 2019. This decrease was primarily due to the impact of the amortization of the discontinued 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 nine-month period ended September 30, 2020, were (U.S.\$0.1) million, reflecting a decrease of U.S.\$2.8 million, compared to U.S.\$2.7 million for the same period in 2019 and reflects the full impact of the discontinued Grant (U.S.\$2.66 million booked for the 9 months ended September 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 Ltd) monthly fixed and variable fees and amortization of intangible assets. For the quarter ended September 30, 2020, the Company incurred operating expenses of U.S.\$9.8 million, reflecting an increase of U.S.\$1.2 million, compared to U.S.\$8.6 million for the same period in 2019. This increase was primarily due to increases in insurance cost, the Operator's monthly fixed fee and repairs and maintenance cost. This was offset by a reduction in the Operator's variable fee (tied to the decrease in traffic). For the nine-month period ended September 30, 2020, operating expenses were U.S.\$27 million compared to U.S.\$25.5 million for the same period in 2019 and were 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 September 30, 2020, the Company incurred administrative expenses of U.S.\$0.2 million, reflecting a decrease of U.S.\$0.1 million, compared to administrative expenses of U.S.\$0.3 million for the same period in 2019. This 30% decrease was primarily due to reduction in travel and other expenses arising from the impact of the Pandemic. For the nine-month period ended September 30, 2020, administrative expenses were U.S.\$0.88 million, reflecting an increase of U.S.\$0.04 million, compared to administrative expenses of U.S.\$0.84 million for the same period in 2019 and was primarily due to additional expenses arising from the issuance of the Secured Notes and the JSE listing, this was also offset by the factors mentioned above for the quarter.

#### Finance costs

Finance costs are comprised mainly of interest on the long-term loans. For the quarter ended September 30, 2020, finance costs of U.S.\$3.9 million was incurred, reflecting a decrease of U.S.\$0.7 million, compared with finance costs of U.S.\$4.6 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 nine-month period ended September 30, 2020, we had finance costs of U.S.\$13.3 million, reflecting a decrease of U.S.\$0.3 million, compared with finance costs of U.S.\$13.6 million for the same period in 2019. This 2% decrease was due the debt restructuring which saw our existing loans being repaid and the Secured Notes being issued during the first quarter of this year.

#### **Profit (loss) before tax**

For the quarter ended September 30, 2020 we had loss before tax of U.S.\$2.7 million, reflecting a decrease of U.S.\$3.3 million when compared to profit before tax of U.S.\$0.6 million for the same period in 2019 and was impacted by the decline in Revenue and other factors mentioned above. Loss for the nine-month period ended September 30, 2020, was U.S.\$8.7 million and reflected a decrease of U.S.\$10.8 million, compared to profit before tax of U.S.\$2.1 million for the same period in 2019.

#### **Net profit being total comprehensive income for the period**

For the nine-month period ended September 30, 2020, we had net loss of U.S.\$3.8 million, reflecting a decrease of U.S.\$5.9 million, compared to net profit of U.S.\$2.1 million for the same period in 2019. A deferred tax credit of U.S.\$4.8 million was recognized during the nine-month period.

### **Statement of Financial Position**

#### **Total Assets**

Total Assets include Intangible assets, deferred tax and cash. As at September 30, 2020, total assets stood at U.S.\$325.1 million, reflecting an increase of U.S.\$32.9 million, compared to total assets of U.S.\$292.2 million as at December 31, 2019. This 10% increase resulted primarily from an increase in restricted cash and Deferred Tax. This was also offset by the amortization of Intangibles.

#### **Equity**

As at September 30, 2020, share capital was U.S.\$27 million, reflecting a decrease of U.S.\$27 million, compared to share capital of U.S.\$54 million as at December 31, 2019. This was due to the redemption of the existing Preference Share and the issuing of 2.7 billion 8% Cumulative Redeemable Preference Shares. Retained Earnings were U.S.\$28.1 million, an increase of U.S.\$16.8 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" ,dividend payment of U.S.\$35 million which occurred in January 2020 and the recently declared interim dividend of U.S.\$6.6million.

#### **Liabilities**

As at September 30, 2020, liabilities consist mainly of long-term debts, provisions and other trade related payables. Total liabilities stood at U.S.\$270 million, reflecting an increase of U.S.\$43 million, compared to total liabilities of U.S.\$227 million as at December 31, 2019. This was primarily due to debt restructuring which includes the 8% Cumulative Redeemable Preference Shares, and the Secured Notes issued by the Company from which the proceeds were used to repay the short-term loans held at December 31, 2019.

### **Covid 19 Impact**

The consequences of the global health crisis unfortunately continue to be felt seven months after the start of the Covid-19 epidemic observed in March 2020. The various restrictions imposed by governments to contain the spread of the virus are still weighing on travel and therefore on the level of traffic observed on most road networks across the globe.

Regarding Highway 2000 East-West, the end of the confinement imposed on the parish of St Catherine (between mid-April and May 1, 2020) further slowed the sharp decline in traffic that had been observed in the second quarter of this year (-34.5%) compared to the previous year). The decline during this 3<sup>rd</sup> quarter, when compared to the previous year was 9.3% in July, 7.2% in August and 13.8% in September (i.e. a total of 10.1% for the 3<sup>rd</sup> quarter 2020). Between January 2020 and September 2020, the decrease in traffic over one year was 16.4%.

At present, the one-month postponement of the start of the school year and the use of distance learning continues to weigh on the current level of traffic, as does the maintenance of the curfew and the ban on large gatherings.

Given the uncertainties of this global health crisis and the unknown measures that could occur to contain the spread, it has become increasingly difficult to forecast the company's performance in the months to come.

Despite this unprecedented context, our company continues to fully meet its financial obligations and has recently declared its first dividend payment since becoming listed; this is to be paid on December 15 of this year.

In this period conducive to questioning and doubt, the confidence of our stakeholders remains a source of motivation and optimism for us to face the challenges ahead.

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Thierry Parizot  
Managing Director

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

	Notes	Unaudited September 30, 2020 \$'000	Unaudited September 30, 2019 \$'000	Audited December 31, 2019 \$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment		635	778	734
Right of use asset		115	207	184
Intangible assets		236,659	253,774	249,308
Deferred tax asset		26,272	-	21,443
Restricted cash		55,800	36,193	10,913
<b>Total non-current assets</b>		<b>319,481</b>	<b>290,952</b>	<b>282,582</b>
<b>Current assets</b>				
Other receivables		620	713	528
Cash and bank balances		4,969	2,051	9,099
<b>Total current assets</b>		<b>5,589</b>	<b>2,764</b>	<b>9,627</b>
<b>Total assets</b>		<b>325,070</b>	<b>293,716</b>	<b>292,209</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Share capital	3	27,000	54,000	54,000
Retained Earnings		28,083	5,087	11,251
<b>Total shareholders' equity</b>		<b>55,083</b>	<b>59,087</b>	<b>65,251</b>
<b>Non-current liabilities</b>				
Derivative financial instrument		-	5,260	-
Lease liability		124	118	96
Shareholder grant	5	-	60,073	59,194
Borrowings	4	215,719	135,781	-
Cumulative Redeemable Preference Shares	3	27,544	-	-
Provisions		12,261	11,091	11,320
<b>Total non-current liabilities</b>		<b>255,648</b>	<b>212,323</b>	<b>70,610</b>
<b>Current liabilities</b>				
Lease liability		-	91	91
Shareholder grant	5	-	3,111	3,066
Dividend Payable		6,600	-	-
Borrowings	4	4,077	15,039	148,301
Provisions		869	1,277	1,277
Contract liabilities		760	974	919
Trade and other payables		2,033	1814	2,694
<b>Total current liabilities</b>		<b>14,339</b>	<b>22,306</b>	<b>156,348</b>
<b>Total equity and liabilities</b>		<b>325,070</b>	<b>293,716</b>	<b>292,209</b>



Director – John Bell



Director – Ivan Anderson

The unaudited Financial Statements were approved and authorized for issue by the Board of Directors on November 4, 2020 and are signed on its behalf.

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

	<i>Unaudited</i> Quarter ended September 30, 2020 \$'000	<i>Unaudited</i> Quarter ended September 30, 2019 \$'000	<i>Unaudited</i> 9 months ended September 30, 2020 \$'000	<i>Unaudited</i> 9 months ended September 30, 2019 \$'000	<i>Audited</i> 12 months ended December 31, 2019 \$'000
Revenue	11,221	13,321	32,633	39,264	53,285
Other gains and losses	(126)	830	(68)	2,734	3,859
Operating expenses	(9,761)	(8,607)	(26,993)	(25,467)	(36,008)
Administrative expenses	(199)	(286)	(885)	(844)	(1,292)
Finance costs	(3,879)	(4,633)	(13,343)	(13,551)	(32,987)
Profit (loss) before tax	(2,744)	625	(8,656)	2,136	(13,143)
Taxation	-	-	4,828	-	21,443
<b>NET PROFIT BEING TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(2,744)</b>	<b>625</b>	<b>(3,828)</b>	<b>2,136</b>	<b>8,300</b>
Earnings per share	6 (0.0002¢)	0.00005¢	(0.0003¢)	0.0002¢	0.0007¢

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

	Notes	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
<b>Unaudited nine months ended September 30, 2019</b>				
Balance at January 1, 2019		54,000	2,951	56,951
Net profit being total comprehensive income for the period		-	2,136	2,136
Balance at September 30, 2019		54,000	5,087	59,087
<b>Unaudited nine months ended September 30, 2020</b>				
Balance at January 1, 2020		54,000	11,251	65,251
Net profit being total comprehensive income for the period		-	(3,828)	(3,828)
Shareholder grant write-back	5	-	62,260	62,260
Preference share redemption	3	(27,000)	-	(27,000)
Dividend Payable	7		(6,600)	(6,600)
Dividend paid	7	-	(35,000)	(35,000)
Balance at September 30, 2020		27,000	28,083	55,083



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

	Unaudited 9 months ended September 30, 2020	Unaudited 9 months ended September 30, 2019	Audited 12 months ended December 31, 2019
	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/Profit for the period	(3,828)	2,136	8,300
Adjustments for:			
Depreciation of property and equipment	102	141	186
Depreciation - Right of use asset	69	69	92
Gain on disposal of property and equipment	-	(5)	(5)
Unrealized foreign exchange losses	282	648	733
Amortization of intangible assets	12,650	12,401	16,867
Interest income	(32)	(461)	(773)
Income tax (credit) charge	(4,828)	(672)	(21,443)
Finance cost recognized in profit or loss	13,235	13,551	32,987
Amortization of shareholder grant	-	(2,661)	(3,585)
Increase in provisions	651	957	1,277
Operating cash flows before movements in working capital	18,301	26,565	34,636
Decrease (Increase) in other receivables	(92)	93	(98)
Decrease in owed by related parties	-	69	445
Provisions utilized during the year	(118)	(2,047)	(2,138)
(Decrease) Increase in trade and other payables	(661)	(526)	1,966
Decrease in contract liabilities	(160)	(29)	(84)
Increase in owed to related parties	-	60	(1,552)
Cash generated from operations	17,270	24,185	33,175
Lease liability payments – interest	(7)	-	(6)
Interest paid	(8,038)	(12,429)	(19,586)
Loan prepayment/breakage costs paid	-	-	(19,220)
Tax paid	-	(658)	(658)
Net cash provided by (used in) operating activities	9,225	11,098	(6,295)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	33	694	773
Proceeds from disposal of property and equipment	-	6	5
Payments for property and equipment	(4)	(6)	(6)
Decrease in restricted cash	(44,887)	3,305	28,607
Net cash (used in) provided by investing activities	(44,858)	3,999	29,379

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

	Unaudited 9 months ended September 30, 2020	Unaudited 9 months ended September 30, 2019	Audited 12 months ended December 31, 2019
	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease liability payments - principal	(64)	(71)	(89)
Long-term loans repaid	(150,000)	(15,354)	(164,241)
Proceeds from borrowings	216,849	-	148,051
Dividends paid	(35,000)	-	-
Net cash provided by (used in) financing activities	<u>31,785</u>	<u>(15,425)</u>	<u>(16,279)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(3,848)	(328)	6,805
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	9,099	3,027	3,027
Effect of foreign exchange rate changes	<u>(282)</u>	<u>(648)</u>	<u>(733)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>4,969</u></u>	<u><u>2,051</u></u>	<u><u>9,099</u></u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

**TRANSJAMAICAN HIGHWAY LIMITED**

**NINE MONTHS ENDED SEPTEMBER 30, 2020**

**(Expressed in United States dollars)**

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## 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**  
**NINE MONTHS ENDED SEPTEMBER 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 nine months ended September 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

	<b>Unaudited September 30, 2020 No. of Shares '000</b>	<b>Unaudited September 30, 2019 No. of Shares '000</b>	<b>Audited December 31, 2019 No. of Shares '000</b>
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**  
**NINE MONTHS ENDED SEPTEMBER 30, 2020**  
(Expressed in United States dollars)

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**3** Share Capital (Continued)

Stated Capital:

	<b>Unaudited September 30, 2020 \$'000</b>	<b>Unaudited September 30, 2019 \$'000</b>	<b>Audited December 31, 2019 \$'000</b>
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>27,000</u>	<u>54,000</u>	<u>54,000</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 September 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**  
**NINE MONTHS ENDED SEPTEMBER 30, 2020**  
(Expressed in United States dollars)

4 Borrowings

	Unaudited September 30, 2020 \$'000	Unaudited September 30, 2019 \$'000	Audited December 31, 2019 \$'000
<b>Secured – at amortized cost</b>			
National Commercial Bank Jamaica Limited (Note 4(a))	-	-	131,673
NROCC (Note 4(a))	-	-	16,378
Senior Secured Notes (Note 4(b))	225,000	-	-
Other loans – ECA financing (Note 4(a))	-	150,724	-
Accrued interest	2,947	1,933	250
Unamortized borrowing cost	(8,151)	(1,837)	-
<b>Total liabilities</b>	<u>219,796</u>	<u>150,820</u>	<u>148,301</u>
Classified as:			
Current	4,077	15,039	148,301
Non-current	215,719	135,781	-
	<u>219,796</u>	<u>150,820</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**  
**NINE MONTHS ENDED SEPTEMBER 30, 2020**  
(Expressed in United States dollars)

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#### 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\$12.3 million, US\$6.3 million and US\$5.1 million respectively, our reserve account balance also includes US\$32.0 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 (0.0003 $\epsilon$ ) (9 months September 2019: 0.0002 $\epsilon$  and 12 months December 2019: 0.0007 $\epsilon$ ) is based on the loss after taxation of (\$3.828) million (9 months September 2019: \$2.136 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

##### (a) Dividend Payment

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.

##### (b) Dividend Payable

At a Board held on September 30, 2020, an interim dividend of \$0.0748 per share was declared and is payable on December 15, 2020 to shareholders on record as at November 30, 2020.

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

## 8 Taxation

(a) The tax charge for the year represents:

	Unaudited September 30, 2020 \$'000	Unaudited September 30, 2019 \$'000	Audited December 31, 2019 \$'000
Deferred tax credit	(4,828)	-	(21,443)
	<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	-	(462)	(215)	1	21,176	20,500
Balance, December 31, 2019	2	63	1,470	1	26,026	27,562
Credited/ (Charged) to income for the period	1	765	74	2	1,860	2,702
Balance, September 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	919	24	943
Balance, December 31, 2019	(6,119)	-	(6,119)
Credited/ (Charged) to income for the period	2,127	-	2,127
Balance, September 30, 2020	<u>(3,992)</u>	<u>-</u>	<u>(3,992)</u>



## 8 Taxation (Continued)

- (b) Subject to agreement of the Commissioner General, Tax Administration Jamaica, at the reporting date the Company had tax losses of approximately \$110 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 was recognized in respect of the financial quarter ended September 30, 2019.
- (c) Given the uncertainties of this global health crisis and the unknown measures that could occur to contain the spread, it has become increasingly difficult to forecast the company's performance in the months to come and the timing of its return to profitability. As such, the company has taken a decision to freeze the Deferred Tax Asset in respect of losses as at June 30, 2020 and will review the situation as soon as the path to profitability seems clearer.

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

<b>TRANSJAMAICAN HIGHWAY LIMITED</b> <b>Top Ten Shareholders, Directors and Senior Managers Shareholdings</b> <b>as at September 30, 2020</b>				
<b>Shareholder</b>	<b>Shareholding</b>	<b>Connected Parties</b>	<b>Total Shareholding</b>	<b>Percentage</b>
National Road Operating & Constructing Company Ltd	2,501,000,000	-	2,501,000,000	20.0064
NCB Capital Markets (Cayman) Ltd	999,979,615	-	999,979,615	7.9992
Jamaica Money Markets Brokers Ltd	763,642,219	-	763,642,219	6.1086
NCB Capital Markets (Barbados) Ltd	565,258,462	-	565,258,462	4.5217
Musson Investments Ltd	499,001,770	-	499,001,770	3.9917
ATL Group pension Fund Trustee Nominee Ltd	354,609,000	-	354,609,000	2.8366
SJIML A/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 WT161	177,305,000	-	177,305,000	1.4183
NCB Insurance Co. Ltd A/C WT157	177,305,000	-	177,305,000	1.4183
<b>Total</b>	<b>6,617,532,066</b>		<b>6,617,532,066</b>	<b>52.9359</b>
<b>Board Member</b>	<b>Shareholding</b>	<b>Connected Parties</b>	<b>Total Shareholding</b>	<b>Percentage</b>
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
<b>Total</b>	<b>35,186,836</b>	<b>28,000</b>	<b>35,214,836</b>	<b>0.2817</b>
<b>Senior Manager</b>	<b>Shareholding</b>	<b>Connected Parties</b>	<b>Total Shareholding</b>	<b>Percentage</b>
Susan Garriques	5,042,000	376,000	5,418,000	0.0433
<b>Total</b>	<b>5,042,000</b>	<b>376,000</b>	<b>5,418,000</b>	<b>0.0433</b>
<b>GRAND TOTAL</b>	<b>6,657,760,902</b>	<b>404,000</b>	<b>6,658,164,902</b>	<b>53.2609</b>