TRANSJAMAICAN HIGHWAY
LIMITED

ANNUAL
REPORT 2022

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ABOUT OUR COMPANY

VISION

To become the most reliable provider of infrastructure solutions in the Caribbean region.

MISSION

Given the experience accumulated over the past 20 years in Jamaica, TJH's mission today is to leverage its experience gained from concession and PPP projects to design, build, operate, and maintain infrastructure solutions using global best practices that create stakeholder value by enabling sustainable economic development throughout the Caribbean.

ABOUT US

TransJamaican Highway is the concessionaire of the Highway 2000 East-West; Jamaica's first toll road and the largest infrastructure project in the English-Speaking Caribbean. Our Subsidiary Jamaican Infrastructure Operator (JIO) is the Operator of the Road Network under an Operations & Maintenance Agreement.

Our core business activity is the development, operation and maintenance of a tolled road network in Jamaica known as the "Highway 2000 East-West", a 49.9km tolled motorway with two distinct corridors:

1. T1 – 43.45km between Kingston and May Pen
2. T2 – 6.5km between Portmore and Kingston

There are currently four (4) toll plazas:

1. May Pen
2. Vineyards
3. Spanish Town
4. Portmore

We continue to provide exceptional service and a road network that is maintained to International Standards for the benefit of our valued customers to save them time and money.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting of **TRANSJAMAICAN HIGHWAY LIMITED** ("the Company") will be held on Friday, June 30th, 2023 at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, in the Parish of Saint Andrew at 10:00 a.m. to consider, and if thought fit, to pass the following resolutions:

Ordinary Business: Resolutions 1 – 5

1. To receive the audited accounts for the year ended December 31, 2022

Resolution 1 – Audited Accounts

"THAT the audited accounts for the year ended December 31, 2022 together with the reports of the Directors and Auditors thereon be and are hereby adopted."

2. To ratify interim dividend payments and declare them final

Resolution 2 – Interim Dividend

"THAT the interim dividends of US$7 million ($0.56 per 1,000 share) paid on October 25, 2022 for the year, be and are hereby ratified and declared as final and that no further dividend be paid in respect of the year under review."

3. To elect Directors

(a) The Directors retiring by rotation pursuant to Article 114 of the Articles of Incorporation are Charles Paradis, Ian Dear, and Alok Jain who being eligible for re-election offer themselves for re-election.

Resolution 3(i) – Re-election of Charles Paradis

"THAT the retiring Director, Charles Paradis be and is hereby re-elected a Director of the Company."

Resolution 3(ii) – Re-election of Ian Dear

"THAT the retiring Director, Ian Dear be and is hereby re-elected a Director of the Company."

Resolution 3(iii) – Re-election of Alok Jain

"THAT the retiring Director, Alok Jain be and is hereby re-elected a Director of the Company."

(b) Messrs. Steven Gooden and Patrick Hylton were both appointed Directors of the Company on June 25, 2021. Pursuant to Article 120 of the Articles of Incorporation their appointment expires on the date of the next annual general meeting and being eligible for election to the Board hereby offer themselves for election.

Resolution 3(iv) – Election of Steven Gooden

"THAT Steven Gooden be and is hereby elected a Director of the Company."

Resolution 3(v) – Election of Patrick Hylton

"THAT Patrick Hylton be and is hereby elected a Director of the Company."

4. To approve the remuneration of the Directors

Resolution 4 – Directors' Remuneration

"THAT the amount included in the Audited Accounts of the Company for the year ended December 31, 2022 as remuneration for their services as Directors be and is hereby approved."

5. To re-appoint Auditors and fix their remuneration

Resolution 5 – Re-appointment of Auditors

"THAT Ernst & Young, Chartered Accountants, having agreed to continue in office as Auditors of the Company, be and are hereby re-appointed Auditors of the Company to hold office until the next Annual General meeting at a remuneration to be fixed by the Board of Directors of the Company."

Special Business- Resolution - 6

6. To amend the Articles of Incorporation by special resolution

Resolution 6 – Amendment of the Articles of Incorporation

"THAT the Articles of Incorporation of the Company be and are hereby amended as follows:

(a) by deleting Article 65 and replacing same with the following the Article:

65. Where the share to be repurchased are listed on any stock exchange, the repurchase may be effected by open maker purchases or by way of tenders to all holders of such share or in such other manner as such holders may approve by an ordinary resolution.

(b) by deleting Article 106 and deleting from Article 114 the following words in parenthesis:
"(exclusive of Directors, if any, who are bound to retire under Article 106)"

Please also see attached the Explanatory Circular on this matter.

Dated the 27th day of April 2023
by Order of the Board

Secretary

NOTICE OF ANNUAL GENERAL MEETING

This AGM is being held as a "hybrid" meeting and you may attend in person physically at the venue, or by electronic means or by proxy.

(1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her behalf. A proxy need not be a member of the Company.

(2) A suitable Form of Proxy is enclosed for your convenience.

(3) If you wish to appoint a proxy, the Form of Proxy must be completed, signed and lodged with the Registrar of the Company, the Jamaica Central Securities Depository ("JCSD"), using one of the following methods, not less than 48 hours before the time appointed for the Meeting:

(a) by hand delivery to JCSD Trustee Services Limited at 40 Harbour Street, Kingston; or
(b) by post addressed to JCSD Trustee Services Limited at 40 Harbour Street, Kingston;
(c) by facsimile at (876) 969-3730; or
(d) by email: tjhighway@h2k-tjh.com

(4) A corporate shareholder may, instead of appointing a proxy, appoint a corporate representative in accordance with Article 102 of the Company's Articles of Incorporation.

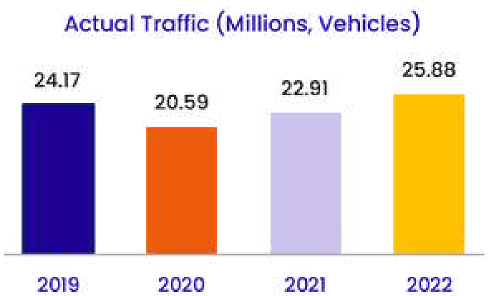
CHAIRMAN'S FOREWORD

This last year 2022 saw an end to the 2 years of curfews, lockdowns and no movement days which characterized the restrictions imposed to deal with the COVID-19 pandemic. We wish to thank the teams from both Transjamaican Highway and our newly acquired subsidiary Jamaican Infrastructure Operator (JIO) for keeping the operations open 24 hours a day, 7 days a week despite the impact of this global Pandemic.

The lifting of the Disaster Risk Management Act (DMRA) measures, along with the new marketing campaign and other measures designed to encourage customers to come back to the Highway, resulted in the full recovery of our traffic. 2022 saw a total of 25.88 million vehicles traversing the motorway, the highest ever traffic volumes. This resulted in a recovery of 13% when compared to the traffic for 2021 and 7% above our pre-pandemic traffic of 24.17 million vehicles in 2019.

As has been the case throughout the pandemic, our financial structure remained solid. Our commitments to our bondholders continued to be fully provided for and a third dividend payment (US$7 million) since our Initial Public Offering on the Jamaican Stock Exchange in March 2020, was paid in October of last year.

We also continued to carry out highway inspections and heavy maintenance works in accordance with international standards and remain committed to maintaining our infrastructures at the highest standards.



Last year also marked 21 years since the incorporation of the Company and saw us embarking on the largest transformation of our cost structure. This was done through the acquisition of the majority shares in JIO at a cost of US$16.1 million dollars. This acquisition allowed an amendment of the fees payable under the Operation and Maintenance Agreement resulting in a reduction of the gross fees payable to JIO from approximately US$1.7 million per month in 2022 to approximately US$0.7 million per month post-acquisition.

This is expected to result in:

- Cost savings of approximately US$12 million per annum
- Increased EBITDA margins
- Higher Debt Service Coverage Ratios and
- Protection of the operating margins in less favorable traffic scenarios, all while maintaining the same quality of service, operation and maintenance of the Toll Road.

As part of these changes, the Company also undertook to implement an Environmental, Social and Governance (ESG) policy as part of the Subsidiary's reporting obligations.

LOOKING AHEAD

For this year 2023, we expect to commence our negotiations concerning our right of first refusal to operate the Phase 1C leg of Highway 2000 East-West network (28 kms currently under construction between May Pen and Williamsfield). This leg is now expected to be completed by the Government of Jamaica through the National Road Operating and Constructing Company (NROCC) during the second semester of this year.

We will also continue to work with the regulatory agencies, NROCC and the NWA to finalize the design and approval for some new interchanges along the Highway. Construction of the first of these interchanges is now expected to commence this year.

Negotiations have also been completed and lease agreements signed with the Port Authority to lease the lands to allow for the start of construction of a second gas station to be built on lands adjacent to the Portmore toll plaza. RUBIS Energy Jamaica has been selected as the preferred operator and we are currently finalizing an agreement with them to implement the project. This year should also see us commencing construction on our new TJH head offices on lands adjacent to the Portmore Toll Plaza.

Our development projects are always very much in our minds, whether they are located around our corridor, elsewhere in Jamaica or in the Caribbean region. The experience accumulated since our inception in 2001 is undoubtedly a major asset and allows us to look to the future with serenity and with the ambition to help shape a better life for the people of the territories crossed.

Once again, we take this opportunity to say thank you to our staff, shareholders and all our other stakeholders who continue to partner with us. Without you this would not be possible.

Charles Paradis
Chairman

DIRECTORS' REPORT

Total Team Members

227

TJH - 9 JIO - 31

Outsourced - 187

Good/Excellent Customer Rating from Most Recent Survey

71%

Traffic 2022

US$ 25.88 MIL

Revenue 2022

US$ 65 MIL

Loss Before Tax

(4.286 mil)

ONE-TIME Acquisition Related Settlement Loss

(13.883 mil)*

**12 mil USD expected savings post acquisition*

Dividends Paid

US$7 MIL

Toll Collection Cost per USD Generated

US$0.162

DSC Ratio

2.13

AWARDS & CERTIFICATIONS

9 years of ISO Certification

ESG

Continued mangrove growth monitoring; increase of 93% since 2014

GHG emissions reduced from an average of 572 Tons CO2 eq. annually to 140 Tons CO2 eq.

IPO FORECAST COMPARISON

Traffic up 2% over our 2020 IPO forecasts for 2022

Revenue also up 2% over the IPO projections of US$$61.9 million for 2022

BOARD OF DIRECTORS

Charles Paradis

Chairman

Appointed February 2003 to Dec 6, 2019

Re-appointed January 22, 2020

Charles Paradis began his career working at the French Ministry of Defence, in the Maritime Affairs department. He joined Bouygues Travaux Publics in 1988, as head of the commercial department. After being involved in several concession projects, he took charge of the company operating the Istria motorway in Croatia in 1997.

Mr. Paradis has over 20 years' experience in civil engineering and management of shareholdings with specific focus on road, tunnel and bridge projects in Hungary, Croatia, United Kingdom, South Africa, Germany, France, Jamaica and South Korea.

He was made Senior Vice President, Concessions prior to his appointment as Chief Executive Officer of Bouygues Construction Concessions in February 2003. Before he retired in early 2020, he was also a member of the General Management Committee at Bouygues Construction.

He is a graduate of Massachusetts Institute of Technology, the Ecole Polytechnique and the Ecole Nationale des Ponts et Chaussées. He has a Master's Degree in Sciences-Civil Engineering, option Mechanics of Fluids as well as Engineer degrees.

BOARD OF DIRECTORS

Julie Thompson-James
Non-Executive Independent Director
Appointed January 22, 2020

Julie Thompson-James is an Attorney at Law and founder of Cube Corporate Support Limited, a corporate governance advisory firm. Julie's experience spans both the public and private sector. In the public sector, she served as Corporate Secretary and Legal Counsel to the Financial Sector Adjustment Company Limited and member of the Commission established by the Ministry of Finance 2019 to review the Government Pension structure.

Her public sector service also saw her in the role of Assistant Attorney General, Attorney General's Chambers, Litigation Division, Ministry of Justice. Julie has held progressive roles in the private sector with Scotia Group Jamaica Limited inclusive of Vice President, Regional Head, Senior Legal Counsel & Corporate Secretary with responsibility for general legal advice, Corporate Services and Compliance and Vice President, Business Support, Caribbean Central. Julie has held several directorships including the Director of Allied Insurance Brokers Limited, Director Students Loan Bureau, a member of the Jamaica Stock Exchange Best Practices Committee and chair of the Private Sector Organization of Jamaica Corporate Governance Sub Committee.

Julie holds a Bachelor of Laws (LLB), (Hons.) from the London School of Economics, London, England; Certificate of Legal Education from the Norman Manley Law School, University of the West Indies, Kingston, Jamaica and a Bachelor of Arts degree in Economics & Business Administration (Hons.) from Howard University, Washington, D.C., U.S.A. Her legal experience spans over 20 years and includes: Complex Commercial & Civil Litigation; Banking, Insurance and Securities law; Company Law, Corporate Governance and Shareholder engagement.

Ian Dear
Non-Executive Independent Director
Appointed January 22, 2020

Ian Dear is the founder and current Chairman and CEO of Margaritaville Caribbean Group (MCG), an industry-leading hospitality company which has two subsidiaries publicly traded on the Jamaica Stock Exchange. Under Ian's leadership the Company portfolio has expanded to include a diverse range of hospitality concepts in 40 locations throughout the Caribbean. Ian has been a Justice of the Peace for the parish of St. James, since 1996 and maintains active involvement in several community service organizations.

He is currently Chairman of the Board of the Tourism Product Development Company Limited (TPDCo.) and is also a board member of the Tourism Enhancement Fund (TEF).

In addition to these current appointments, Ian has served as a member and board member for several organizations to include the Jamaica Hotel and Tourist Association, Airports Authority of Jamaica, the Private Sector Organization of Jamaica, Young President's Association, the Montego Bay Chamber of Commerce, the Jamaica Cruise Council and the Attractions Association of Jamaica.

In 2020, Jamaica's Governor General appointed Ian Dear to the Order of Distinction, in the rank of Commander for his contributions to Caribbean Tourism and Real Estate Development.

BOARD OF DIRECTORS

Hon. Patrick Hylton
Non-Executive Director
Appointed June 25, 2021

Hon. Patrick Hylton, O.J., C.D., LL.D. (Hon), A.C.I.B., B.B.A.

Patrick Hylton is a son of Jamaican soil, Patrick was born and raised in rural Clarendon, Jamaica. With more than three decades of experience in Banking and Finance, Patrick's bold and fearless leadership and achievements have earned him international prominence as an expert in the field.

Today, Patrick is chairman of National Commercial Bank Jamaica Limited, NCB Capital Markets Limited, Guardian Holdings Limited and Clarien Bank Limited, and sits on the board of directors for NCB Financial Group, Massy Holdings (Trinidad), and several others. In the mid-1990s, he was appointed by the Government of Jamaica to lead the restructuring of the Jamaican financial sector – a project that earned him the national award of the Order of Distinction (Commander Class) in 2002. In October 2020, he was also conferred with the Order of Jamaica, for distinguished contribution to the Financial Sector and Philanthropy.

Alok Jain
Non-Executive Director
Appointed January 22, 2020

Alok Jain is a former Partner of PricewaterhouseCoopers (PwC) where he held a number of leadership roles, most recently as leader of PwC's Advisory practice in the Caribbean. He previously served as leader of PwC's Assurance practice in Jamaica. Alok currently serves as a Consultant at the Office of the Prime Minister. He is an Adjunct Lecturer at the Mona School of Business and Management at the University of the West Indies. He is also a director of Mayberry Investments Limited.

Alok is a Chartered Accountant, Certified Information Systems Auditor as well as a CFA Charter holder.

He has extensive experience in accounting, auditing as well as in corporate finance - privatization and public private partnerships (PPP), valuations of companies, due diligence investigations, "going public" and listing shares on the stock exchange, capital restructuring, and acquisitions and mergers.

BOARD OF DIRECTORS

Steven Gooden
Non-Executive Director
Appointed June 25, 2021

Steven Gooden is the head of the wealth, asset management and investment banking division of the NCB Financial Group as well as Chief Executive Officer of NCB Capital Markets Ltd. Under his leadership, the entity has become Jamaica's leading capital markets outfit, with a strong and growing presence throughout the Caribbean via the establishment of hubs in the Cayman Islands, Trinidad & Tobago and Barbados.

Steven is a holder of the Chartered Financial Analyst (CFA) designation, has a Master's Degree in Finance and Economics, a Bachelor's degree in Economics and Accounting, and has received many accolades in the areas of research and portfolio management. He has also participated in executive development courses at Chicago Booth and Wharton Business Schools covering Strategy, Change Leadership and Mergers & Acquisitions.

Steven sits on the board of directors of the Jamaica Stock Exchange Ltd and several companies within the NCB Financial Group. Additionally, he is the Chairman of Limners & Bards Ltd and Elite Diagnostics Ltd, both companies listed on the Jamaica Stock Exchange; as well as President of the Jamaica Securities Dealers Association.

Stephen Edwards
Non-Executive Director
Appointed December 16, 2021

Stephen Edwards is the Managing Director of the National Road Operating and Constructing Company Limited (NROCC). He is a Civil Engineer and former Lecturer in the Faculty of Engineering and Computing at the University of Technology (UTECH), in Kingston Jamaica.

In addition to his experience in the private sector through teaching and construction management, his other public sector service includes senior roles at the Housing Agency of Jamaica (HAJ) and the Tourism Product Development Company (TPDCo).

Stephen is a graduate of Florida International University (FIU) in Miami, Florida, where he earned a Master of Science degree in Construction Management. He also holds a Bachelor of Science Degree in Physics from Boston College (BC) and a Bachelor of Science Degree in Civil Engineering from FIU, where he was inducted into the 'Tau Beta Pi – Engineering Honour Society', the 'Chi Epsilon – Civil Engineering Honour Society', and the 'Golden Key Honour Society'.

He is also a member of the Jamaica Institution of Engineers (JIE). Stephen has strong passion for service to others and while teaching at Holy Trinity High he established "The Write Path Jamaica" charity, which sources school supplies for students from low-income families. One of Stephens' core beliefs is that education is the best vehicle to create equal opportunity for all persons.

BOARD OF DIRECTORS

Dr. Ventley Brown
Non-Executive Director
Appointed December 16, 2021

Dr. Ventley Brown is an educator who currently serves as the Vice Principal of the Portmore Community College in St. Catherine. He holds a PhD. in Educational Leadership and Management and is currently pursuing a second PhD. in Higher Education with the Delaware State University.

Dr. Brown is a community activist and serves as a Justice of the Peace and on a number of Boards. He is the Chairman of the Denbigh Primary and Good Hope Primary Schools and also serves as a board member of Denbigh High School in Clarendon. He is the 2nd Vice President of the St. Catherine Football Association, and he is also a member of the Board of the National Road Operating and Constructing Co. Ltd. (NROCC) where he serves as Chairman of the Audit Committee.

He is a graduate of the GC Foster College of Physical Education and Sport and, completed a Master of Science Degree in Sports Management at the University of Technology. He has represented Jamaica overseas in the sporting arena where he managed multiple track and field and Rugby League teams in many countries such as China, Turkey, Brazil, UK, USA and the Bahamas. Dr. Brown served as President of the Jamaica Rugby League Association, Treasurer of The Caribbean University Sporting Association (CUSA) and Vice-President of The Jamaica Inter-Collegiate Sporting Association.

He also served as a Consultant on the Redbull Speed Trap Project and currently serves as advisor to The Alabaster Gates Charity, Canada, and Consultant to ProForm Sports, USA. Ventley is humble, diligent and believes that education is the vehicle of change that the society requires. He continues to offer voluntary support to programs that are related to sports, education and social change.

TJH MANAGEMENT TEAM

Ivan Anderson

Managing Director
TransJamaican Highway Limited

Ivan has been serving as the Managing Director of the Company since April 2021. Prior to joining TJH, Mr. Anderson was also Managing Director of National Road Operating and Constructing Company Limited (NROCC). He was also previously responsible for restructuring the old Public Works Department and became the first Chief Executive Officer of the National Works Agency, which is responsible for the maintenance and rehabilitation of Jamaica's main roads.

During his tenure at the NWA, he completed the most extensive rehabilitation program of the main Highway network including the North Coast Highway, from Negril to Montego Bay. The widening of major arterial roadways within Kingston and the rebuilding of bridges and other flood damage rehabilitation projects. He is also the former General Manager of the Urban Development Corporation, holding responsibility for infrastructure and secondary development projects across Jamaica.

Mr. Anderson holds a BSc in Engineering from the University of the West Indies, and an MBA from the University of Minnesota. He has also done Investment Appraisal and Management at Harvard University, Project Management and Urban Renewal at Rutgers University and Commonwealth Top Management at the National University of Singapore.

Susan Brown

Head of Finance & Corporate Services
TransJamaican Highway Limited

Susan has served at the Company since 2003 and has held several positions during her tenure of over 20 years with the Highway 2000 East-West Group, this includes serving as Accounts & Payroll Manager at Bouygues Travaux Publics Jamaica. She is currently the Head of Finance & Corporate Services and is also the Company Secretary.

Mrs. Brown has over 20 years of experience in the toll road operation and management business. She has also worked in customer service at Federated Pharmaceuticals Company Limited for 8 years.

She holds a bachelor's degree in Accounting (Hons.) from University of Technology, Jamaica. She is a Certified Public Accountant (CPA) and is also a member of the Institute of Chartered Accountants of Jamaica.

TJH MANAGEMENT TEAM

Melbourne Lyn-Cook

Manager - Quality & Maintenance Engineering

TransJamaican Highway Limited

Melbourne has served at the Company since 2009 and currently holds the position of Manager Quality & Maintenance Engineering.

Mr. Lyn-Cook has over 14 years of experience in the toll road operations, maintenance and management business from 2009 to present. He acted as Manager on Call of Jamaican Infrastructure Operators Limited during the period June 2014 to December 2015.

Mr. Lyn-Cook was also Quality Assurance Officer of Caribbean Cement Company Limited, from 2005 to 2007. Previously, he has held several leadership positions including that of On-Call Manager at the Caribbean Cement Company.

He holds a bachelor's degree in Chemistry and Applied Chemistry from the University of the West Indies, Mona.

CORPORATE GOVERNANCE

The Board of Transjamaican Highway Limited is committed to providing strategic leadership and oversight of the management of the Company's business in a manner that ensures that Shareholders and Stakeholders interests are protected, and all legal and regulatory requirements are met. Our Directors are committed to performing their duties with honesty, integrity and sound business acumen in the best interest of the Company and for its sustainable growth and success.

Strategic	Governance	Oversight	People
Business Development	Compliance with laws & regulations	Operating Plans & Budgets	Appointment and removal of members
Risk Assessment & Management	Corporate citizenship and sustainable development	Approval of Quarterly & Annual Financial Statements	Succession Planning Remuneration
Debt Management	Shareholder/ Stakeholders Interest	Management's Performance	Annual Board Evaluation

BOARD ROLES

Chairman

The members of the Board are charged with electing a non-executive Director with sound knowledge of financial matters and preferably with experience in the industry at the senior level, to chair the Board. Mr. Charles Paradis once again remained as Chairman of the Board for year 2022.

Mr. Paradis possess the requisite skills and expertise and ably provides good guidance and governance as he was also the Board's Chairman for 16 years prior to his resignation in December 2019, as a result of the acquisition of the Company's shares by NROCC. His subsequent reappointment in January 2020, speaks to the soundness of his leadership.

Managing Director

The Directors are also charged with the appointment of a Managing Director with overall responsibility for the management of the Company. The Directors may entrust to and confer upon a Managing Director, such powers exercisable under these Articles by the Directors as they may think fit and may from time to time, revoke, withdraw, alter, or vary all or any of such powers.

The Board of Directors appointed Mr. Ivan Anderson as Managing Director in April 2021. Mr. Anderson continues to hold responsibility for the overall management of the Company and leads the executive team.

Corporate Secretary

The Company Secretary is appointed by the Board for such term and upon such conditions as may be required and may be removed by them. Mrs. Susan Brown has occupied the role since 2016 and is responsible for the efficient administration of the Board. She continues to assist the Board's Chairman with the agenda, information gathering and other logistics as it relates to meetings and the Board carrying out its duties.

BOARD COMPOSITION

Our Articles of association allows for no less than five (5) or more than twelve (12) Directors. Our Corporate Governance policy stipulates that at no point must the number of Executive Directors exceed 50% of the total number of Directors. Definition for Directors are as follows:

- An Executive Director is a Director who is an employee on the management team of the Company.
- A Non-Executive Director is a Director who is not a part of the management team of the Company.
- An Independent Director is a Director who is not related to the Company and is free of any interest, position, association, or relationship that might influence or reasonably be perceived to influence, in a material.

As at December 31, 2022, The Board's composition remained at eight (8) non-executive, two (2) of which are deemed independent.

BOARD MEETINGS

Four main Board meetings were held in line with the frequencies of meetings and activities outlined in the Corporate Governance Policy. Nine Special Board meetings were also held to allow the Board's deliberation on specific matters including the recent acquisition of the Operator JIO and dividend considerations to shareholders. The Committee meetings were also held in line with the frequencies of meetings and activities outline in the respective Charters. Meeting attendance for the year 2022, was recorded as follows:

Name	Board	Audit	Corporate Governance	Nomination & Compensation
No. of Meetings Held	13	4	2	1
Charles Paradis (Chairman)	13/13			1/1
Julie Thompson-James	11/13	4/4	2/2	1/1
Alok Jain	13/13		2/2	
Ian Dear	13/13	4/4		1/1
Steven Gooden	*7/13	4/4		
Patrick Hylton	*4/13			
Stephen Edwards	13/13			
Ventley Brown	12/13		2/2	
Board Appointed Member				
John ("Mitchie") Bell (Audit Committee Chairman)		4/4		

*Conflict of interest declared for 3/13 meetings

BOARD REMUNERATION

The form and amount of Director Compensation is determined by the Board based on the recommendations of the Nomination and Compensation Committee. Consideration is given to the level of involvement required by a Director in terms of time commitment and responsibilities and should be so designed to attract, maintain and motivate the quality Directors that the Company requires. Fees paid for the Financial Year 2022, are as follows:

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-Executive Directors	Fee per Annum (USD)
Charles Paradis (Chairman)	22,915
Ian Dear	22,097
Julie Thompson-James	22,097
Alok Jain	22,097
Steven Gooden	22,097
Patrick Hylton	16,368
Ventley Brown	22,086
Stephen Edwards	16,996
Sub-Committee	
John ("Mitchie") Bell	15,922

BOARD PERFORMANCE

Some of the major activities undertaken during last year's Board meetings include:

Finance	Approval and quarterly review of the Annual Budget
	Approval and quarterly review of the unaudited financial statements and the associated release for the Jamaica Stock Exchange
	Approval of the Audited Financial Statements
Operations	Quarterly Review of the Company's overall performance to include:
	Growing our revenue through Traffic Improvement and other initiatives
	Impact of newly implemented marketing initiatives
	Operation efficiencies and improvements (Upgrading of the Toll software and equipment, continued maintenance of the motorway, reducing delays at the Toll Plazas, alleviating congestion at Marcus Garvey Dr. etc)
	Cost Reduction initiatives
Trading	Quarterly Review Stock Price and Market review
	Quarterly disclosure of trading by Directors/Senior Management or their connected parties
Board Committee Reviews	Receiving the report and reviewing of minutes for sub committees
	Review of sub committee composition, etc.

Special Board Meetings were also held for deliberations on the following:
Strategic Restructuring of TJH
Acquisition of the Operator and now Subsidiary JIO
Annual Toll increase submission
Declaration of Dividends
Board Retreat & Training sessions

EVALUATION

The Board and each Sub-Committee is mandated to perform an annual self-evaluation. The assessment for last year saw the Chairman and Directors evaluating various aspects of the Board and Sub-Committee's effectiveness and performance in accordance with the applicable standards of corporate governance. The assessment addressed several areas such as:

- the effectiveness Board and the sub committees including composition, diversity, conduct, meetings held, and the adequacy and timeliness of information provided those meetings.
- the effectiveness of Board and sub committees Chairpersons, the Company Secretary, managing Director and of Individual Board Members

The overall results demonstrated that the Board was very satisfied with the performance of the Company's management and with the roles of the sub committees and also that of their fellow Directors.

DIRECTOR ORIENTATION AND EDUCATION

Our Corporate Governance Policy dictates that the Company Secretary or member of the Company's management shall provide an orientation for new Directors which shall include materials and/or briefing sessions on subjects relevant to their duties and responsibilities and the legal and regulatory obligations of the Company. No new Director was admitted to the Board and as such no orientation sessions were held.

The policy also stipulates that Directors must be knowledgeable and informed about the business of the Company and concerning their duties and responsibilities and for the Board to encourage Directors to participate in continuing education programs. It is with this in mind that the management of the Company organized its first Board Retreat. This retreat was well received and was attended by all Directors in addition to the Board appointed Audit Committee Chairman Mr. John Bell. Key areas of training included:

Topic	Presenter(s)
Sexual Harassment Legislation and its Implications	Jahmar Clarke, Attorneys-At-Law, Myers Fletchers Gordon
Data Privacy Act Gap Assessment as it relates TJH & JIO	Obika Gellineau Manager, Cyber Services & Ravi Sankar Principal, Caricom Head of Cyber and Technology Consulting KPMG
International Toll Road Experience, Global Trends and Benchmarks	CesarDiaz-Plaza Perez, Road Global Infrastructure Sector Lead, KPMG
Environment Social and Governance	Tanya Baboo, Senior Manager & Carolyn Bell, Partner Risk Assurance Services, PWC
Overview of our Operations	The Management Team of the Operator, JIO

BOARD COMMITTEES

The Board has three (3) Committees established to provide additional oversight in specific areas. The Chairman of each Committee is responsible for reporting to the Board on the activities of the Committee and making recommendations, as necessary or required, at each Board meeting. The members of the various Committees are as follows:

Name	Audit	Nomination & Compensation	Corporate Governance
Charles Paradis (Chairman of the Board)		Chairman	
John ("Mitchie") Bell - Independent Board Appointed Member	Chairman		
Ian Dear	*	*	
Steven Gooden	*		
Julie Thompson-James	*	*	Chairman
Alok Jain			*
Ventley Brown			*

AUDIT COMMITTEE

Composition

Members	Attendance
John Bell - Chairman	4/4
Julie Thompson-James	4/4
Ian Dear	4/4
Steven Gooden	4/4

Purpose

The Audit Committee is mandated to assist the Board of Directors in fulfilling its oversight responsibilities by providing advice and guidance on the organization's financial and operational reporting, internal control framework, risk management, oversight of the internal audit process and external auditors. It also monitors compliance with the relevant Acts and policies.

Role

This Committee is empowered to:

- Oversee the integrity of the Company's financial statements and the Company's accounting and financial reporting processes and financial statement audits.
- Appoint, compensate, and oversee all audit and non-audit services performed by auditors.
- Pre-approve all auditing and non-audit services performed by auditors.
- Oversee the Company's compliance with legal and regulatory requirements.
- Oversee the Company's internal controls over financial reporting.
- Oversee the Company's compliance with ethical standards adopted by the Company.

Key Activities for FY2022

- Financial Review of the following for recommendation to the Board for approval:
  - Annual Budget,
  - Quarterly unaudited financial statements,
  - Audited Financial Statements
- Attend Separate meeting with the External Auditors to review scope and fees for the audit of the year-end financial statements.
- Quarterly review of the risk and legal registers.
- Quarterly review of management's statement of compliance.
- Provide quarterly oversight reviews to the Board by the Audit Chairman on matters reviewed and discussed by the Committee.
- Provide minutes of the committee meetings held to the Board.

CORPORATE GOVERNANCE COMMITTEE

Composition

Members	Attendance
Julie Thompson-James (Chairman)	2/2
Alok Jain	2/2
Ventley Brown	2/2

Purpose

The purpose of the Corporate Governance Committee is to provide guidance to the Board of Directors in Corporate Governance principles and best practices that will guide the conduct of the business in accordance with legal and regulatory requirements and for the benefit of shareholders of the Company and other stakeholders.

Role

The Corporate Governance Committee is empowered to:

- Annually review the effectiveness of all Committees in fulfilling their responsibilities and duties as set out in their respective charters.
- Review corporate governance principles applicable to the Board.
- Prepare the annual Corporate Governance Statement.
- Ensure that there is accurate, timely and full financial governance reporting.
- Ensure that material information regarding the Company's operations is disclosed in a timely manner to the public and regulatory entities.
- Review the Company's Articles of Incorporation, Charters of the Board and sub-Committees.

Key Activities for FY2022

- Deliberations on hosting of Board Retreat
- Proposed areas of training for the Director
- Reviewed Insider Trading Policy and made recommendations for update to the Board
- Reviewed process for notifying various stake holders of the Trading Black-Out Periods
- Reviewed questions for Board evaluation
- Reviewed of Articles of Incorporation
- Reviewed of Corporate Governance Policy
- Reviewed Current Committee composition
- Post Review of the Annual General meeting held
- Post Review of the Board Retreat held
- Reviewed the results from the Board Evaluation conducted
- Reviewed Board composition and agenda

Our complete Corporate Governance Guidelines are available on the Jamaican Stock Exchange's website.

NOMINATION & COMPENSATION COMMITTEE

Composition

Members	Attendance
Charles Paradis (Chairman)	1/1
Julie Thompson-James	1/1
Ian Dear	1/1

Purpose

The Nomination and Compensation Committee is appointed by the Board of Directors to act on behalf of the Board in the exercise of its duties and responsibilities in relation to the compensation of the Company's executive officers and relating to the Company's compensation and personnel policies and programs, including management development and succession plans.

Role

This Committee is empowered to:

Nomination

- Propose the nomination, selection and appointment process for Board members and Senior Managers.
- Review and assess the effectiveness of the Board, its committees and structure thereof.
- Establish and review annually a succession plan for Board members, Committee members and Senior Managers.

Compensation

- Establish and periodically review renumeration policy for Board, its Committees and Senior Managers.
- Propose appropriate remuneration for Directors and Senior Managers based on their duties, responsibilities and performances.

Key Activities for FY2022

- Conduct annual performance appraisal of the Managing Director and establish new KPI's for the current year. Recommend score and annual salary review to the Board for their approval.
- Review of the Board's compensation.

DISCLOSURE OF SHAREHOLDINGS

As of December 31, 2022, the Shareholdings of our top 10 shareholders (Ordinary and Preference), Directors and Managers were as follows:

TOP TEN SHAREHOLDERS

Shareholder	Shareholding	Connected Parties	Total Shareholding	Percentage
National Road Operating & Constructing Company Ltd	2,501,100,000	-	2,501,100,000	20.0064
NCB Capital Markets (Cayman) Ltd	982,310,602	-	982,310,602	7.8579
Musson Investments Ltd	767,590,437	-	767,590,437	6.1402
Jamaica Money Markets Brokers Ltd	763,642,219	-	763,642,219	6.1086
NCB Capital Markets (Barbados) Ltd	520,916,761	-	520,916,761	4.1670
ATL Group Pension Fund Trustee Nominee Ltd	354,609,00	-	354,609,00	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 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	**6,824,110,019**	**-**	**6,824,110,019**	**54.5884**
Total Issued Capital	12,501,000,000			

DIRECTORS' SHAREHOLDINGS

Director	Shareholding	Connected Parties	Total Shareholding	Percentage
Alok Jain	-	12,990,000	12,990,000	0.10391
Disclosure of Connection to Top 10 Shareholder:				
Patrick Hylton [Directorship - NCB Capital Markets (Cayman) Ltd]	-	982,310,602	982,310,602	7.8579
Steven Gooden [Directorship - NCB Capital Markets (Cayman & Barbados) Ltd]	-	1,503,227,363	1,503,227,363	12.0249
Stephen Edwards (Directorship - National Road Operating & Constructing Company Ltd)	-	2,501,000,000	2,501,000,000	20.0064
Ventley Brown (Directorship - National Road Operating & Constructing Company Ltd)	-	2,501,000,000	2,501,000,000	20.0064

DISCLOSURE OF SHAREHOLDINGS

SENIOR MANAGERS SHAREHOLDERS

Shareholder	Shareholding	Connected Parties	Total Shareholding	Percentage
Ivan Anderson	21,276,000	28,000	21,304,000	0.17042
Susan Garriques	5,042,000	376,000	5,418,000	0.043344
Total	**26,318,000**	**404,000**	**26,722,000**	**0.213764**

BOARD APPOINTED COMMITTEE MEMBER SHAREHOLDINGS

Shareholder	Shareholding	Connected Parties	Total Shareholding	Percentage
John "Mitchie" Bell	1,800,000	-	1,800,000	0.01440
Total	**1,800,000**	**-**	**1,800,000**	**0.01440**

TOP TEN PREFERENCE SHAREHOLDERS

Preference Shareholder	Shareholding	Connected Parties	Total Shareholding	Percentage
The Corridor Holdings Ltd	678,136,000	-	678,136,000	25.1161
Sagicor Life Jamaica Ltd	283,172,050	-	283,172,050	10.4879
Sagicor Pooled Fixed Income Fund	176,982,531	-	176,982,531	6.5549
MF&G Asset Management Ltd - NCBCM Unit Trust Scheme	159,775,850	-	159,775,850	5.9176
Guardian Life Pooled Pension Fund	140,169,939	-	140,169,939	5.1915
Guardian General Insurance Jamaica Ltd	140,169,939	-	140,169,939	5.1915
NCB Insurance Agency and Fund Managers Ltd WT109	106,188,577	-	106,188,577	3.9329
NCB Insurance Agency and Fund Managers Ltd WT160	106,188,577	-	106,188,577	3.9329
Guardian Life Ltd - Surplus Fund	93,446,626	-	93,446,626	3.461
MF&G Asset Management Ltd - Jamaica Investment Fund	92,894,879	-	92,894,879	3.4406
Total	**1,977,124,968**		**1,977,124,968**	**73.2269**
Total Issued Capital	**2,700,000,000**			

CORPORATE DATA

DIRECTORS

Charles Paradis (Chairman)

Julie Thompson-James

Ian Dear

Alok Jain

DIRECTORS

Patrick Hylton

Steven Gooden

Stephen Edwards

Ventley Brown

COMPANY SECRETARY

Susan Brown

AUDITORS

Ernst & Young
Chartered
Accountants

REGISTERED OFFICE

2 Goodwood Terrace
Kingston 10
Phone: (876)925-7441/
925-6222
Fax: (876)969-3730
Email:tjhighway@h2k-tjh.com

REGISTRAR

Jamaica Central Securities
Depository
40 Harbour Street
Kingston, Jamaica W.I.

BANKERS

Onshore: National Commercial Bank, Kingston, Jamaica

Offshore: Bank of New York Mellon, New York, United States

MANAGING DIRECTOR'S REPORT

MEETING OUR STRATEGIC TARGETS

Growing our Business, Improving our Efficiencies

TRAFFIC GROWTH AT VARIOUS PLAZAS AND OVERALL GROWTH

2022 AT A GLANCE

23% Revenue over 2021	**22%** Revenue over 2019	**25.8M** Transactions	**32%** Tag Usage	Four Locations: May Pen, Vineyards, Spanish Town & Portmore Toll Plazas offering both manual and electronic Toll Collection options for our Toll Road users

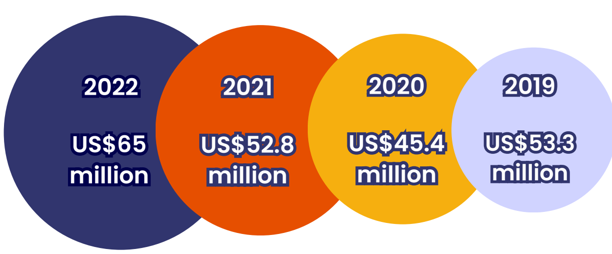
The year 2022 saw an end to the implemented measures ("No movement Days" and "lockdowns" etc.) that we had become accustomed to since the Covid-19 pandemic. The removal of these measures which were designed to combat the spread of the virus saw an immediate rebound in our traffic volumes. Our overall traffic for the year was approximately 25.88 million up 13% above the 22.91 million vehicles in 2021. This exceeded our target which was to grow our traffic by 5% in 2022.

These traffic volumes were also the highest traffic ever recorded on the network and was 7% higher than the pre-pandemic levels of 2019.

REVENUE GROWTH

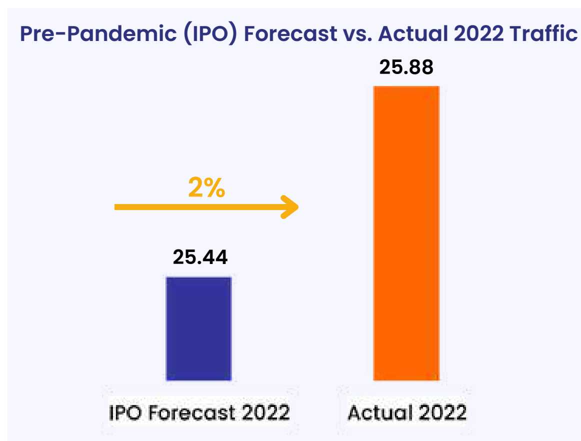
Similar to the recovery in traffic, our revenue also recovered, and was US$65 million for FY2022, 23% higher than our revenues for FY2021. Revenue was also up by 22% when compared to FY2019 revenues.

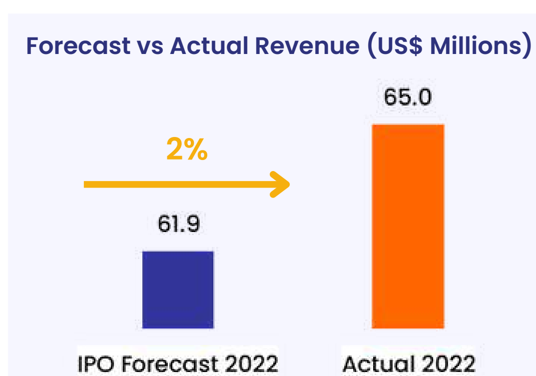
HIGHWAY REVENUES (in USD)



COMPARISONS WITH IPO FORECASTS

Our traffic volumes were not only higher than the previous years, but also higher than our projections put forward during the 2020 IPO offering. The 25.88 million vehicles which traversed the motorway in 2022, was 2% higher than our 2020 IPO forecasts of 25.44 million for the year 2022. Likewise, revenue (US$65 million) for the year was also 2% higher than the IPO projections of US$61.9 million for 2022. These numbers are very encouraging for the future to come.





MEETING OUR STRATEGIC TARGETS

TRAFFIC RECOVERY AT THE INDIVIDUAL TOLL PLAZAS

2022 AT A GLANCE - VINEYARDS

21% Revenue over 2021	**21%** Revenue over 2019	**20%** of Toll Transactions	**24%** Tag Usage	Located in Bushy Park, St. Catherine. Operating 8 toll lanes since September 2003.

Toll Rates: Class 1 - $600 Class 2 - $900 Class 3 - $1,800

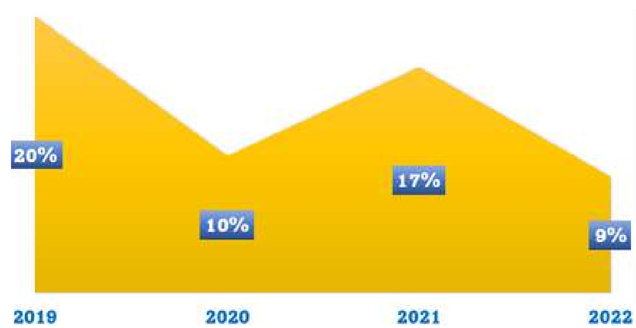
All our Toll Plazas showed strong levels of rebound both over the comparative period of 2021 and over the pre-pandemic period of 2019. Traffic at Vineyards was up 14% over 2021 and 11% over 2019 pre-pandemic levels, a significant level of recovery considering that the growth over 2018 was only 5%.

2022 AT A GLANCE - SPANISH TOWN

21% Revenue over 2021	**71%** Revenue over 2019	**10%** of Toll Transactions	**31%** Tag Usage	Located in Spanish Town, St. Catherine. Operating 8 toll lanes since December 2004.

Toll Rates: Class 1 - $240 Class 2 - $370 Class 3 - $680

Of all the Toll Plazas, Traffic growth at Spanish Town has been the strongest prior to and throughout the pandemic period. Traffic grew by 9% over 2021 and up 40% in comparison to the pre-pandemic year of 2019. This was twice the level of growth the Plaza experienced over year 2018 (20%) as seen in the graph. The growth on this leg of the motorway, is a reflection of the increasing congestion on the Spanish Town bypass.



MEETING OUR STRATEGIC TARGETS

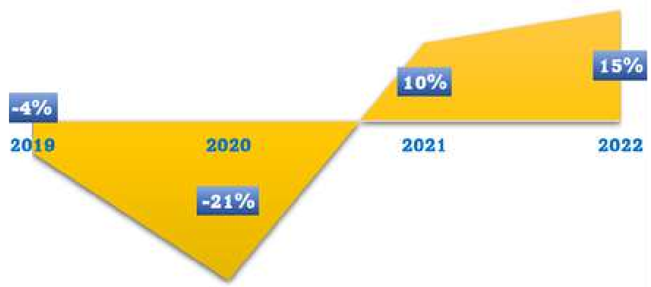
TRAFFIC RECOVERY AT THE INDIVIDUAL TOLL PLAZAS

2022 AT A GLANCE – PORTMORE

24% Revenue over 2021	15% Revenue over 2019	52% of Toll Transactions	39% Tag Usage	Located in Portmore, St. Catherine. Operating 21 toll lanes since July 2006.

Toll Rates: Class 1 - $340 Class 2 - $320 Class 3 - $1020

Traffic at the Portmore Toll Plaza has not only been impacted by the Covid-19 pandemic but also from the widening of the Mandela Highway (completed March 2019). The widening works resulted in increased congestion on the Mandela Highway. This resulted in a growth of over 11% over the construction period of 2017-2018. With the completion of these works in March 2019, we saw a 4% drop below the traffic of 2018 as commuters returned to the newly widened roads. This decline was further exacerbated by the arrival of the COVID-19 pandemic in 2020, as the movement of lives and livelihoods were halted and resulted in a 21% drop. This was the highest level of decline experienced across all Toll Plazas. As the measures changed and eased at times, a rebound of 10% was seen at Portmore in 2021. With the full lifting of these measures in March 2022, a recovery of over 15% was realized when compared to 2021. Traffic when compared to the pre-pandemic year of 2019 was however flat.

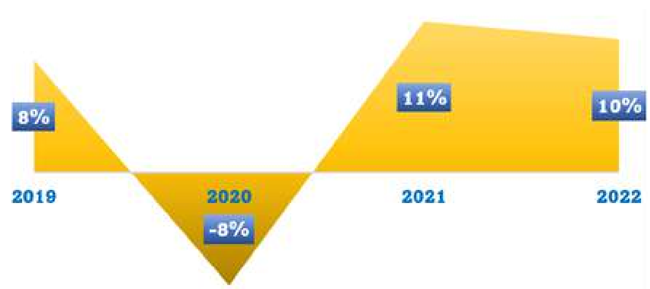


2022 AT A GLANCE – MAY PEN

27% Revenue over 2021	42% Revenue over 2019	18% of Toll Transactions	22% Tag Usage	Located in May Pen, Clarendon. Operating 8 toll lanes since August 2012.

Toll Rates: Class 1 - $190 Class 2 - $300 Class 3 - $570

The May Pen leg of the motorway was the last addition to the Highway 2000 East-West network and has seen a steady growth in traffic since its opening. Traffic for 2022 grew 10% over that of 2021 and was also up by 12% over the pre-pandemic 2019. This was confirmation of the growth trend seen when compared to traffic for 2018 (8%).



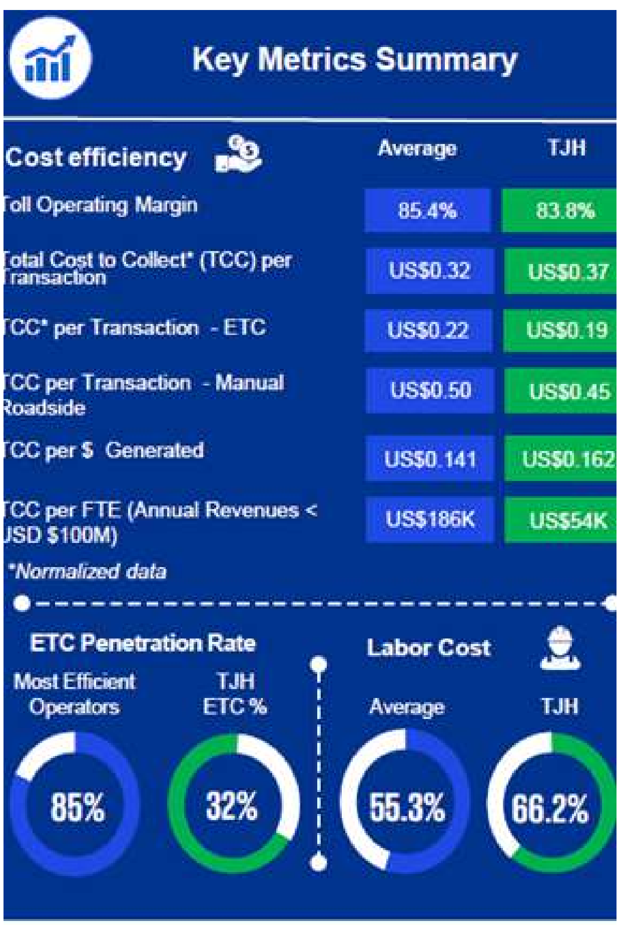
MEETING OUR STRATEGIC TARGETS

REVIEWING OUR OPERATIONS VS INTERNATIONAL TOLL ROAD COMPANIES - KPMG BENCHMARK STUDY

In 2022, we retained the services of KPMG to carry out an assessment of our costs in relation to that of other International Toll Road Operating Companies. The two main indicators used in the comparison were the Total Cost to Collect (TCC) tolls per transaction and the TCC per dollar of revenue generated.

The figure below shows the findings of the study. In relation to the TCC per transaction, our costs were approximately 16% higher at US$0.37 per transaction in comparison to the best companies which were at about US$0.32 per transaction. In relation to the TCC per dollar of revenues, TJH's costs were approximately US$0.16 compared to the best companies at US$0.14, approximately 14% higher.

Notwithstanding this, there were also a number of areas where our costs were actually lower than those benchmarked Companies. In relation to our TCC, per transaction, for vehicles using electronic tags our costs were actually lower at approximately US$0.17 compared to the best companies at US$0.22.



ACQUISITION OF JIO

This benchmark study also confirmed our concerns in relation to our costs of operation and led us to review all our major costs including that of JIO. For FY2022 JIO accounted for 76% (83% FY2021) of our operating expenses (excluding amortization).

It was always our belief that there was significant room to lower the fees payable to JIO despite it being set under the Operation and Maintenance Agreement between both Companies. Our assessment indicated that the fees could be lowered from approximately US$1.7 million per month for FY2022 to approximately US$0.7 million per month going forward. This was also considered to have additional benefits such as:

- Estimated cost savings of approximately US$12 million per annum
- Increased EBITDA margins
- Higher Debt Service Coverage Ratios and
- Protection of the operating margins in less favorable traffic scenarios.

In order to modify this agreement and give us further strategic flexibility in the future, we took the decision to pursue the acquisition of JIO and for that we needed Bondholder's approval. A Consent Solicitation process was therefore launched. This was successfully completed on December 16, 2022 with the support of our Independent Engineer's certification and the confirmation of the rating agencies - Standard and Poors (S&P) and Fitch that the transaction would not affect the rating of our bonds.

The Company, on December 20, 2022, through Call Options, then acquired the interests of Vinci Concessions S.A.S and Bouygues Travaux Publics in the Operator, at a cost of US$16.1 million (see note 9a of the 2022 Audited Financial Statements). The Call Option to acquire Vinci Concessions S.A.S' 51% of the outstanding equity interests was immediately exercised.

The Call Option to acquire the remaining 49% equity interest in the Operator held by the Contractor is expected to be exercised following the earlier of:

- The Company receiving from NROCC the required approval to make amendments to the Concession Agreement
- The exercising of a Put Option granted to Bouygues Travaux Publics by December 9, 2024 being the final date required by the Concession Agreement for the Contractor to retain at least 49% equity interest in the operations.

The completion of the acquisition then allowed for the modification of the agreement with JIO thus reducing our cost by over 50%.

MEETING OUR STRATEGIC TARGETS

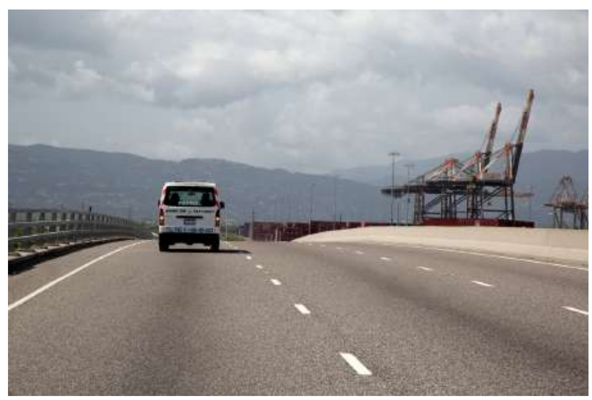
INTRODUCING JAMAICAN INFRASTRUCTURE OPERATOR LIMITED (JIO) - THE OPERATOR OF THE "HIGHWAY 2000 EAST-WEST" ROAD NETWORK AND NOW THE SUBSIDIARY OF TJH

Since the inception of the Highway 2000 East-West Project, JIO has been operating and maintaining at high standards 49.9 km of highway between Kingston and May Pen (T1) and the Portmore Causeway (T2) alignment, covering 4 toll plazas (STTP-VTP since September 2003; PTP since July 2006; MPTP since August 2012) and the sales offices for our customers.

Operation & Maintenance activities encompass Toll Collection (on behalf of the TJH as Developer and now shareholder), Patrolling & Surveillance of the road network and Routine Maintenance of the Infrastructure.

The main activities are summarized as follows:

- Maintain compliance with O&M Agreement requirements
- Toll Collections and Customer Service
- Patrolling, providing emergency response to accidents, & incidents, offering assistance to road users
- Collaborating with JCF/PSTEB, Fire Brigade, Wrecking Services etc.
- Routine Maintenance activities, Greenery maintenance, Road sweeping
- Road Safety Awareness and Hurricane Preparedness
- Ensure monitoring of infrastructure
- Highway Equipment condition survey (Annually)
- Signs, Lightings, Cat eyes, Reflectors, Road marking, etc.
- Drainage and Structures condition survey (Biannually)
- Pavement Condition Defects Survey (Biennially)
- Developer's Equipment Replacement Program
- Recommendation to sustainably maintain and improve the infrastructure

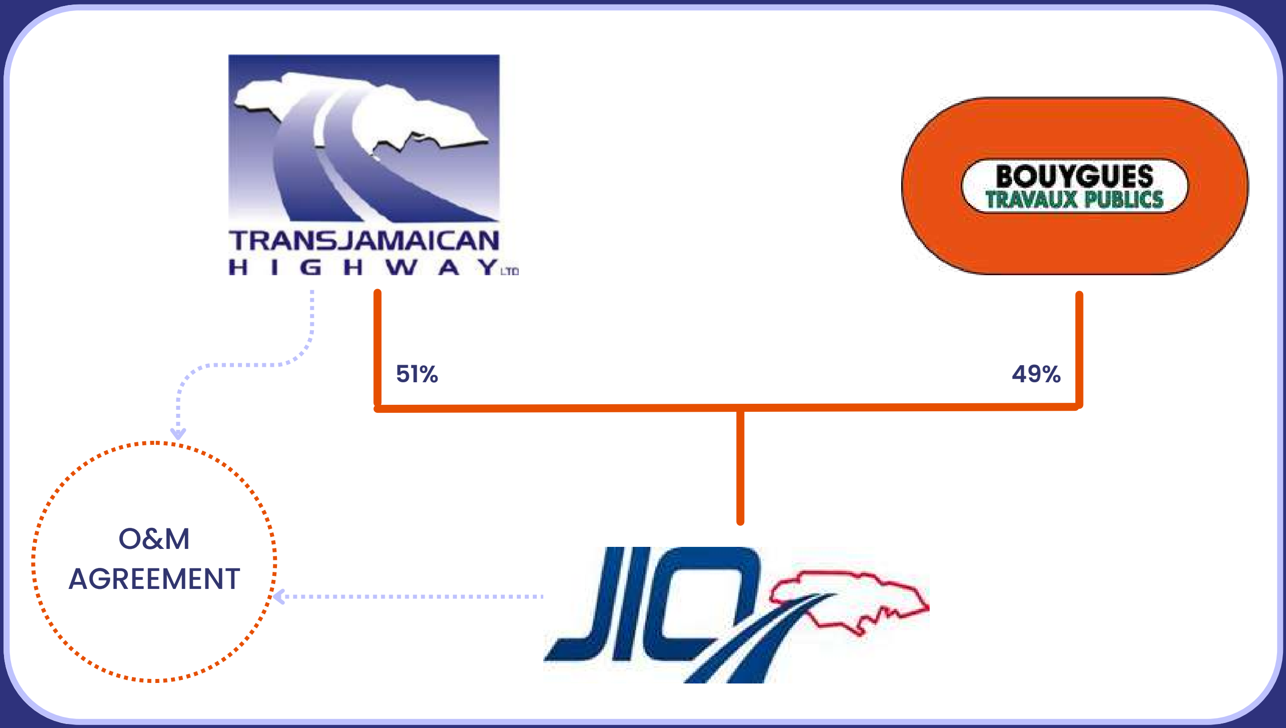


Additional Services for TJH:

- Traffic Management for non-routine activities
- Ongoing pavement repairs program, assistance for exceptional transportation (haulage companies, etc.)
- Minor repairs: crack sealing, fence repairs

INTRODUCING JAMAICAN INFRASTRUCTURE OPERATOR LIMITED (JIO) - THE OPERATOR OF THE "HIGHWAY 2000 EAST-WEST" ROAD NETWORK AND NOW THE SUBSIDIARY OF TJH

NEW OWNERSHIP STRUCTURE



MEETING OUR STRATEGIC TARGETS

JIO'S BOARD OF DIRECTORS

Charles Paradis (Chairman)

Mr. Paradis is also the current Chair of the Company's Board and has over 20 years' experience in civil engineering and management of shareholdings with specific focus on road, tunnel and bridge projects.

Francois Tcheng

Mr. Tcheng has been Chief Executive Officer of Bouygues Construction's Concession Division since January 2020. He has worked for more than 38 years at Bouygues Travaux Publics (Civil Works) where he held various positions on the field of project management and business development.

Thierry Parizot

Mr. Parizot also served as managing Director for TJH (September 2018 – April 2021) and has over 34 years with Bouygues Construction, where he held several positions in the fields of management, finance, commercial and marketing, within their building and public works division.

Ivan Anderson

Mr. Anderson is also the current Managing Director of TJH since April 2021 and has over 40 years' experience in infrastructure and secondary development projects across the Island.

Coin Murray

Mr. Murray has been with JIO for over 20 years and currently holds the post of Managing Director and also Corporate Secretary. His professional background also spans finance, banking, investment management, HR management, corporate administration, R&D, marketing, customer relationship management and enterprise risk management.

MEETING OUR STRATEGIC TARGETS

JIO'S MANAGEMENT TEAM

Colin Murray
Managing Director
Jamaican Infrastructure Operator Limited

Desmond Levy
Operations & Maintenance Manager
Jamaican Infrastructure Operator Limited

Colin Murray has been with JIO for over 20 years, joining the company at operational inception in 2003. He was first engaged as Toll Manager before transitioning to its senior management team as Finance & Administrative Manager in 2007 and thereafter promoted to the post of Managing Director in December 2022. He is also the company's Corporate Secretary.

His professional background spans finance, banking, investment, corporate administration, marketing R&D, customer relationship, enterprise risk & Human Resource management. His career exposure also included financial and economic risk analysis for the state's agency responsible for investments and divestment/privatization of national development projects.

Mr. Murray holds a BSc. (Hons) in Economics and Management, executive certification in World Bank/United Nations Industrial Development Organization (UNIDO) Feasibility Studies & Project Analysis and is a certified Internal Auditor for ISO 9001:2015 (Quality Management System) and ISO 14001:2015 (Environmental Management System).

Desmond Levy has been the Operations and Maintenance Manager since 2003.

He began his work in the field of Engineering in 1981. He received a Bachelor of Science degree in Mechanical Engineering (Hons.) from Howard University in 1987 and a Masters in Business Administration from The University of New Orleans in 2002. He has also successfully completed training in Maintenance Management in Sweden.

Mr. Levy has over 36 years of experience in maintenance from engagements in the sugar industry, mining and cement manufacturing where he has held senior positions.

His currently portfolio sees to the management of JIO's responsibilities under the O&M agreement. This includes routine maintenance of the corridors and structures along the Highway 2000 East-West network, overseeing and implementing sustainable systems for greater efficiency and also for the management of the teams responsible for safely operating and maintaining the motorway.

MEETING OUR STRATEGIC TARGETS

JIO'S MANAGEMENT TEAM

Nicole Kuster
Administrative & Communications Chief Officer
Jamaican Infrastructure Operator Limited

Nicole Kuster has been engaged with the company since 2002, being its first local employee. She was instrumental in establishing the administrative foundation for start-up operations and liaison between the original French motorway concessions shareholders and local stakeholders.

Ms. Kuster is responsible for all our Administrative, Customer Service, insurance, legal and external communication matters concerning the company, and reports directly to the Managing Director.

Her professional background also spans corporate administration, marketing, customer relationship and project management and legal affairs.

Ms. Kuster holds a Professional International Diploma in Hotel Management from Les Roches Bluche Switzerland and various certifications in occupational proficiencies, such as Job Analysis & Competency Design, Documentation and Process Mapping, Customer Service and Supervisory/ Management Training.

Michael Kennedy
Toll Manager
Jamaican Infrastructure Operator Limited

Michael Kennedy has been working for the company for over 20 years.

He studied accounting at the College of Arts Science and Technology (now UTech) and computer information systems management at IBM and WES Computer Institute.

Mr. Kennedy started his working career with the world-renowned company 3M, where he spent over nine years in various capacities including Financial/ Management Accountant, Financial Auditor and Logistics Supervisor. He completed training in Process Management, Information Technology and Project Management across their locations in the Caribbean and in Minnesota, USA.

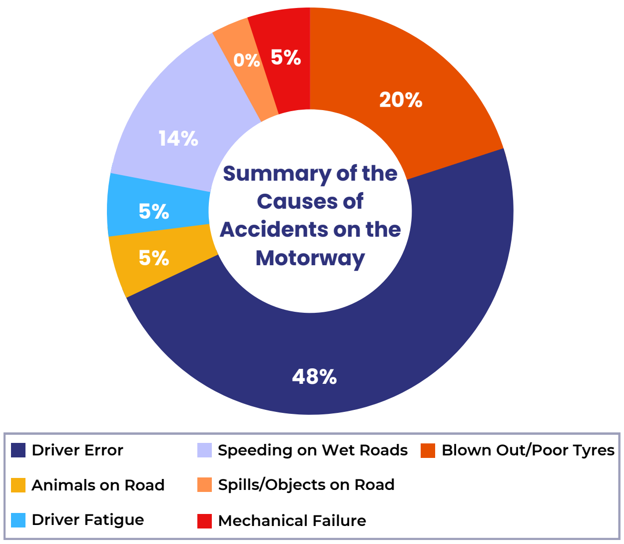
He joined JIO in 2003, as a Toll Plaza Supervisor and advanced to other positions throughout his tenure. He has been the Toll Plaza Manager since 2008. He holds responsibility for the management of over one hundred and twenty toll operations personnel encompassing toll collections and traffic safety supervision.

MEETING OUR STRATEGIC TARGETS

Improving Safety & Maintenance

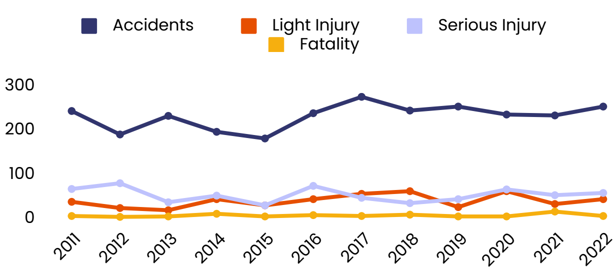
REDUCING ACCIDENTS & FATALITIES

The Operator applies a raft of measures aimed at crash prevention and the mitigation of highway hazards to improve safety on the highway. These are supported by twenty-four hour daily patrol services and benchmarking our successes with international standards. The main causes of accidents are:



Accident Trend

The data below shows the number of accidents, light injuries, serious injuries, and fatalities for each year from 2011 to 2022.



	Accidents	Light Injury	Serious Injury	Fatality
Total (2011-2022)	2773	482	643	86

Accidents have generally been trending down since 2017, but had a significant spike in 2021 due to accidents involving public passenger vehicles which often includes multiple fatalities.

Subsequently, we have engaged the assistance of the Island Traffic Authority and the Jamaica Constabulary force to assist us in conducting motor vehicle inspections going forward.

Overall, the data shows a somewhat consistent number of accidents per year, with a peak in 2017 (275 accidents) and a low point in 2015 (181 accidents). The number of accidents in 2022 (253) is the same as in 2011 and 2019, which suggests that there has not been a significant change in recent years despite increased usage of the thoroughfare over the years.

The number of light injuries per year has been somewhat variable, with a high point in 2018 (62 injuries) and a low point in 2013 (19 injuries). The number of serious injuries has also been somewhat variable, with a high point in 2016 (74 injuries) and a low point in 2013 (37 injuries). The number of fatalities per year has generally been low, with a high point in 2021 (16 fatalities) and a low point in 2012 and 2015 (4 and 5 fatalities, respectively). The 2016 spike in fatalities was heavily impacted by an accident in April of that year, when a Toyota Coaster transporting passengers had a blown tyre and collided with a truck on the T1 leg of the highway.

In 2016, the Mona GeoInformatics Institute was commissioned to conduct a Crash Mapping and Analysis of our 2010-2015 accident data in comparison to total accidents recorded in Jamaica for those years. The scope of the analysis entailed four main activities to include mapping, analysis, comparison, and the preparation of a report. Key elements from the report are still being used to formulate and tailor our road safety campaign to address the main areas of concern including predominant causes of accidents.

The report also stands as a useful marketing tool as it helps to highlight the comparatively lower level of accidents on the East-West corridor when measured against alternate routes and other major road networks in the country. The last report concluded that the Highway 2000 East-West network remains 50% safer in terms of fatal crashes.

Given that the report is published by an independent and well-reputed entity, it lends itself as excellent material to promote the relatively desirable level of safety conditions provided to users of the highway. The institute was again commissioned to undertake a similar project with an expectation of performing an even deep analysis and a comparison with the previous output.

MEETING OUR STRATEGIC TARGETS

REDUCING ACCIDENTS & FATALITIES

Crash Mitigation Measures

These include:

- Messaging safe use of the highway through Print and Electronic Media advertising and website postings
- Sting operations by Highway Police Patrol
- Speed limit enforcement by Highway Police Patrol
- Motor vehicle inspection by Island Traffic Authority
- Monitoring and assessment of crash spots
- Managing highway hazards


ITA/Police Motor Vehicle Inspection on T1

Monitoring of Crash Hot Spots

The locations around the Toll Plazas, Vineyards, Spanish Town and May Pen have the highest reported cases of accident. This is primarily from motorists attempting to switch to the shortest available manual lane for processing.

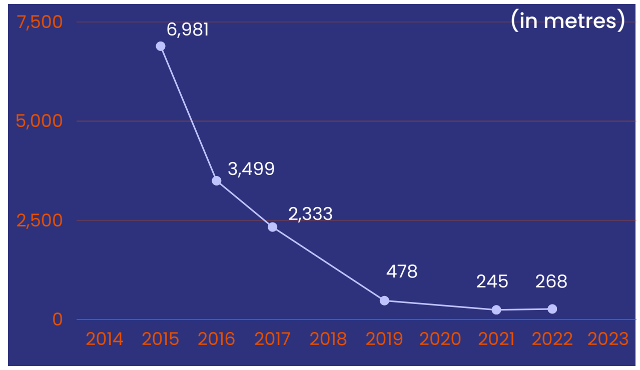
The implementation of mixed lanes and the shift to more ETC (tag) lanes is expected to reduce the likelihood of accidents since the processing time in the ETC lane is much faster than that of the manual lane.

Managing Highway Hazards

The theft of highway perimeter fence, animal incursion, fire and smoke are common hazards impacting the operation. In keeping with our Environmental and Social Governance objectives, strong community engagement over the years has helped to cauterize some of these problems.

Our application of modern technology and our ongoing risk assessment protocols are expected to further reduce the risks created by these hazards.

Theft of Perimeter Fence since 2014



The intervention of the Police in apprehending criminals involved in the theft of fence and the community engagement has led to to a significant reduction in the amount of perimeter fence stolen over the past five years.

As an additional deterrent, we also intend to install surveillance camera systems in the areas most prone to these activities.

Smoke Hazard

The T1 section of the highway passes through several areas which were previously under sugarcane cultivation. As a part of the reaping activities the cane was regularly burnt to remove the trash before cutting for delivery to the factory. The fires have been a source of smoke hazard which may cause loss of visibility along the areas during the burning of cane.

We have implemented a smoke management procedure, whereby the traffic is reduced to single lane and vehicles are regulated through the smoke to prevent accidents.

Currently we rely on the notification of a fire from staff or other motorists using the Toll-free telephone number but will shortly be implementing an early warning smoke detection system to facilitate quicker response to these occurrences.

MEETING OUR STRATEGIC TARGETS

WELL MAINTAINED ROADS

As part of the Company's obligations under the Operation & Maintenance Agreement, we conduct major maintenance repairs based on specific projections and assumptions developed under a maintenance program reviewed by the Independent Engineer. Major maintenance activities includes corrective and rehabilitative works, including renewal of toll road pavements, toll road equipment, ancillary structures and network control equipment. Actual cash outflows may vary from year-to-year due to repair obligations under the O&M Agreement based on the length of operation of the Toll Road.

Pavement Repairs

Pavement monitoring surveys were carried out during the year 2021, as per our maintenance schedule by reputable local and international pavement experts. The overall results showed the pavement surface is rated from fair to very good condition. From these inspections and in the execution of our ongoing preventative maintenance, we completed 62,326m² of 25mm asphalt overlay as well as 50,810m² of milling and repaving to correct uneven settlements which were observed on T1. Additionally, 7,642 linear metres of pavement cracking was corrected using bituminous crack sealer or cement mortar along the T1 and T2 legs of the highway. The requisite lane marking (27,500 linear metres) for all areas was also completed.

Toll Equipment

Over the period, we received spare parts ordered from our main supplier GEA, for the upgrading of toll equipment at Portmore and Vineyards. These include toll servers and software as well as other hardware used in the toll operations. We are currently awaiting equipment to convert all the manual lanes to mixed lanes which can operate as manual or *t*-Tag lanes.

Solar Lights

Repairs were carried out on 58 of the 220 solar lights as per schedule in 2022. These lights were originally installed in 2012 and the batteries had reached their end-of-life cycle. We are currently replacing the sealed Lead Acid batteries with Lithium Iron Phosphate batteries which have a longer service life. The lights are fully autonomous and do not depend on power from the national power grid.

Highway Equipment

Signage: Highway signs are repaired based on annual inspections carried out in November of each year. Over the period, we replaced over 57 highway signs, which included directional signs and traffic regulatory signs along both T1 & T2. We continue to utilize materials which deter the theft of these highway signs.

Barriers: All areas of damaged barriers caused by accidents were repaired in accordance with the contractual timeframe outlined by the Concession Agreement.

Main Structures: The detailed inspections of all main structures were scheduled to be conducted at the end of 2024, as per our contractual 5-year schedule. From the last survey conducted, the repainting of the canopy structure at Spanish Town and Vineyards Toll Plazas was completed during 2022. Additionally, we cleaned the river channel along the Rio Cobre Bridge and replaced missing boulders in preparation for the hurricane season each year.

Fencing: Approximately 8.5km of fencing was replaced in 2022, in comparison to 14.7km in 2021. As seen above 268m of fencing was stolen over the period and occurred primarily along the T1 leg of the highway.

High fences have also been installed on the Savannah Cross and Sharpers Lane Bridges to deter stone throwing from the bridges.

High Fence at Savannah Cross Bridge

Installation of High Fence at Sharper Lane Bridge

MEETING OUR STRATEGIC TARGETS

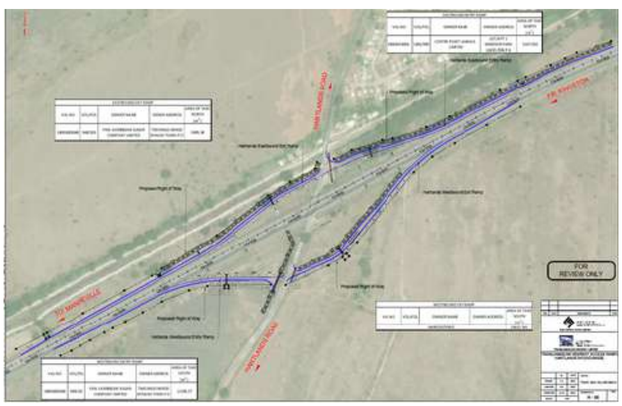
NEW RAMPS ALONG T1

Given the level of housing development currently ongoing and planned for the near future along T1, we are currently analyzing the feasibility of establishing access and egress points at various locations along the Highway using existing field connectors and bridges. The following are the priority locations being evaluated by our consultants:

1. Hartlands Road
2. Salt Pond Road
3. New Westbound facing ramps at Freetown

Hartlands Road

This would facilitate housing developments in this vicinity and at the same time providing access to additional traffic onto the highway from the currently congested alternative free road (Old Harbour Road/Spanish Town Bypass). We have engaged the services of SJE Engineering Consultants to provide the design and technical support for the implementation of the ramps at Hartland and Salt Pond Bridge.

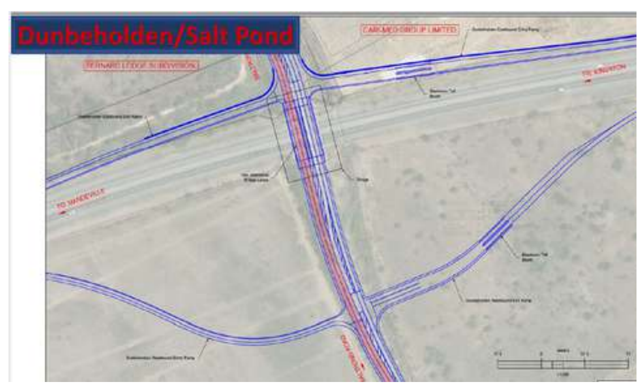


Silversun Estate Housing Developments through Hartlands Interchange

The National Housing Trust has partnered with private developers for the construction of another 1200 houses on the northern side of the local road. This development is in close proximity to the Orchard Housing development and easily accessible to the proposed Hartland interchange. Construction is ongoing at this site with some houses being handed over to the new owners.

Salt Pond Road

The development of the Bernard Lodge area (South of the Highway) continues with the construction of over 4,000 houses already completed, as shown in the satellite image below. Access to this area will be provided through the new Salt Pond interchange.



MEETING OUR STRATEGIC TARGETS

NEW RAMPS ALONG T1

Freetown Ramps

Based on the study done by our Traffic Advisor STEER, the addition of new westbound facing ramps at Freetown would improve revenues at the May Pen Interchange. The design for this is also currently being done by SJE Consultants.

GAS STATIONS

The opening of the first gas station at the Old Harbour Eastbound On-Ramp, was done in November 2019, with the Convenience Store opening in 2020. We have now signed the Lease agreement with the PAJ which will enable us to proceed with plans for the second gas station to be located along the Portmore Causeway, Westbound, immediately after passing the Portmore Toll Plaza.

We are targeting to start the construction of this gas station in 2023, following a tender process which saw Rubis Energy Jamaica Limited, being selected as our preferred bidder.

Gas Station at Old Harbour Eastbound On-Ramp

Lane markings at Dawkins Drive Eastbound

Rio Cobre – cleaning of channel as well as replacement of missing riprap

Milling and repaving works along T2 eastbound km6+500 - 5+700

Pavement repairs using geogrid to correct pavement cracks along km16+500 – 17+500

MEETING THE NEEDS OF OUR CUSTOMERS

Highway 2000 East-West continues to prioritize the satisfaction of customers in our business model. As such, we seek to ascertain the needs of our customers through market analysis and regular surveys, and use this data to inform our customer service and marketing strategies.

For the 2022 period, we made meaningful strides by launching activities which focused on increasing value perception, improving convenience, and improving communications.

PURSUING INSIGHT AND WELCOMING FEEDBACK

Surveys and Focus Groups

A combination of tools were used to gather valuable customer insight and feedback. Knowledge of customer opinions and behaviour is viewed as crucial, and such information is used to guide key business strategies and activities.

An extensive customer satisfaction survey is conducted every 2 years to determine how customers rank various elements of our operations, their Highway and *t*-Tag usage patterns, awareness and usage of reward programmes, knowledge of road safety communications, traditional and digital media usage patterns, among other insights.

Deeper understanding of customer behaviour and preferences was acquired through focus group studies which involve a cross section of customer demographics.

Predominantly Good - Excellent Opinion of the Highway

Results of the last biennial customer satisfaction survey conducted in 2021 revealed that 71% of customers had a favourable opinion of the Highway, with 41% reporting an excellent opinion. The top 3 reasons given for favourable opinions include:

- A more efficient way to travel
- Time savings
- Quality of the road

Opportunities for improvement were also identified in the areas of toll fares and the perception of value.

INCREASING VALUE PERCEPTION

"Avoid the Lag" Advertising Campaign

With the support of an advertising agency, an advertising campaign was developed to highlight and illustrate how drivers who use the highway, and particularly those who use the *t*-Tag (express) lanes have more time to do things far more meaningful to them as a result of the efficiency of the route, versus wasting time in traffic on an alternative route. The campaign which commenced within the first quarter of 2022, included a mixture of traditional mainstream media, digital media, and outdoor advertisements and ran throughout the year.

Introduction of Lower Rates for t-Tag Customers (Portmore Toll Plaza)

To increase the value of the *t*-Tag, an application was made to the Toll Regulator and approval received for special lower rates to be granted to our Tag customers using the Portmore Toll Plaza. As of July 1, 2022 all Tag Class 1 and Class 2 customers pay $20 & $30 less respectively, than the standard toll rates for that Plaza.

Consideration is also being given to extend these reduced Tag rates to other Toll plazas across the network.

With the increase in housing developments in Old Harbour, consideration is also being given to extend the current Frequent User Rewards programme (currently applicable to Portmore and Spanish Town customers) to our users of the Vineyards Toll Plaza.

MEETING THE NEEDS OF OUR CUSTOMERS

IMPROVING CONVENIENCE

Sale of t-Tag from Toll Booths

Feedback from a 2021 customer survey also indicated that drivers were looking for a more convenient way to get a *t*-Tag. This coupled with the safety concerns arising from the pandemic gave birth to a new initiative of distributing Tags from the manually operated toll booths at all plazas.

A series of pilots were carried out between August and December 2022, which gradually introduced in-lane sales at the toll plazas and gave our Toll Collectors the opportunity to adjust to providing this additional service within the processing time parameters.

The test sales period was quite impactful, as Tag sales tripled in some cases:

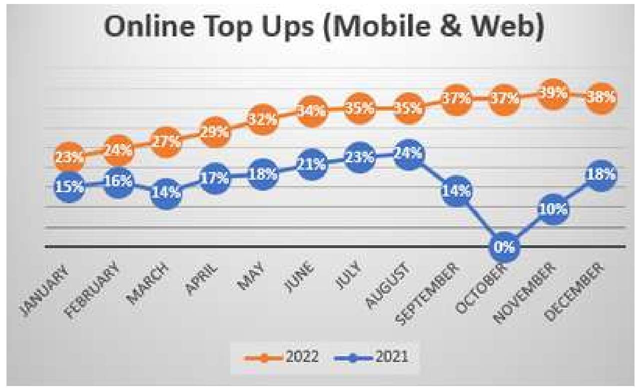
A full and permanent rollout of Tag sales from manually operated booths at all Highway 2000 East-West plazas is on target for the first half of 2023.

New Full-Service Mobile App and Web Platform "My T-Tag"

To provide a simpler, more convenient, and reliable method for customers to top up their T-Tag accounts, a brand new full-service application called "My T-Tag" was developed and launched in February 2022. It can be accessed as a mobile app on both android and iPhone devices, and as a web platform using any web-enabled computer.

My T-Tag allows customers to reload their Tag accounts, view balances, transaction and passage history, and enable automatic top-ups of accounts including those which can be triggered by balance threshold or by date and time. More features are being developed to make the platform as intuitive and convenient as possible for customers.

Since the launch of My T-Tag, the total number of top-ups done online (web and mobile app) rose from 16% in 2021 to 33% in 2022. Other methods of topping up include POS, In-Lane, and third-party payment services.



IMPROVING COMMUNICATION

Launch of Social Media pages: Instagram & Facebook

Internally operated Instagram and Facebook pages were launched in July of 2022, to provide a platform for connecting directly with customers. Information about special promotions, customer safety, and on other topics of interest are shared frequently each week. Feedback is also received and addressed promptly via the platforms, allowing us to reach a wider demographic of customers.

Digital Video Screens (Portmore Toll Plaza)

As part of the objective to find additional effective ways to communicate with our customers, six (6) digital video screens (three (3) in either direction) were installed at the Portmore Toll Plaza in September 2022.

The screens allow for pertinent information on promotions, special rates, safety tips, and special advisories to be shared in real-time with road users along with some well-received positive and encouraging messages.

Additional screens are scheduled to be installed at all other toll plazas within the first quarter of 2023.

ENVIRONMENT, SOCIAL & GOVERNANCE : PROTECTING THE ENVIRONMENT

In our continued efforts towards environmental sustainability, the Highway 2000 East-West Group has set major objectives aligned with our Environmental Action Plan for 2022. We are constantly improving ways to achieve these objectives, with water, fuel and energy conservation being just some of the areas of focus. We have dedicated constant efforts to implementing and maintaining sustainable development practices throughout our operations to encourage our teams to strive for conservation of our resources.

The subsidiary maintains a formal policy and procedure in line with their obligations prescribed under the ISO 14001:2015 Environmental Management Systems certification. This policy identifies and evaluates the impact of its activities and services on various environmental aspects. An environmental register is kept to include rating scores assigned for the significance and potential impact of the risk associated with each aspect. The significant environmental risks are also monitored by incorporating them in a formal 'Objectives and Targets Action Plan', which is analyzed quarterly by a Management Review Committee.

MANGROVE MONITORING

Following the construction of the Portmore Causeway leg in 2004, a Mangrove replanting exercise was implemented to mitigate mangrove loss as a consequence of the construction.

Since then, we have continued to monitor the mangrove growth and have seen an increase of 93% following a monitoring study done during the reporting year. This was achieved by preserving and re-planting this precious natural barrier. Mangroves help to:

- clean the air that we breathe
- stabilize the ecosystem
- provide valuable natural barriers to storm surges, an element that is crucial in low-lying areas particularly during extreme weather events such as hurricanes.

GHG REDUCTIONS AS A RESULT OF SOLAR

Investing in solar panels is a decision that requires careful consideration of various factors, including initial costs, long-term benefits, and environmental impacts. In 2018, our Operator invested in solar panels at all toll plaza locations. As such, the Vineyards, Spanish Town, Portmore and May Pen were outfitted with grid-tied solar PV systems, with a total of 1058 panels at the plazas. This initiative has since reaped considerable economic and environmental benefits.

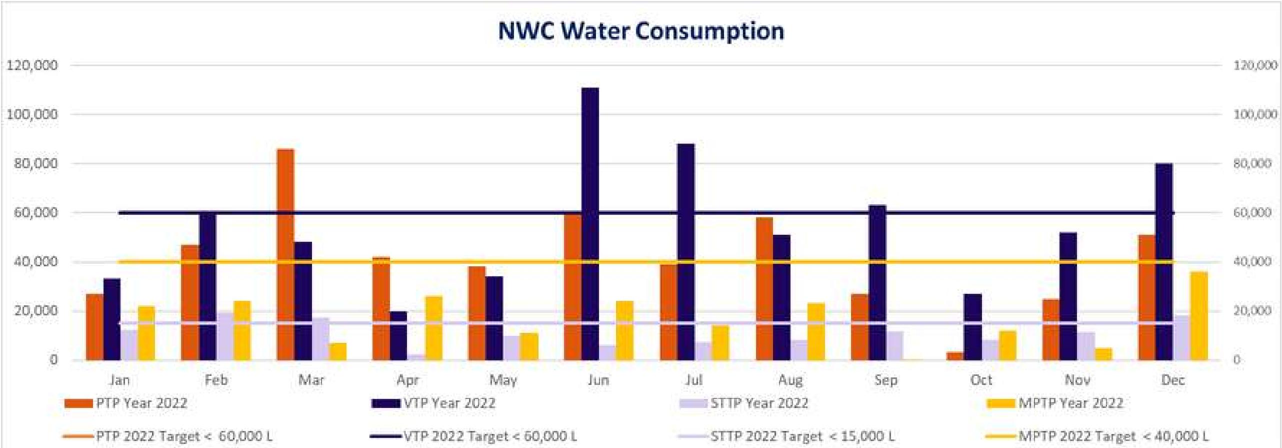
Over the years, JIO's electricity consumption from the grid and resultant GHG emissions has steadily declined from 2014, resulting from a variety of initiatives which included a systematic change over to LED bulbs and purposeful conservation campaigns. Considerable declines in consumption were seen subsequent to the installation of a sizeable photovoltaic system across our operations. The 2018 investment saw electricity consumption moving from an average of 872,000 kWh annually to an average of just under 446,000 kWh up to December 2022. Additionally, electricity costs moved from an average of JMD $24 million annually (JMD $30 million in 2014) between 2014 and 2017 to an average of just under JMD $15 million from 2018 to 2022. Over similar comparative periods, GHG emissions were reduced from an average of 572 Tons CO2 eq. annually to 140 Tons CO2 eq.

Additionally, all buildings in our operation are fitted with individual inverter AC units as opposed to a centralized system and motion sensor light controls are in some offices.
We also have a total of 231 solar streetlights installed at strategic locations along the highway corridor.

Our commitment to green initiatives have not only proven be economical, but also environmentally wise decisions that will continue to lead to long-term cost savings, environmental benefits, and contribute to a sustainable future.

As we evolve, our next steps will include adding batteries to store the harvested FREE energy from the Sun and to also add electric vehicles to our fleet .

ENVIRONMENT, SOCIAL & GOVERNANCE : PROTECTING THE ENVIRONMENT

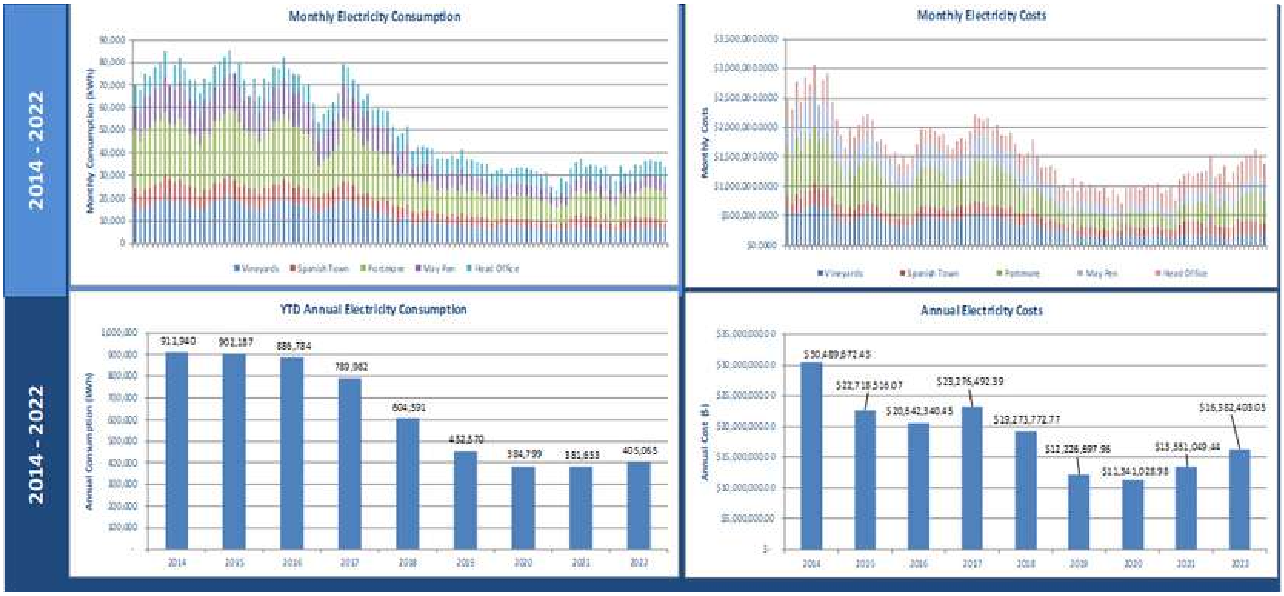


RAINWATER HARVESTING

Our operation is carried out with very low levels of water loss. The Operator and now Subsidiary maintains a robust rainwater harvesting program to reduce cost and consumption from the national supplier. This also provides an alternative supply during water restrictions and helps in carrying out irrigation and maintenance activities. Rainwater catchment tanks are installed at all toll plazas with the capacity to hold 140,000 litres at any given time. The harvested water is used to maintain various aspects of the operations including greenery maintenance, washing of vehicles and flushing toilets. A total of 308,859 litres of harvested rainwater was consumed for the year 2022, across all toll plazas.

Our in-house Energy and Water Usage/Loss assessment revealed that our buildings and fleet vehicles are maintained in a manner that optimizes energy efficiency, reduces our carbon footprint and is carried out with very low levels of water lost. Our on-going initiatives and efficiency gains have motivated and encouraged the buy-in of our team members to lower our impact on the environment.

ENVIRONMENT, SOCIAL & GOVERNANCE : PROTECTING THE ENVIRONMENT



REDUCTION IN FOSSIL FUELS

Fuel consumption within our operations has varied over the years, with some years showing an increase and others showing a decrease. The highest fuel consumption was recorded in 2015 with 94,989 liters, while the lowest was recorded in 2020 with 60,782 liters which is directly linked to reduced activities with the onset of the Covid-19 pandemic and containment measures.

There was a clear decline in fuel consumption from 2015 to 2016, with a decrease of around 16.6%. This trend continued until 2018 when fuel consumption stabilized at around 62,000 liters per year. From 2018 to 2022, fuel consumption remained relatively stable, with a slight increase of 10% in 2022, reaching 67,452 liters resulting from an uptick in business operations. As part of our ongoing conservation initiative to reduce fuel consumption, our operational fleet are outfitted with tracking devices with the capability of remotely monitoring driving patterns that result in excessive consumption (e.g., aggressive acceleration, vehicle idle time and speeding).

WASTE MANAGEMENT

The waste disposal data for the Group for the years 2021 and 2022 includes the amount of waste sent to the dump, the amount of non-hazardous and hazardous waste recycled.

Total Amount of Waste Sent to the Dump

Our data shows that in 2021, 354.91 tons of waste were sent to the dump, which increased slightly to 363.76 tons in 2022. This indicates that the company produced a similar amount of waste over the two years. The slight increase can perhaps be linked to a continued recovery of business activity that had seen a decline during the Covid-19 pandemic.

Non-Hazardous Recycling

Our data indicates that the companies recycled 43.62 tons of waste in 2021 and 44.29 tons in 2022. The waste recycled included scrap metals, tyre scraps, paper, and receipt cores. The increase in the amount of waste recycled is attributed to our efforts to reduce our environmental footprint.

Hazardous Waste Recycled

Our data shows that in 2021, the companies recycled 0.53 tons of hazardous waste, which decreased to 0.04 tons in 2022. The hazardous waste that was recycled included batteries (UPS batteries, etc.) and waste toner cartridges.

ENVIRONMENT, SOCIAL & GOVERNANCE : PROTECTING THE ENVIRONMENT

WASTE MANAGEMENT

JIO/TJH WASTE MANAGEMENT (PER METRIC TON)			
Non-Hazardous (Recycled)	**2021**	**2022**	**% Change**
Paper	5.94	3.96	-50%
Tyre Scraps	27.38	22.48	-22%
Scrap Metal	10.25	17.81	42%
Receipt Core	0.053	0.048	-9%
Total	**43.618**	**44.293**	**2%**
Hazardous (Recycled)	**2021**	**2022**	**% Change**
Batteries	0.46	0.04	-985%
Waste Toner Cartridge	0.07	0.00	-106%
Total	**0.53**	**0.045**	**-1091%**
Collected (Dump)	**2021**	**2022**	**% Change**
Solid Waste	354.91	363.76	2%
Total	**354.91**	**363.76**	**2%**

TREES PLANTED

Highway 2000 East-West partnered with NROCC and the Forestry Department on Saturday 21st May 2022 to plant trees in support of the Government's 'Three Million Trees in Three Years' National Tree-Planting Initiative. Staff and other volunteers gathered and planted approximately 400 ornamental trees along the motorway in the vicinity of the Spanish Town Toll Plaza.

SOCIAL INITIATIVES

We remain committed to nation building through social development, environmental protection and educational enhancement and continue to foster good corporate social responsibility initiatives where possible. Staff are also encouraged to participate in these events. Here are a few highlights for initiatives carried out in 2022:

Biodiversity Project

The Biodiversity Centre is a vital step towards promoting Jamaica's protection of the country's wealth in biodiversity strategically through the sensitization and education of our children. Through our partnership with the Institute of Jamaica, we continue to optimize the potential of the Centre by providing equipment and resources for biodiversity related activities. These resources serve to concretize concepts taught in the programme, related to the classification, and grouping of animals and plants as well as provide a stimulating reference Centre for anyone with interests in Biodiversity. In 2022, repair works were carried out at the Centre. This included the re-tiling of the Centre and the power-washing of the building.

It is our hope to see similar programmes integrated in the curriculum of schools across the island with a view to widen the awareness & preservation of Jamaica's natural resources. It is the next generation that is the future; therefore, we need to start with the children.

ENVIRONMENT, SOCIAL & GOVERNANCE : PROTECTING THE ENVIRONMENT

SOCIAL INITIATIVES

Earth Day 2022

The Natural History Museum of Jamaica's Annual Earth Day competition was launched the 2022 under the theme "Earth Our Home: Preserving what's left". The competition is aimed at encouraging appreciation and preservation of the natural environment and was open to students between the ages of 12 – 19 years, who submitted entries to the Literary Arts, Poster, Photography and Design Model categories. TransJamaican Highway Limited and our subsidiary Jamaican Infrastructure Operator Limited showed our support once again by sponsoring the cash prizes for the winners of the competition. Our Team members were also there to cheer them on at the Awards Ceremony and participated in the handing over of the prizes to the winners.

International Coastal Clean-Up Day

Teams across the Group once again participated in the International Coastal Cleanup (ICC) Day. Last year, we partnered with the Lions Club of Clarendon with over 70 persons volunteering their services to take part in the International Coastal Beach Clean-up held on September 17, 2022 at the Jackson Bay Beach in Clarendon. The aim was to increase public awareness of the rising levels of pollution. A total of 1,073 lbs of garbage were collected.

Annual Highway 2000 East-West Heath & Wellness Fair

The Group, for the first time, held a health and wellness fair with the aid of with our health provider Sagicor and their Mobile Wellness Unit. The Fair was held last November at our Portmore and Vineyards Toll plazas. It was well attended by more than 100 participants across the road network including staff, contractors and their immediate family members. It is our hope that the health services provided will be a prudent investment in the well-being of our staff and beneficiaries, reaping long-term value for all.

ENVIRONMENT, SOCIAL & GOVERNANCE : PROTECTING THE ENVIRONMENT

SOCIAL INITIATIVES

National Reading Competition

The Jamaica Library Service hosted the 2022 annual Reading Competition under the theme "Re-igniting a Nation to Read". The competition is geared towards encouraging good reading habits, developing reading and literary skills and fostering continuing education in adults. The Highway 2000 East-West Group was happy to be a part of this program and sponsored prizes for the St. Catherine Parish Champions for all age categories. This included trophies, Samsung tablets, gift cards and baskets, along with cash prizes.

DONATIONS

The Silverstone Basic School in Portmore St. Catherine was the recipient of two brand new bathrooms for two of their classrooms. The children will now benefit greatly from the two new additions to their school structure.

PEOPLE AND COMMUNITIES

Highway 2000 East-West is committed to the sustainable development of the communities we come across and improving the lives of the people within those communities. As pioneers in a developing country, we believe in the importance of offering new ideas, new concepts and adopting international best practices, that will help our employees to grow and have a brighter future. Offering opportunities to enhance the lives of citizens living in communities along the layout of the road is paramount as well.

Highway 2000 East-West wherever possible has:

- Worked with Jamaican companies to limit imports of goods or services. Local sub-contractors are also employed as much as possible
- Fostered in-house expertise - In-house expertise is used to retrofit & maintain toll equipment and support the French developed Toll system from GEA.
- Hired locally - as at year end 2022 and for the first time in the history of the project, all our employees were all Jamaicans!

At the end of the reporting period, we had a staff count of 227 employees. Of this, thirty-one (31) are directly employed to JIO and nine (9) to TJH. One Hundred and Eighty-Seven (187) are contracted with two outsourcing companies - Choice Business Solutions and United Management Services. Our Toll Collections and Maintenance functions are predominantly outsourced.

We also continue to foster good relations with our surrounding communities through activities such as employing casual workers from these communities. Workers are also offered the chance to be self-sufficient by earning fair wages for different jobs such as fence repairers, road-sweepers and goat-herders. The feedback has been very positive with approximately 25 to 40 persons being employed as casual workers each month.

RIGHT PEOPLE, RIGHT PLACE, RIGHT SKILLS

Great Customer Service is essential to providing optimal service to our customers, at Highway 2000 East-West we pride ourselves on a recruitment process that places emphasis on employing team members that embodies these traits. Internal customer service training also forms a part of our induction training, with refresher courses done annually for some categories of staff.

TRAINING OF STAFF

The Group continually seeks to improve our labour force and working conditions for all categories of workers through our performance management process. Last year, internal and external training was facilitated for staff as it relates to their specific job functions, career growth path and also for their personal development. Some persons are also currently attending tertiary level institutions for which we provide financial assistance in line with our new educational assistance policy.

GREAT EMPLOYEE EXPERIENCE

Employee performance awards and recognition are also integral for our organizations. The operations teams benefit from our Team Member of the Month Award, where a team member from each toll plaza is highlighted for their exceptional work each month. The tenure of our direct staff members is acknowledged by giving them seniority awards after 10 years, 20 years and 30 years with the company.

The Group firmly abides by the statutory dictates of the country's labour laws and industrial relations practices, including honouring of the minimum age of employment which is 18 years old. All our compensation arrangements exceed the national minimum wage.

The freedom of association and the effective recognition of the right to collective bargaining is upheld, where the subsidiary's Staff Association is fully active among the staff body. The Association has successfully negotiated on behalf of the staff, for non-monetary benefits such as:

- additional vacation entitlement for senior staff
- awards recognition for long servicing staff members.
- increase of Employer's pension contributions, from 5% to 10%.

The Group has also since added Paternity Leave to our list of existing benefits, offering three (3) weeks leave with full pay to our fathers.

PEOPLE AND COMMUNITIES

IMPROVING STAFF FACILITIES

Plans are already attuned to renovate staff facilities at the toll plazas, starting with the Portmore Toll Plaza and then the other locations gradually over the next two years. Renovations will include upgrading the kitchen, bathroom facilities and creating a lounge area for staff.

We are also actively pursuing the relocation of our head offices to our Portmore location. The architectural drawings and other associated reports were finalized during the year and will be submitted for early 2023.

REINVIGORATING STAFF GET TOGETHERS

The COVID-19 pandemic placed a damper on many things including our staff "Lymes". Since the lifting of the various measures last March, we have made efforts to revamp our quarterly staff social activities across all locations. We will also be re-establishing our sports teams to once again participate in the Business House competitions. We are also re-energizing our Inter-Plaza League (IPL) Competition which started in 2019, where staff from each location (including the head office) play football and netball in a friendly display of sportsmanship and athletic prowess. The events have been generating good support and aids in strengthening staff comradeship.

ENGAGED AND MOTIVATED COLLEAGUES

As seen above, we encourage the participation of team members in our Corporate Social Initiatives. Over the years, the participation levels have been steadily increasing despite the limitations of a 24-hour run operation. For this, the shifts are at times synchronized to allow members the opportunity to share in these rewarding activities.

We have also been engaged in campaigns to show our support to our frontline staff by highlighting issues of disrespect that they are faced with by some customers. Our “Respect me, Respect you, Respect due” theme can be seen at all our locations and on social media platforms. We have also included in our team meetings professional counselling to assist with the motivation and mental wellness of our team members.

RISK MANAGEMENT

As a Group, we have established guidelines aimed at managing our risks. This allows us to maintain high standards, support the continual achievement of our corporate and operational objectives and also ensure our financial sustainability.

Risks are identified by the anticipated potential impact on the organization, operations and our stakeholders. They are managed through an integrated process which ensures that they are clearly defined, measured, monitored and understood. Risk assessment and evaluation is also included to determine the threat level, potential impact, and the degree of mitigatory or control measures required.

Managers have the responsibility for identifying, assessing and managing the risks within the scope of their assigned responsibilities. This is achieved through the active involvement of all employees with strong oversight by the Managing Directors.

The group has a full-fledged risk management process aligned to the dictates of ISO 9001:2015. The Subsidiary/Operator also maintains the ISO 14001:2015 certification.

PRIORITISING OUR RISKS

Risks are analyzed by categorizing and ranking the identified risks based on the likelihood/probability of occurrence and potential consequence if the event does occur and using a risk rating matrix with both to assign a ranking of High or Medium.

A Risk Register is used to record identified risks, their severity, the probability of occurrence and the actions to be taken to control the risk.

MITIGATING OUR MAJOR RISKS

Reducing the probability of risks is of high importance and the companies work closely together with our stakeholders to mitigate the impact of risks at both the operational and strategic levels. The companies have implemented various strategies to minimize and eliminate any adverse consequences of the risks such as:

- business continuity & contingency plans
- maintaining adequate insurance

MONITORING OUR RISKS

We fully understand that few if any risk will remain static. As such periodic reviews forms an integral part of the risk management plan employed. High-rated risks together with some of the medium rated ones are monitored and reported on monthly in various forums, including:

- Weekly and Monthly internal and external stakeholder meetings
- Monthly contractual reports issued by JIO and
- through quarterly IMS Management Review sittings.

These reviews not only monitor our existing risks but also contemplates new ones which may have arisen, thus allowing for continuous updates of the Risk Registers.

MAJOR RISKS

Our risk management principles are anchored on the theme that the Group will ensure any risks undertaken are clearly understood, measured and managed. Risks are priortised based on the likelihood of occurrence and the potential impact. The responsibility of Business Unit managers to recognise their role as the owners of risk is also important, as is their accountability for effective risk management practices within their respective business units.

The determined risks are assigned a rating from four categories ranging from Low to Critical collectively for the Group and are calculated with respect to the likelihood of occurrence and the potential consequences or impacts. The nature of further action that is required, and the urgency with which further action should be undertaken, are also taken into careful consideration.

RISK MANAGEMENT

FINANCIAL RISKS

These risks can be diverse in nature and can occur based on the influence of internal or external factors. Financial risks typically can result in a loss of capital for stakeholders and failure of the Group to meet its debt repayment obligations. The Group takes a strong approach in identifying these potential risks and safeguarding the Group as much as possible from such occurrences, by implementing and monitoring strong mitigating activities. Some financial risks faced includes the:

- **Failure to Service the Secured Notes issued/Bonds** on time due to a lack of funds from issues such as low revenue collections, depreciation of the Jamaican dollar and the failure to acquire sufficient US dollar to repay the debt. This can result in a breach of contract, penalty interest charged by banks amongst other things. TJH has taken steps to mitigate and control this risk by implementing various methods including careful budgeting and monitoring of income and expenses.
- **Un-Availability of USD** resulting from a shortage of USD on the market which can result in issues such as the failure to make loan repayments in full or on time, failure to pay the necessary O&M section of the Contract fee and failure to purchase supplies necessary for the operation from overseas suppliers in a timely manner. Mitigating activities includes the conversion of JMD to USD more frequently where possible, payment of liabilities in JMD wherever possible, expanding the institutions from which USD is sourced, thereby saving our USD and liaising with banks to get as much USD as possible when available.
- **Toll Rate Increase** implementation carries its own risks as though we strive to always give our customers affordable service at the best possible rates, the costs to operate and maintain the toll road in excellent and first-class conditions have to be carefully considered and delicately balanced. Increase in toll rates carries the risk of customers boycotting the highway, demonstrations and malicious destruction of toll property – all of which can result in a decline in revenues. TJH continually strives to carefully analyze any increase with the assistance of traffic advisors who assess and evaluate the options. Prior to any increase, applications are made to the Toll Regulator and customers are given adequate warning and effectively sensitized to the impending changes. The discounts applied to the T-Tag (reduced rates and Frequent User Discounts), are also used to minimize the risk and offer options to our customers.

OPERATIONAL RISKS

Operational risks can be either direct or indirect and can result from disruptions to the operations as a result of a failure in internal processes, people, systems or from external events. Operational risks refer to both the risks in operating the toll road and the processes management uses when implementing, training, and enforcing policies. Two such risks identified are:

- **Animals on the Highway** involves the intrusion of animals such as goats, dogs and cows getting onto the highway through holes in fencing as a result of vandalism. Highway lands are often seen as prime feeding ground by the owners of these animals, who often times cut the fencing allowing their animals to graze along the highway. The consequences of such an action can result in accident/injury to customers and/or their vehicle, damage to fencing and other infrastructure, legal claims arising from the incident and increased cost of insurance premium due to an increase in liability. The subsidiary continues to vigilantly and regularly patrol the highway for broken fences and animals, use warning signs in vulnerable areas, employ members from surrounding communities and give them "emergency repair kits" to mend fences speedily, engage Goat catchers to catch stray animals and remove discarded food to avoid attracting dogs, especially near communities along the highway.
- **Pandemic, Epidemic or other Local/Global Health Crisis** resulting from a local or global health crisis that is contagious and potentially harmful to the health of staff and the public. We have seen the significant and varied impact of such an event with the occurrence of COVID-19 around the world, which saw our operations affected by a reduction in traffic and revenues due to restricted movements instituted by the Government. Other consequences recognized and monitored are the closure of one or more locations due to the spread of infection and the inability to meet service operational requirements due to reduced staff compliment. We continue to vigilantly monitor any such occurrence and have created action plans and procedures to guide us accordingly.

MANAGEMENT DISCUSSION & ANALYSIS

The following discussion contains an analysis of our results of operations for the twelve-month period ended December 31, 2022, and financial position as at December 31, 2022, and should be read in conjunction with the Audited Financial Statements for the year, together with the notes thereto, which have been prepared in accordance with IFRS as adopted by the International Accounting Standards Board.

KEY FACTORS AFFECTING THE COMPANY'S FINANCIAL PERFORMANCE

The following are some significant factors affecting TJH's results of operations:

TRAFFIC RECOVERY FOLLOWING THE LIFTING OF TO THE COVID-19 RELATED MEASURES

Following the lifting of COVID-19 related measures in March 2022, we saw significant recovery. There was a 7% increase over the pre-pandemic year of 2019.

ACQUISITION OF THE OPERATOR

On December 20th 2022, the acquisition of the Operator JIO was completed. Though the transaction has resulted in a one off settlement loss of US$13.9 million for FY2022, this acquisition is expected to reduce our operating cost significantly going forward.

INTANGIBLES AMORTIZATION

Intangible assets represent the Company's rights under the Concession Agreement and include the costs of design, site installation, earthworks and construction of bridges, structures and pavements. Amortization is charged so as to write-off these costs over the concession period based on external projections of traffic on the highway.

MAJOR MAINTENANCE

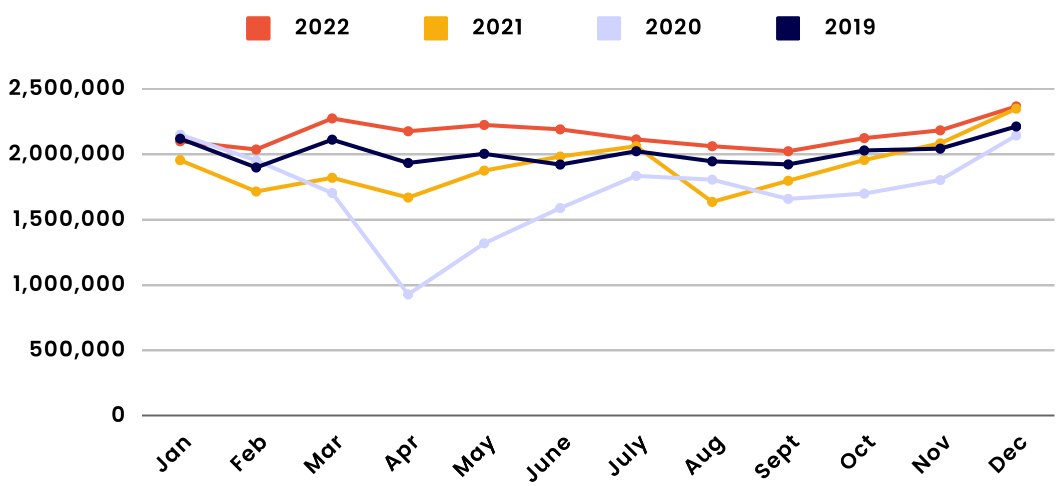
As a part of the Company's obligations under the Concession Agreement, we routinely carry-out major maintenance repair works based on specific projections and assumptions developed under a maintenance program which is reviewed by the Independent Engineer annually. Major maintenance works includes corrective and rehabilitative works, including maintenance of highway pavements, toll road equipment, main structures, minor structures and tolling equipment.

KEY FACTORS EXPLAINED

TRAFFIC RECOVERY FOLLOWING THE LIFTING OF THE COVID-19 RELATED MEASURES

After two years of balancing the welfare of our teams and that of our operations, whilst adhering to the measures implemented under the Disaster Risk Management Act, the lifting of those measures in March 2022 had significant impact on our post Covid traffic recovery.

As seen in the graph below, our traffic for FY2022 had fully covered to and above pre-pandemic levels by 7% (2020 -14.8%, 2021 -4.8%).



ACQUISITION OF THE OPERATOR

For us, this acquisition represented the final piece of the restructuring plan which was started in 2019, to localize the ownership of the Highway 2000 East-West network. To recap the other pieces from our previous reports, the following have been done since then:

- Dec 2019 - 100% Acquisition of TJH shares by NROCC
- March 2020 - Sale of 80% TJH shares on the JSE
- Dec 2022 - Acquisition of 51% shares in Operator JIO (see pg. 27 Managing Director's report)

The investment in subsidiary was at a cost of US$16.1 million and was apportioned as follows:

KEY FACTORS EXPLAINED

Monthly Fixed & Variable Fees Paid to the Operator

The Acquisition has allowed for amendments to the O&M Agreement including the modification of the Operator's fee structure. Prior to the completion of the acquisition, the Operator's fee included a Fixed and Variable component. The Monthly Variable Fee corresponded to 3% percentage of our revenues as such increases in yearly revenues also result in an increase to the Monthly Variable Fee. The Monthly Fixed Fee was subject to monthly indexation in accordance with a formula set forth in the O&M Agreement which fluctuated based on the movement in CPI and in the U.S. dollar/J$ exchange rates. This level of fluctuation saw the fees increasing at an average of 32% over the last five years.

The new fee is now based on:
- a monthly lump sum fee of US$447,500 payable in arrears;
- a monthly variable fee corresponding to 5% of the Theoretical Toll Revenues ("Variable Operational Fee").

This new fee structure transfers a greater risk of the traffic variations to the Operator and is expected to result in an over 50% cost savings to the Group.

INTANGIBLES AMORTIZATION

Intangible assets represent the Company's rights under the Concession Agreement and includes the costs of design, site installation, earthworks and construction of bridges, structures and pavements.

Amortization is charged so as to write off these costs over the concession period based on external projections of traffic on the highway. These projections are based on various estimates and assumptions surrounding, among other things, growth in gross domestic product, inflation and the Toll Road traffic demand. These estimates and assumptions were recast in May 2021 by STEER, an independent traffic consultant with expertise in these matters, to incorporate the projected impact of the COVID-19 pandemic. The current year's cost is based on these projections in addition to actual traffic for the year.

MAJOR MAINTENANCE

As part of the Company's obligations under the Operation & Maintenance Agreement, we conduct major maintenance repairs based on specific projections and assumptions developed under a maintenance program reviewed by the Independent Engineer. Major maintenance includes corrective and rehabilitative works, including renewal of toll road pavements, toll road equipment, ancillary structures and network control equipment. Actual cash outflows may vary from year-to-year due to repair obligations under the O&M Agreement based on the length of operation of the Toll Road.

See page 35 of section: Well Maintained Roads for some key activities performed this year.

5 YEAR FINANCIAL STATEMENTS REVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
FOR THE YEAR ENDED DECEMBER 31 (U.S.$ IN THOUSANDS)					
Income Statement Data	**2022**	**2021**	**2020**	**2019**	**2018**
Revenue	**65,006**	**52,755**	**45,382**	**53,285**	**52,430**
Other Gains & Losses	1,047	3,140	1,638	3,859	4,122
Operating Expenses	**(39,909)**	**(34,057)**	**(31,078)**	**(36,008)**	**(33,049)**
Administrative Expenses	(1,749)	(1,213)	(1,303)	(1,292)	(1,130)
Finance Costs	(14,798)	(15,284)	(17,123)	(11,469)	(15,365)
One Time/Exceptional Cost	**(13,883)***			**(21,518)**	
Profit/(Loss) Before Tax	**(4,286)**	**5,341**	**(2,484)**	**(13,143)**	**7,008**
Taxation	(2,854)	(1,350)	613	21,443	(658)
Net Profit/(Loss) Being Total Comprehensive Income/(Loss) for the Period/Year	**(7,140)**	**3,991**	**(1,871)**	**8,300**	**6,350**
EPS	**(0.0006)**	**0.0003**	**(0.0001)**	**0.0007**	**0.0005**
EBITDA Margin (excluding other gains & losses)	35.8% *	56.8%	53.9%	62.2%	66.1%
***2022 EBITDA adjusted for One-Time Exceptional Cost**	**57.2%.**				

REVENUE

Revenue for the Group mainly relates to the operation and maintenance of the Toll Road and is recognized in accordance with IFRS 15. For FY2022, Jamaica like most of the world's major economies began to rebound from the COVID-19 pandemic, especially since March, following the full relaxation of the measures that were still in place to combat the spread of this virus. As indicated throughout this report, this allowed the strong signs of traffic recovery which began in the previous year to continue and lead to robust revenues of US$65 million for the year. This was a 23% increase over the previous year.

OTHER GAINS AND LOSSES

Other gains and losses are comprised primarily of the gains produced by financial market operations and financial income on investment instruments, the valuation of equity instruments, revenue from secondary developments, and exchange gains realized on the revaluation of the 8.0% (JMD) Cumulative Redeemable Preference Shares. For FY 2022, other gains for the Group were US$1 million, reflecting a decrease of US$2.1 million, when compared to other gains of US$3.1 million for the same period in 2021 and mainly resulted from lower foreign exchange gains emanating from the revaluation of the 8.0% (JMD) Cumulative Redeemable Preference Shares and a decrease in year-end amounts written off from the Toll reconciliation process.

This was also offset by slight increases in income from secondary activities and interest earned on invested funds during the year.

OPERATING EXPENSES

Operating expenses consist of the costs of operation and maintenance of the Toll Road. For FY 2022, the costs primarily included the Operator's (JIO) costs (both fixed and variable), repairs and maintenance, marketing, insurance and other expenses (including bank charges, utilities, consultants etc.). Also included is the amortization of intangible assets which varies based on the actual and projected traffic during the concession period. The Group's Operating expenses for FY 2022 were US$39.9 million, a 17% increase compared to US$34.1 million for FY 2021.

The chart below shows the increase in Operational Cost over the last 5 years (excluding amortization of intangibles and this year's settlement loss).

STATEMENT OF COMPREHENSIVE INCOME

OPERATING EXPENSES

The key changes in operating costs over the prior year period mainly related to:

Item	FY2022	FY2021	Change	Comments
Legal and Professional Fees	2.6	0.4	2.2	Primarily related the commissioning of a range of consultants including attorneys, banks and other professionals to ensure the success of the acquisition of the Subsidiary
Operator's Fee	19.7	18.0	1.7	Fees charged by the Subsidiary prior to the acquisition
Intangible assets Amortization	13.7	12.3	1.4	In line with increased traffic for the year
Others	4.0	3.3	0.6	Includes increased marketing and insurance cost

ADMINISTRATIVE EXPENSES

Administrative expenses for the Group were approximately 44% above that of the prior year and are comprised mainly of staff costs depreciation of property, plant & equipment, taxes and levies and other miscellaneous expenses. Last year's administrative expenses were US$1.7 million, reflecting an increase of US$0.5 million, compared to administrative expenses of US$1.2 million incurred by the Company for the same period in 2022. In addition to some post-acquisition cost for the Subsidiary, this was primarily due to the bolstering of our team to include new staff to lead the charge of our marketing efforts. There was also the annual review of salaries and an overall increase in administrative expenses following the lifting of the COVID-19 measures in March of last year.

SETTLEMENT COST

A one-time cost of US$13.9 million for the year as explained above (also see note 9 of the 2022 Financial Statements).

FINANCE COST

The US$225 million Senior Notes issued in February 2020, pays interest on a quarterly basis at a rate of 5.75% and matures in 2036. For FY2022, finance costs were US$14.8 million, reflecting a decrease of US$0.5 million compared to US$15.3 million for FY 2021. This is in keeping with the reduction in the issued amount since principal is also being repaid on a quarterly basis. (see Note 14 the 2022 Financial Statements).

PRE-TAX PROFIT FOR THE PERIOD

A loss before tax of US$4.3 million was realized for FY2022 compared to a pre-tax profit of US$5.3 million for FY 2021. Though impacted by the aforementioned factors, this was primarily related to the settlement loss associated with the acquisition of the Subsidiary JIO (Pre-tax profit without this one-time element would have been US$9.6 million).

PROFIT AFTER TAXATION

The Group's tax charge for FY2022 comprised of corporate tax of US$1.34 million and deferred tax of US$1.5 million which allowed for total comprehensive loss for the year of US$7.1 million. This compares to deferred tax charge of US$1.3 million which resulted in the Company' realizing a profit of US$4 million for FY2021.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION SUMMARY					
USD $ '000	2022	2021	2020	2019	2018
Current Assets	6,258	7,470	8,264	9,627	3,902
Non-Current Assets	**281,879**	**301,768**	**312,215**	**282,582**	**306,609**
Shareholders' Equity	39,991	54,131	57,040	65,251	56,951
Current Liabilities	16,487	14,334	11,722	156,348	20,293
Non-Current Liabilities	**231,659**	**240,773**	**251,717**	**70,610**	**233,267**

ASSETS

As of December 31, 2022, total assets for the Group comprised of:

Intangible Assets

US$212 million and represents the Group's primary asset relating to our rights under the Concession Agreement and are reported at cost less accumulated amortization and accumulated impairment losses.

Deferred Tax Assets

US$19.2 million. For the Group, deferred tax is recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized.

Restricted Cash

US$49.3 million and refers to funds held in reserve accounts specifically for Debt Servicing, Major Maintenance, Operational Cost and for approved distributions.

Other Assets

US$7.6 million and includes Cash and Bank, Property and equipment and our Right of use relating to the leasing of our Head Office Building and other current assets.

LIABILITIES

As of December 31, 2022, the Group's liabilities primarily comprised of:

Borrowings

US$209.8 million, representing the principal outstanding on the secured notes issued to repay the cost of developing the Highway.

Cumulative Redeemable Preference Shares

US$24.9 million, representing (in USD) the Cumulative Redeemable Preference Shares which are subordinated to the secured Notes in all respects, including without limitation, as to any right of payment (other than dividends paid). These 8.0% Preference Shares are denominated (JMD 3.8 billion) in Jamaican dollars and pay interest quarterly.

Provisions for Renewals

US$9 million, this provision for Toll Road repairs represents estimated costs for scheduled repairs ranging from seven (7) years to the end of the concession period based on certain projections made over the course of the concession period. This provision is based on the same estimates and assumptions included in the Company's annual operations and maintenance plan (the "O&M Plan") which is reviewed by the Independent Engineer - ARUP.

Other Liabilities

US$4.4 million and includes Lease and Contract liabilities, Tax payable for FY 2022 and short-term operations related payables.

EQUITY

The Group has a share capital of US$27 million. Our shareholder's equity fluctuations are due to variations in the accumulated profit/loss over the years. Between FY2022 and FY2021, loss of US$7.1 million along with the US$7 million distribution to our shareholders resulted in accumulated profits of US$13 million at the end of FY2022.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

TRANSJAMAICAN HIGHWAY LIMITED AND ITS SUBSIDIARY

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

(Expressed in United States dollars)

TRANSJAMAICAN HIGHWAY LIMITED AND ITS SUBSIDIARY

YEAR ENDED DECEMBER 31, 2022
(Expressed in United States dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Members of Transjamaican Highway Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Transjamaican Highway Limited and its subsidiary ("the Group"), and the separate financial statements of Transjamaican Highway Limited ("the Company"), which comprise the Group's and Company's statements of financial position as at December 31, 2022, the statements of comprehensive (loss)/income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group as at December 31, 2022, and of the consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the Jamaican Companies Act.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying the consolidated and separate financial statements.

A member firm of Ernst & Young Global Limited
Partners: Kayann Sudlow, Anura Jayatillake, Juliette Brown, Karis Lewin, Hopeton Williams

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of Transjamaican Highway Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
Deferred tax assets – recoverability of tax losses carried forward	
As discussed in Note 8 and Note 20, at December 31, 2022, a net deferred tax asset of $19.21 million was recorded on the consolidated statement of financial position in respect of deferred tax assets of $26.58 million and deferred tax liabilities of $7.37 million for the Group. Included in the assets is $25.14 million representing deferred taxes in respect of tax losses carried forward and available indefinitely in respect of the Company. The Group has recognized deferred tax assets related to tax losses to the extent that the realization of the related tax benefits through future taxable profits is probable. The estimate of future taxable profits is based on the strategic financial plan which requires management and the Board of Directors to exercise significant judgements in determining assumptions of forecasts of future taxable profits, including expectations for future revenue developments (traffic projections) as well as overall macroeconomic conditions. The recognition of deferred tax assets is therefore sensitive to changes in the strategic financial plan as well as to the assumptions made in the estimation of future taxable income.	As part of our audit procedures, we have: - obtained an understanding and evaluated the design and implementation of the Group's key controls over the recognition and measurement of deferred tax assets; - involved EY specialists to assess the reasonableness of the key economic assumptions embedded in the strategic financial plan; - compared the Group's forecasted future taxable income to externally available data and the Group's actual historical data and performance and assessed the sensitivity of the outcomes to reasonably possible changes in assumptions; and - evaluated the adequacy of the disclosures in the notes regarding the recognition of deferred tax assets based on unused tax losses.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of Transjamaican Highway Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
Intangible assets relating to service concession agreements (IFRIC 12) and related impairment assessment	
Intangible assets amounted to $212.09 million as of December 31, 2022 and accounted for 74% of the total non-current assets for the Group. As discussed in Note 4, amortization is charged so as to write off the cost of intangible assets over the period of concession using a projection of traffic on the highway over this period. This projection was reassessed in May 2021 by Steer, an external consultant from the United Kingdom and further amended at the end of the 2021 reporting period to incorporate the projected impact of the Coronavirus (COVID-19) pandemic. The projection is based on various estimates and assumptions surrounding, among other things, macroeconomic variables and toll road traffic demand. These assumptions can vary in practice and the actual outcome depends on such factors as population growth and the development of other sections of the highway. The policy of the Board of Directors and management is to update the forecast periodically based on the actual traffic. At the end of the reporting period, management performed an impairment assessment on the intangible assets which were within the scope of IFRIC 12. The recoverability of these assets was verified through a comparison between the carrying amount and the recoverable amount, being the higher of fair value and value in use.	As part of our audit procedures, we have: - obtained an understanding and evaluated the design and implementation of the Group's internal control over processes related to the intangible assets; - verified the reconciliation of the register to the general ledger values and the completeness and accuracy of the actual traffic data and recalculated amortization charges for the year; - placed reliance on the external consultant's traffic projection report over the concession period and therefore assessed the external consultant's qualifications (i.e. professional certification, membership in an appropriate professional body), experience and reputation in the field. We also assessed the external consultant's objectivity and with the assistance of EY specialists, evaluated the work performed (including reviewing the assumptions and inputs used in the report) in accordance with ISA 620 "Using the Work of an Expert"; - examined the method adopted by management to identify and assess possible indicators of impairment of the intangible assets with the assistance of EY specialists; - re-performed the impairment assessment and confirmed the Group's conclusion that intangible assets were not impaired; and - assessed the accuracy and completeness of the disclosures presented in the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of Transjamaican Highway Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Other information included in the Annual Report

Other information consists of the information included in the Group's annual report other than the consolidated and separate financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and the Board of Directors for the* Consolidated and Separate *Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of Transjamaican Highway Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

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 consolidated and separate 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 Group'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 Group'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 consolidated and separate 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that presents a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of Transjamaican Highway Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

We also provide the Board of Directors 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, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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 additional matters 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 maintained, so far as appears from our examination of those records, and the consolidated and separate financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagment partner on the audit resulting in this independent auditor's report is Kayann Sudlow.

Ernst & Young

Chartered Accountants
Kingston, Jamaica

March 15, 2023

A member firm of Ernst & Young Global Limited

TRANSJAMAICAN HIGHWAY LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(Expressed in United States dollars)

	Notes	2022 $'000	2021 $'000
ASSETS			
Non-current assets			
Property and equipment	5	1,034	674
Right of use asset	6	196	-
Intangible assets	7	212,091	225,767
Deferred tax assets	8	19,214	20,706
Restricted cash	14	49,344	54,621
Total non-current assets		281,879	301,768
Current assets			
Inventories		159	-
Other receivables	10	678	750
Cash and bank balances	11	5,421	6,720
Total current assets		6,258	7,470
Total assets		288,137	309,238
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	27,000	27,000
Accumulated profit		12,991	27,131
Total shareholders' equity		39,991	54,131
Non-current liabilities			
Cumulative redeemable preference shares	13	24,449	24,219
Borrowings	14	199,921	207,030
Provisions	15	7,186	9,524
Lease liability	6	103	-
Total non-current liabilities		231,659	240,773
Current liabilities			
Cumulative redeemable preference shares	13	493	488
Borrowings	14	9,848	9,054
Provisions	15	1,859	869
Lease liability	6	98	-
Tax payable		1,714	-
Contract liabilities	16	829	779
Trade and other payables	17	1,646	3,144
Total current liabilities		16,487	14,334
Total equity and liabilities		288,137	309,238

The accompanying notes form an integral part of these consolidated and separate financial statements.

These consolidated and separate financial statements were approved and authorized for issue by the Board of Directors on March 15, 2023 and are signed on its behalf by:

....
Director – Alok Jain Director – Steven Gooden

TRANSJAMAICAN HIGHWAY LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME
YEAR ENDED DECEMBER 31, 2022
(Expressed in United States dollars)

	Notes	2022 $'000	2021 $'000
Revenue - toll rates		65,006	52,755
Other gains	18	1,047	3,140
Operating expenses	19	(39,909)	(34,057)
Administrative expenses	19	(1,749)	(1,213)
Finance costs	19	(14,798)	(15,284)
Net loss on acquisition of subsidiary	9	(13,883)	-
Net (loss)/profit before taxation		(4,286)	5,341
Taxation	20	(2,854)	(1,350)
NET (LOSS)/PROFIT BEING TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	21	(7,140)	3,991
(Loss)/Earnings per share	22	(0.0006¢)	0.0003¢

The accompanying notes form an integral part of these consolidated and separate financial statements.

TRANSJAMAICAN HIGHWAY LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2022
(Expressed in United States dollars)

	Share Capital $'000	Accumulated Profit $'000	Total $'000
Balance at January 1, 2021	27,000	30,040	57,040
Net profit being total comprehensive income for the year	-	3,991	3,991
Dividends (Note 23)	-	(6,900)	(6,900)
Balance at December 31, 2021	27,000	27,131	54,131
Net loss being total comprehensive loss for the year	-	(7,140)	(7,140)
Dividends (Note 23)	-	(7,000)	(7,000)
Balance at December 31, 2022	27,000	12,991	39,991

The accompanying notes form an integral part of these consolidated and separate financial statements.

TRANSJAMAICAN HIGHWAY LIMITED AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
(Expressed in United States dollars)

	Notes	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit for the year		(7,140)	3,991
Adjustments for:			
Depreciation of property and equipment	5	123	119
Depreciation of right of use asset	6	35	92
Gain on disposal of property and equipment	18	-	(39)
Unrealized foreign exchange (losses)/gains		268	(1,272)
Amortization of intangible assets	7	13,676	12,290
Interest income	18	(708)	(630)
Income tax charge	20	2,854	1,350
Finance cost recognized in profit or loss	19	14,798	15,284
Increase in provisions	15	868	747
Operating cash flows before movements in working capital		24,774	31,932
Decrease in other receivables		1,716	433
Decrease in owed by related party		-	8
Decrease in inventories		3	-
Provisions utilized during the year	15	(2,216)	(4,036)
(Decrease)/Increase in trade and other payables		(2,435)	550
Increase/(Decrease) in contract liabilities		50	(15)
Cash generated from operations		21,892	28,872
Income tax paid		(162)	-
Interest paid		(14,477)	(14,879)
Lease liability payments – interest	6	-	(3)
Net cash provided by operating activities		7,253	13,990
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		1	39
Interest received		708	630
Payments for property and equipment	5	(70)	(191)
Acquisition of subsidiary, net of cash acquired		(799)	-
Decrease/(Increase) in restricted cash		5,277	(3,213)
Net cash provided by/(used in) investing activities		5,117	(2,735)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability payments - principal	6	-	(101)
Borrowings repaid	14	(6,631)	(4,078)
Dividends paid	23	(7,000)	(6,900)
Net cash used in financing activities		(13,631)	(11,079)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,261	176
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		6,720	7,073
Effect of foreign exchange rate changes		(38)	(529)
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	5,421	6,720
Non-cash items:			
Amortization of upfront and commitment fees	14	436	383

The accompanying notes form an integral part of these consolidated and separate financial statements.

TRANSJAMAICAN HIGHWAY LIMITED AND ITS SUBSIDIARY
SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(Expressed in United States dollars)

	Notes	2022 $'000	2021 $'000
ASSETS			
Non-current assets			
Property and equipment	5	624	674
Intangible assets	7	212,091	225,767
Deferred tax assets	8	19,164	20,706
Investment in subsidiary	9	2,437	-
Restricted cash	14	49,344	54,621
Total non-current assets		283,660	301,768
Current assets			
Other receivables	10	455	750
Cash and bank balances	11	3,798	6,720
Total current assets		4,253	7,470
Total assets		287,913	309,238
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	27,000	27,000
Accumulated profit		12,947	27,131
Total shareholders' equity		39,947	54,131
Non-current liabilities			
Cumulative redeemable preference shares	13	24,449	24,219
Borrowings	14	199,921	207,030
Provisions	15	7,186	9,524
Total non-current liabilities		231,556	240,773
Current liabilities			
Owed to related parties	9	1,205	-
Cumulative redeemable preference shares	13	493	488
Borrowings	14	9,848	9,054
Provisions	15	1,859	869
Tax payable		1,226	-
Contract liabilities	16	829	779
Trade and other payables	17	950	3,144
Total current liabilities		16,410	14,334
Total equity and liabilities		287,913	309,238

The accompanying notes form an integral part of these consolidated and separate financial statements.

These consolidated and separate financial statements were approved and authorized for issue by the Board of Directors on March 15, 2023 and are signed on its behalf by:

……………………………………… ………………………………………...
Director – Alok Jain Director – Steven Gooden

TRANSJAMAICAN HIGHWAY LIMITED AND ITS SUBSIDIARY
SEPARATE STATEMENT OF COMPREHENSIVE (LOSS)/INCOME
YEAR ENDED DECEMBER 31, 2022
(Expressed in United States dollars)

	Notes	2022 $'000	2021 $'000
Revenue - toll rates		65,006	52,755
Other gains	18	901	3,140
Operating expenses	19	(40,350)	(34,057)
Administrative expenses	19	(1,432)	(1,213)
Finance costs	19	(14,798)	(15,284)
Net loss on acquisition of subsidiary	9	(13,663)	-
Net (loss)/profit before tax		(4,336)	5,341
Taxation	20	(2,848)	(1,350)
NET (LOSS)/PROFIT BEING TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	21	(7,184)	3,991

The accompanying notes form an integral part of these consolidated and separate financial statements.

TRANSJAMAICAN HIGHWAY LIMITED AND ITS SUBSIDIARY
SEPARATE STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2022
(Expressed in United States dollars)

	Share Capital $'000	Accumulated Profit $'000	Total $'000
Balance at January 1, 2021	27,000	30,040	57,040
Net profit being total comprehensive profit for the year	-	3,991	3,991
Dividends (Note 23)	-	(6,900)	(6,900)
Balance at December 31, 2021	27,000	27,131	54,131
Net loss being total comprehensive loss for the year	-	(7,184)	(7,184)
Dividends (Note 23)	-	(7,000)	(7,000)
Balance at December 31, 2022	27,000	12,947	39,947

The accompanying notes form an integral part of these consolidated and separate financial statements.

TRANSJAMAICAN HIGHWAY LIMITED AND ITS SUBSIDIARY
SEPARATE STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
(Expressed in United States dollars)

	Notes	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit for the year		(7,184)	3,991
Adjustments for:			
Depreciation of property and equipment	5	119	119
Depreciation of right of use asset	6	-	92
Gain on disposal of property and equipment	18	-	(39)
Unrealized foreign exchange gains		274	(1,272)
Amortization of intangible assets	7	13,676	12,290
Interest income	18	(708)	(630)
Income tax charge	20	2,848	1,350
Finance cost recognized in profit or loss	19	14,798	15,284
Settlement loss on acquisition of subsidiary	9	13,883	-
Negative goodwill on acquisition of subsidiary	9	(220)	-
Increase in provisions	15	868	747
Operating cash flows before movements in working capital		38,354	31,932
Decrease in other receivables		295	433
Decrease in owed by related party		-	8
Provisions utilized during the year	15	(2,216)	(4,036)
(Decrease)/Increase in trade and other payables		(2,194)	550
Increase/(Decrease) in contract liabilities		50	(15)
Increase in owed to related party		1,205	
Cash generated from operations		35,494	28,872
Income tax paid		(80)	-
Interest paid		(14,477)	(14,879)
Lease liability payments – interest	6	-	(3)
Net cash provided by operating activities		20,937	13,990
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on acquisition of subsidiary	9	(16,100)	-
Proceeds from disposal of property and equipment		1	39
Interest received		708	630
Payments for property and equipment	5	(70)	(191)
Decrease/(Increase) in restricted cash		5,277	(3,213)
Net cash used in investing activities		(10,184)	(2,735)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability payments – principal	6	-	(101)
Borrowings repaid		(6,631)	(4,078)
Dividends paid	23	(7,000)	(6,900)
Net cash used in financing activities		(13,631)	(11,079)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,878)	176
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		6,720	7,073
Effect of foreign exchange rate changes		(44)	(529)
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	3,798	6,720
Non-cash items:			
Amortization of upfront and commitment fees	14	436	383

The accompanying notes form an integral part of these consolidated and separate financial statements.

(Expressed in United States dollars)

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES

(a) Transjamaican Highway Limited (the "Company") is a public limited liability company incorporated and domiciled in Jamaica with registered office at 2 Goodwood Terrace, Kingston 10. The Company is listed on the Jamaica Stock Exchange since March 24, 2020 with NROCC owing 20% of its shares and the remaining 80% being traded on the Jamaica Stock Exchange. Its business activity is the development, operation and maintenance of a tolled roadway known as "Highway 2000 East-West" under a Concession Agreement with the National Road Operating & Constructing Company ("NROCC") (the "Grantor") made on November 21, 2001 (Amended and Restated on January 28, 2011 and January 20, 2020). The concession is for a period of 35 years.

The Company also has Senior Secured Debt Notes which are listed at the Singapore Exchange Securities Trading Limited.

The Company's subsidiary company is as follows:

Subsidiary	Place of incorporation, operation and domicile	Proportion of ownership interest and voting rights	Principal Activity
Jamaican Infrastructure Operators Limited	Jamaica	51% (See Note 9)	Performance of all functions and responsibilities of the Operator of a tolled roadway

The Company and its subsidiary are here in referred to as the Group.

The Company contracted with Bouygues Travaux Publics (Jamaica Branch), (the "Contractor"), to construct the highway and Jamaican Infrastructure Operator Limited, (the "Operator") to maintain and operate the toll road.

(b) The Project Arrangement

Description of project

The Highway 2000 Project (the "Project") comprises a 35-year concession for the design, finance, construction, operation and maintenance of a tolled motorway.

The Project implementation is in two steps.

The first step ("Phase 1A") is split into 3 sub-phases which comprise 39.6 km from Kingston to Sandy Bay including:

(i) the dualization of the Old Harbour Bypass (11km) for which financial close was achieved on February 22, 2002, (also called Early Financial Close 1 (EFC 1)). This section was opened in September 2003.
(ii) the construction of a dual carriageway (22km) linking the Mandela Highway to the Old Harbour Bypass and termed Early Financial Close 2 (EFC 2) (which together constitute the Early Construction Works). The carriageway was opened in December 2004.
(iii) the construction of a new Portmore Causeway (6.4km) (2 x 3 lanes) and the upgrading of the Dyke Road (handed over to the National Works Agency). The two roads link the capital city, Kingston with south-western suburbs. This segment is termed Financial Closing 1A (FC1A) and was opened in July 2006.

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONTINUED)

(b) The Project Arrangement (Continued)

Description of project (continued)

The second step ("Phase 1B") links Sandy Bay to May Pen and consists of a 2x2 lane carriageway for a length of 10.5km. This carriageway was opened in August 2012.

The Concession Agreement

NROCC and the Company entered into the Concession Agreement on November 21, 2001 (Revised January 28, 2011). The Concession Agreement grants the Concession for Phase 1 of the Project to the Company and establishes the terms for the design, construction, operation, maintenance and financing of Phase 1. It has a term of 35 years. The Concession Agreement grants the Company the ability to charge toll road users and a right of first refusal to undertake Phase 2B of the Project, which would extend the toll road between Williamsfield and Montego Bay with the exception of the Montego Bay bypass. The Company has not since undertaken Phase 2B. The Concession Agreement is governed by the Laws of Jamaica.

Pursuant to a Jamaican cabinet decision dated November 25, 2019, NROCC granted the Company and the Operator a right of first refusal to own, operate and maintain the Phase 1C portion of the Toll Road (a 28.0-km-long road between the cities of May Pen and Williamsfield which will include a new link from the Highway 2000 East-West to the town of Porus located in the parish of Manchester). The decision also granted the Company an exclusive option to extend the existing term of the Concession Agreement for an additional 35 years, the price of which will be determined at that time. Each of these Jamaican Cabinet approvals has been incorporated as part of the amended Concession Agreement.

Key Elements of the Concession Agreement:

The Guarantee
In consideration of the Company's entering into the Concession Agreement with the Grantor, the Government of Jamaica has irrevocably and unconditionally guaranteed to the Company, the due and punctual observance and performance of the payment obligations of the Grantor contained in the Concession Agreement and enforcement costs in relation to preservation of its rights by the Company or an assignee of the Company. If the Government of Jamaica should hereafter grant to any third-party security for its external indebtedness the Government of Jamaica as Guarantor is obliged to provide to the Company equivalent security for the performance of its obligations.

Assignment and Security
The Company has been given the right to assign its rights under the Concession Agreement to Lenders and to create other forms of security over it or over any property provided those rights shall cease upon termination of the concession agreement after 35 years.

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONTINUED)

(b) The Project Arrangement (Continued)

Key Elements of the Concession Agreement: (continued)

Variations
NROCC has the power to propose variations to the core design, construction, operation and maintenance requirements by notice to the Company, at which time the Company has the ability to state its opinion as to whether the adjustment is necessary, the estimated cost which will be met by the Grantor, the steps to implement the proposed variation and its objection, if any.

Termination Clauses
The Company may terminate all or part of the Concession Agreement, if NROCC is in breach of its obligations, if the Government of Jamaica expropriates or takes similar action in relation to the Highway 2000 Project, if NROCC is no longer able to act as Grantor and if a change in law were to make it illegal or impossible for the Company to perform substantially all of its obligations under the Concession Agreement.

NROCC may terminate all or part of the Concession Agreement by giving no less than 12 months and no more than 18 months' notice to the Company, if the Company does not satisfy the conditions subsequent regarding Financial Close for Phase 1A or Phase 1B, if an insolvency event occurs, if the Company commits a corrupt activity or if certain types of breaches of the Concession Agreement occur.

Either party may terminate the Concession agreement in the event of Force Majeure Occurrences.

Grantor Responsibility Termination
If a Grantor Responsibility Termination occurs prior to early financial close, on or after financial close, the Grantor shall pay the Company, a capital sum equal to the aggregate of the Company's debt, its shareholder contribution and an equity compensation amount calculated to yield the shareholders an internal rate of return of 16%.

Compensation Amounts
The Grantor, NROCC, is required to pay compensation amounts to the Company upon the occurrence of certain events that lead to an increase in the design, construction, operation or maintenance costs or to a loss of revenue for the Company. These events include: a breach by the Grantor of its obligations under the Concession Agreement, breach of the NROCC Direct Agreement, the occurrence of a Qualifying Force Majeure Event, a prolonged Force Majeure Event, a Grantor Variation or a qualifying change of law, or a competing road to reflect reduction in traffic levels arising from the carrying out of works by or on behalf of the Government of Jamaica.

Capped Toll Levels
The Concession Agreement allows for an escalation of toll rates up to a maximum authorised limit. The allowed escalation is a function of the proportion of debt outstanding, inflation rates and exchange rates such that toll rates will be allowed to increase proportionately with depreciations in the Jamaican dollar and increases in inflation. If the Toll Regulator of the Government of Jamaica were to require the Company to set a toll below the Capped Toll level then the Grantor is required to provide compensation.

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONTINUED)

(b) The Project Arrangement (Continued)

Key Elements of the Concession Agreement: (continued)

Operation and Maintenance ("O&M") Agreement

On December 9, 2019, the O&M Agreement was amended and restated to, among other things, (i) extend its term until December 20, 2024 and (ii) modify the calculation of the fees payable to the Operator. The O&M Agreement has a term of five years from December 9, 2019. Upon its expiration, the Company plans to renew the O&M Agreement with the Operator or otherwise contract another highly experienced and reputable international toll road operator. The fees payable to the Operator under the O&M Agreement include (i) a pre-operating lump-sum fee (the "Pre-Operating Fee"), (ii) a monthly fixed operational fee (the "Monthly Fixed Fee") and (iii) a monthly variable fee (the "Monthly Variable Fee") corresponding to 3.0% of the theoretical toll revenues, which are calculated by multiplying the number of vehicles that physically passed through each Toll Plaza (including any vehicles exempt from tolls under the O&M Agreement) by the applicable toll rate for each such vehicle in any given month.

During December 2022, following the exercise of the Vinci Concessions S.A.s' call option, the second amended and restated Operation and Maintenance Agreement was amended to affect changes including the fees as follows:

(a) a monthly lump sum fee of US$447,500 payable in arrears;
(b) a monthly variable fee corresponding to 5% of the Theoretical Toll Revenues ("Variable Operational Fee").

Amendment to agreements
The following are the significant amendments to the agreements:

(i) Improvements to Marcus Garvey Drive

The Company agreed to carry out rehabilitation works at Marcus Garvey Drive in order to facilitate the traffic flow on the Portmore Causeway during peak hours.

The cost of improvement works to Marcus Garvey Drive was initially advanced by the Grantor. The Company was to include this cost as part of the borrowed funds contemplated for the Financial Close 1B (i.e., the date on which financing on terms reflected in the Financial Model becomes unconditional and is made available to the Company for the Phase 1B construction works). The total cost of the works carried out amounted to $9.03 million and pursuant to the Loan Conversion Agreement between the Company and NROCC, the parties agreed that this sum would from part of the converted amount.

(ii) Equity Participation in Phase 1B

The Grantor (NROCC) agreed that then existing shareholders of the Company had no obligation to invest equity in Phase IB.

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES (CONTINUED)

(b) The Project Arrangement (Continued)

Amendment to agreements (continued)

(iii) Concession Agreement

On January 20, 2020, the Board of Directors, approved an amendment to the Concession Agreement. The Concession Agreement was amended and restated to, among other things,

- eliminate references related to the ECA Financing,
- allow the Company to incur indebtedness under Debt Notes and assign the Company's rights under the Concession Agreement as Collateral in favor of the Noteholders,
- grant the Company the exclusive option to renew the term of the Concession Agreement for an additional period of 35 years,
- grant the Company the right of first refusal to own, operate and maintain Phase 1C of the Toll Road (A 28.0 Km long road between the cities of May Pen and Williamsfield which will include a new link from Highway 2000 East-West to the town of Porus in the parish of Manchester),
- include the widening of the Nelson Mandela Highway and the construction of the North South Highway as part of the list of projects that do not entitle the Company to receive a competing roads compensation payment from NROCC,
- specify that periodic maintenance works on the transport corridor served by the Toll Road (even if such maintenance is intended to increase the road's speed limit) will not entitle the Company to receive compensation payments from NROCC unless such road is widened to increase the number of traffic lanes,
- make certain changes to the amounts payable by NROCC to the Company as a consequence of an early termination of the Concession Agreement and
- modify the Company's share retention provisions to allow NROCC to consummate the Offer for Sale in the Initial Public Offering.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance

The consolidated and separate financial statements have been prepared in accordance and comply with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and the requirements of the Jamaican Companies Act.

(b) Basis of preparation

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

(c) Judgments

The preparation of consolidated and separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 4.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Adoption of new and revised International Financial Reporting Standards

(i) *Standards, interpretations and amendments to existing standards effective during the year*

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2022. These new standards and amendments applied for the first time in 2022. The nature and the impact of each new standard or amendment is described below.

- **Reference to the Conceptual Framework – Amendments to IFRS 3**
  In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

  The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

  At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

  These amendments had no impact on the consolidated and separate financial statements of the Group.

- **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**
  In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  These amendments had no impact on the consolidated and separate financial statements of the Group.

- **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**
  In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  These amendments had no impact on the consolidated and separate financial statements of the Group.

2 **STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)**

(d) **Adoption of new and revised International Financial Reporting Standards**

(i) ***Standards, interpretations and amendments to existing standards effective during the year (continued)***

- **Annual Improvements 2018-2020 Cycle (issued May 2020)**
  As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to:

  - IFRS 1 *First-time Adoption of International Financial Reporting Standards.*
    The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

  - *IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*
    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - IAS 41 *Agriculture* – Taxation in fair value measurements
    The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

  These amendments had no impact on the consolidated and separate financial statements of the Group.

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

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated and separate financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- **IFRS 17 *Insurance Contracts***
  In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

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

- **IFRS 17 *Insurance Contracts (continued)***
  A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

- ***Classification of Liabilities as Current or Non-current - Amendments to IAS 1***
  In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- ***Definition of Accounting Estimates - Amendments to IAS 8***
  In February 2021, the IASB issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'.

  The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

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

- ***Definition of Accounting Estimates - Amendments to IAS 8 (continued)***
  The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the IASB. The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

  These amendments are effective for annual periods beginning on or after January 1, 2023. Management has not yet assessed the impact of these amendments on the consolidated and separate financial statements of the Group.

- ***Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2***
  In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

  The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  In the absence of a definition of the term 'significant' in IFRS, the IASB decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the IASB. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.

  Although standardised information is less useful to users than entity-specific accounting policy information, the IASB agreed that, in some circumstances, standardised accounting policy information may be needed for users to understand other material information in the financial statements. In those situations, standardised accounting policy information is material, and should be disclosed.

  The amendments to the PS also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS may be considered material accounting policy information.

2 **STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)**

(d) **Adoption of new and revised International Financial Reporting Standards (continued)**

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

- ***Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (continued)***
  The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires use of judgement. Therefore, entities are encouraged to revisit their accounting policy information disclosures to ensure consistency with the amended standard.

  Entities should carefully consider whether 'standardised information, or information that only duplicates or summarises the requirements of the IFRS' is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.

  These amendments are effective for annual periods beginning on or after January 1, 2023. Management has not yet assessed the impact of these amendments on the consolidated and separate financial statements of the Group.

- ***Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12***
  The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

  Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

  An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after January 1, 2023. Management has not yet assessed the impact of these amendments on the consolidated and separate financial statements of the Group.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

(d) Adoption of new and revised International Financial Reporting Standards (continued)

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

- ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28***
  The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective but they are not expected to have an impact on the Group's consolidated and separate financial statements.

- ***Lease Liability in a Sale and Leaseback - Amendments to IFRS 16***
  The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

  The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

  A seller-lessee applies the amendment to annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted, and that fact must be disclosed. Management has not yet assessed the impact of these amendments on the consolidated and separate financial statements of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Business combinations and goodwill (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.3 Current versus non-current classification

The Group presents assets and liabilities in the consolidated and separate statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Current versus non-current classification (continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.4 Fair value measurement

Fair values of financial instruments measured at amortized cost are disclosed in Note 24.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated and separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Fair value measurement (continued)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.5 Property and equipment

All property and equipment held for use in the production or supply of goods or services, or for administrative purposes, are recorded at historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is recognized so as to write off the cost of assets using the straight-line method over a period being the shorter of their estimated useful lives and the remaining concession period. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

Property and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such items are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3.6 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

<u>Right-of-use assets</u>
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the initial lease liabilities recognized, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

Group as a lessee (continued)

Right-of-use assets (continued)
If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies at 3.8 "Impairment of non-financial assets".

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term leases and leases of low-value assets
The Group applies the short term lease recognition exemption to its short term leases (that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered low value. Lease payments on short-term leases an lases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3.7 Intangible assets

Intangible assets acquired separately that represent the Group's rights under the concession agreement and are reported at cost less accumulated amortization and accumulated impairment losses. Historical cost includes costs of design, site installation, earthworks and construction of bridges, structures and pavements. Amortization is charged so as to write off these costs over the concession period based on external projections of traffic on the highway. The charge for the year is based on the proportion of traffic for that year to the total traffic projected for the concession period. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of these intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial 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). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the 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 its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss.

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 recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.9 Taxation

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

<u>Current tax</u>
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated and separate 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 Group’s liability for current tax is calculated using tax rates that have been enacted, or subsequently enacted at the end of the reporting period.

<u>Deferred tax</u>
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated and separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Taxation (continued)

Deferred tax (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 profits will be available to allow all or part of the asset to be recovered. Unrecognized deferred tax assets are re-assessed at each reporting period date and are recognized to the extent that it has become probable that future profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets deferred tax assets and deferred tax assets and deferred tax liabilities if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Current and deferred tax for the year

Deferred tax is recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the deferred tax is also recognized in other comprehensive income or directly in equity respectively.

3.10 Financial instruments

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

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (other than financial assets and liabilities at fair value through profit or loss), as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3.11 Financial assets

a) *Initial recognition and measurement*

Financial assets are classified, at initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income (“OCI”), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial assets (continued)

a) Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

c) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and bank, restricted cash, other receivables and owed by related parties.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial assets (continued)

d) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated and separate statement of financial position) when:

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

e) Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement, and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities
Financial liabilities are classified as other financial liabilities.

Effective interest rate (“EIR”) method
The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

a) *Initial recognition and measurement*
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, contract liabilities, redeemable preference shares, lease liability and borrowings including bank overdrafts.

b) *Subsequent measurement*
Financial liabilities are subsequently measure at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis except for short-term liabilities when the recognition of interest would be immaterial.

Interest bearing borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss. This category generally applies to interest-bearing loans and borrowings.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Financial liabilities and equity instruments (continued)

c) *Derecognition*
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

d) *Offsetting of financial instruments*
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated and separate statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.13 Investment in subsidiary

This is stated at cost in the separate financial statements of the Company.

3.14 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

3.15 Related party identification

A party is related to the Group if:

(i) directly, or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with, the Group (this includes parent, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the Group; or
- has joint control over the Group;

(ii) the party is an associate of the Group;
(iii) the party is a joint venture in which the Group is a venturer;
(iv) the party is a member of the key management personnel of the Group or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

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

Related party transactions and balances are recognized and disclosed in the consolidated and separate financial statements. Transactions with related parties are accounted for in accordance with the normal policies of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.17 Revenue recognition

<u>Toll revenue</u>
The Group provides a toll road via the Highway 2000 East West network. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the usage of the toll road. The contract with the customer is established with the Group once the customer enters the highway and the contract ends upon the customer's exit of the highway. The performance obligation is satisfied at the point of time with an immediate right to payment. The transaction price is determined by the stand-alone selling price exchange by the customer by the class vehicle utilizing the toll road. There is no cost, implicit or otherwise, recognized for obtaining and fulfilling a contract with a customer.

(i) *Variable consideration*
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts that are purchased through toll tag (T-Tag) accounts provide customers with volume rebates if certain criteria are met. These volume rebates may give rise to a variable consideration.

(ii) *Significant financing component*
Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

<u>Interest income</u>
Interest income is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Foreign currencies

Transactions in currencies other than the United States of America dollars, the Group's functional currency, are recognized at the rates of exchange prevailing on the dates of the transactions. The United States of America dollar is deemed the functional currency as the toll rates charged by the Group are linked to the value of the United States dollar and the majority of borrowings and other expenditure are denominated in this currency. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The gain or loss arising in translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value (in other comprehensive income). Other exchange differences are recognized in profit or loss for the period in which they arise.

<u>Group entities</u>
On consolidation, the assets and liabilities of operations at a functional currency other than the United States of America Dollars are translated into United States of America Dollars at the rate of exchange prevailing at the reporting date and their statements of comprehensive income/(loss) are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI.

3.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.20 Employee benefits

(a) Individual Retirement Scheme ("IRS") – the Company

Since January 2012, the Company makes contributions to an Individual Retirement Scheme (IRS) on behalf of employees (Note 25). The regular contributions constitute costs for the year in which they are due and are included in staff costs. The Company has no legal or constructive obligation to pay further pension benefits.

(b) Contributory Pension Scheme – the Subsidiary

The subsidiary's employees are members of a Contributory Pension Scheme. Pension is determined on the basis of contributions made by both the employee and the employer and the accumulated earnings of the fund. Contributions to the fund are accounted for on the accruals basis as an expense when employees have rendered services entitling them to the contributions and the assets are held and managed separately from those of the subsidiary in an independently administered fund.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Employee benefits (continued)

(c) Leave entitlements

Employee entitlements to annual leave are recognized when they accrue to the employees. A provision is made for the estimated liability for annual leave for services rendered by the employee up to the end of the reporting period.

(d) Termination benefits

The Group recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

3.21 Cash dividend

The Group recognises a liability to make cash distributions to equity-holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. Under the Jamaican Companies Act a distribution is authorised when it is approved by the shareholders.

3.22 Segment reporting

An operating segment is a component of the Group 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 Group are considered as one operating segment.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

Critical judgement in applying the Group's accounting policies

Management is of the opinion that apart from those involving estimations (see below), the following is the critical judgement made in the process of applying the Group's accounting policies:

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgement in applying the Group's accounting policies (continued)

Recoverability of deferred tax assets
Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning activities. As indicated in Note 20, the Group has unused tax losses of $100.55 million (2021: $106.03 million) in respect of the Company. Based on the forecasted projections, management believes its probable that taxable profits will be available against which these tax losses can be utilized and has recognized a deferred tax asset in respect of these losses.

Key sources of estimation uncertainty

The key assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Amortization expense
Amortization is charged so as to write off the cost of intangible assets over the period of concession using a projection of traffic on the highway over this period. This projection was reassessed in May 2021 and further amended by the end of the 2021 reporting period by Steer, an external consultant from the United Kingdom, to incorporate the projected impact of the Coronavirus (COVID-19) pandemic (2020: In May 2021 by Steer, an external consultant from the United Kingdom to incorporate the projected impact of the Coronavirus (COVID-19) pandemic). The projection is based on various estimates and assumptions surrounding, among other things, growth in gross domestic product, inflation and toll road traffic demand. These assumptions can vary in practice and the actual outcome depends on such factors as population growth and the development of other sections of the highway. The policy of the Board and management is to update the forecast periodically based on the actual traffic.

Management has estimated that had the projected traffic from 2022 (2021: 2021) onwards differed by ±10% the amortization charge for the current year would have decreased/increased by approximately $1.99 million/$0.59 million (2021: $1.11 million/$1.37 million) respectively. (See Note 7)

Provision for heavy repairs
The provision for highway repairs relates to the estimated costs for scheduled repairs for periods ranging from 7 years to the end of the concession period based on projections made on the duration of the concession. The provision is based on the same estimates and assumptions included in the Group's Operations and Maintenance Plan, done biannually for the next 6 semi-annual periods and reviewed by the Group's Independent Engineer, ARUP. Actual cash outflows will depend on the timing of the maintenance programme based on annual approved budgets, the condition of road as determined by ongoing surveys, deterioration and the phasing of major works to meet these obligations (See Note 15).

Income taxes
Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current or deferred tax provisions in the period in which such determination is made. A change of +/- 10% in the final tax outcome of these estimates would have the effect of approximately $0.28 million (2021: $0.13 million) increase/decrease for the Group and approximately $0.28 million (2021: $0.13 million) increase/decrease for the Company in the current and deferred tax provisions. (See Notes 8 and 20).

5 PROPERTY AND EQUIPMENT

The Group

	Tolling Equipment	Machinery & Equipment	Solar Equipment	Leasehold Improvements	Furniture & Fixtures	Motor Vehicles	Computers	Office Equipment	Capital Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost										
At January 1, 2021	196	-	-	-	1,561	126	99	322	-	2,304
Additions	21	-	-	-	38	126	6	-	-	191
Disposals	-	-	-	-	-	(98)	(1)	(1)	-	(100)
At December 31, 2021	217	-	-	-	1,599	154	104	321	-	2,395
Additions	-	-	-	-	12	-	11	-	47	70
On acquisition of subsidiary (Note 9(a))	-	179	352	24	230	792	206	-	-	1,783
Reclassification	-	-	-	-	(4)	-	-	-	4	-
Disposals	-	-	-	-	-	-	(1)	(3)	-	(4)
At December 31, 2022	217	179	352	24	1,837	946	320	318	51	4,244
Accumulated depreciation										
At January 1, 2021	193	-	-	-	992	112	95	310	-	1,702
Charge for the year	5	-	-	-	79	26	3	6	-	119
On disposal	-	-	-	-	-	(98)	(1)	(1)	-	(100)
At December 31, 2021	198	-	-	-	1,071	40	97	315	-	1,721
On acquisition of subsidiary (Note 9(a))	-	161	197	24	203	595	189	-	-	1,369
Charge for the year	4	-	-	-	80	27	7	5	-	123
On disposal	-	-	-	-	-	-	(1)	(2)	-	(3)
At December 31, 2022	202	161	197	24	1,354	662	292	318	-	3,210
Carrying amount										
At December 31, 2022	15	18	155	-	483	284	28	-	51	1,034
At December 31, 2021	19	-	-	-	528	114	7	6	-	674

5 PROPERTY AND EQUIPMENT (CONTINUED)

	The Company						
	Tolling Equipment	**Furniture & Fixtures**	**Motor Vehicles**	**Computers**	**Office Equipment**	**Capital Work-in-Progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost							
At January 1, 2021	196	1,561	126	99	322	-	2,304
Additions	21	38	126	6	-	-	191
Disposals	-	-	(98)	(1)	(1)	-	(100)
At December 31, 2021	217	1,599	154	104	321	-	2,395
Additions	-	12	-	11	-	47	70
Reclassification	-	(4)	-	-	-	4	-
Disposals	-	-	-	(1)	(3)	-	(4)
At December 31, 2022	217	1,607	154	114	318	51	2,461
Accumulated depreciation							
At January 1, 2021	193	992	112	95	310	-	1,702
Charge for the year (Note 19)	5	79	26	3	6	-	119
On disposal	-	-	(98)	(1)	(1)	-	(100)
At December 31, 2021	198	1,071	40	97	315	-	1,721
Charge for the year (Note 19)	4	80	24	6	5	-	119
On disposal	-	-	-	(1)	(2)	-	(3)
At December 31, 2022	202	1,151	64	102	318	-	1,837
Carrying amount							
At December 31, 2022	15	456	90	12	-	51	624
At December 31, 2021	19	528	114	7	6	-	674

5 PROPERTY AND EQUIPMENT (CONTINUED)

The following useful lives are used in the calculation of depreciation:

Tolling equipment	5 - 10	years
Machinery and equipment	5	"
Solar equipment	8	"
Leasehold improvements	5	"
Furniture and fixtures	3 - 10	"
Motor vehicles	5	"
Computer equipment	3 - 7	"
Office equipment	3 - 10	"

Certain assets of the Group are pledged as security in respect of the borrowings (Note 14).

6. LEASES

The Company had a lease contract for property used in its operations. The lease term was for 3 years and ended during 2021. At December 31, 2021, no lease contract was in place and the rental amount was being negotiated on a month by month basis.

The subsidiary has a lease contract for property used for the Group's operations. The lease is for 3 years and ends during 2024.

Set out below is the carrying amount of the right of use asset recognized and the movement during the year:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
As at January 1	-	92	-	92
On acquisition of subsidiary (Note 9(a))	231	-	-	-
Depreciation	(35)	(92)	-	(92)
As at December 31	196	-	-	-

Set out below is the carrying amount of the lease liability and the movement during the period:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
As at January 1	-	101	-	101
On acquisition of subsidiary (Note 9(a))	201	-	-	-
Accretion of interest	-	3	-	3
Payments	-	(104)	-	(104)
As at December 31	201	-	-	-
Classified as:				
Current	98	-	-	-
Non-current	103	-	-	-
	201	-	-	-

6. LEASES (CONTINUED)

The following are the amounts recognized in profit or loss:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Depreciation expense of right of use asset (Note 19)	35	92	-	92
Interest expense on lease liabilities (Note 19)	-	3	-	3
Total amount recognized in profit or loss	35	95	-	95

7 INTANGIBLE ASSETS

	The Group and the Company			
	EFC asset in concession $'000	FC1A asset in concession $'000	FC1B asset in concession $'000	Total $'000
Cost				
Balance, January 1, 2021, December 31, 2021 and December 31, 2022	159,676	92,196	135,128	387,000
Amortization				
Balance, January 1, 2021	63,262	35,158	50,523	148,943
Amortization for the year (Note 19)	4,860	2,699	4,731	12,290
Balance, December 31, 2021	68,122	37,857	55,254	161,233
Amortization for the year (Note 19)	5,436	3,088	5,152	13,676
Balance, December 31, 2022	73,558	40,945	60,406	174,909
Carrying amount:				
December 31, 2022	86,118	51,251	74,722	212,091
December 31, 2021	91,554	54,339	79,874	225,767

The amortization expense has been included in operating expenses in the consolidated and separate statement of comprehensive (loss)/income.

7 INTANGIBLE ASSETS (CONTINUED)

(a) The amortization of intangible assets is based on projected usage of the highway during the concession period. In May 2021, an external consultant from the United Kingdom, Steer, reassessed the projections to incorporate the projected impact of Coronavirus (COVID -19).

The annual rate applied to the carrying amount as at the start of the year is as follows:

	2022 %	2021 %
EFC	5.94	5.04
FC1A	5.68	4.73
FC1B	6.45	5.59

The Company's assets are pledged as security in respect of borrowings (Note 14).

8 DEFERRED TAX ASSETS (LIABILITIES)

The Group is taxed at rates applicable to unregulated entities being 25% (2021: 25%).

Deferred tax liabilities are calculated on all temporary differences under the liability method using a tax rate at which these assets/liabilities are likely to be realized.

(a) The following is the analysis of deferred tax balances for financial reporting purposes;

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Deferred tax assets	26,584	28,283	26,560	28,283
Deferred tax liabilities	(7,370)	(7,577)	(7,396)	(7,577)
Net	19,214	20,706	19,164	20,706

(b) The movement for the reporting period in the Group's net deferred tax position was as follows:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Opening balance	20,706	22,056	20,706	22,056
On acquisition of subsidiary (Note 9(a))	25	-	-	-
Charge to income for the year (Note 20)	(1,517)	(1,350)	(1,542)	(1,350)
Closing balance	19,214	20,706	19,164	20,706

8 DEFERRED TAX ASSETS (LIABILITIES) (CONTINUED)

(c) The following are the main deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting period:

Deferred tax assets

	The Group							
	Accrued vacation $'000	Interest payable $'000	Provision for heavy repairs $'000	Tax losses $'000	Lease liability net of right-of-use assets $'000	Bonus accrual $'000	Litigation provision $'000	Total $'000
Balance, January 1, 2021	2	832	1,741	26,355	2	-	-	28,932
(Charged)/Credited to income for the year	1	5	(823)	152	(2)	18	-	(649)
Balance, December 31, 2021	3	837	918	26,507	-	18	-	28,283
On acquisition of subsidiary (Note 9(a))	11	-	-	-	-	-	12	23
(Charged)/Credited to income for the year	4	(29)	(336)	(1,369)	1	7	-	(1,722)
Balance, December 31, 2022	18	808	582	25,138	1	25	12	26,584

Deferred tax liabilities

	The Group			
	Accelerated tax depreciation $'000	Interest receivable $'000	Unrealised foreign exchange gains $'000	Total $'000
Balance, January 1, 2021	(6,606)	(25)	(245)	(6,876)
Charged to income for the year	(251)	-	(450)	(701)
Balance, December 31, 2021	(6,857)	(25)	(695)	(7,577)
On acquisition of subsidiary (Note 9(a))	2	-	-	2
Credited/(Charged) to income for the year	128	(2)	79	205
Balance, December 31, 2022	(6,727)	(27)	(616)	(7,370)

8 DEFERRED TAX ASSETS (LIABILITIES) (CONTINUED)

(c) The following are the main deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting period: (continued)

Deferred tax assets

	The Company						
	Accrued vacation $'000	Interest payable $'000	Provision for heavy repairs $'000	Tax losses $'000	Lease liability net of right-of-use assets $'000	Bonus accrual $'000	Total $'000
Balance, January 1, 2021	2	832	1,741	26,355	2	-	28,932
(Charged)/Credited to income for the year	1	5	(823)	152	(2)	18	(649)
Balance, December 31, 2021	3	837	918	26,507	-	18	28,283
(Charged)/Credited to income for the year	4	(29)	(336)	(1,369)	-	7	(1,723)
Balance, December 31, 2022	7	808	582	25,138	-	25	26,560

Deferred tax liabilities

	The Company			
	Accelerated tax depreciation $'000	Interest receivable $'000	Unrealised foreign exchange gains $'000	Total $'000
Balance, January 1, 2021	(6,606)	(25)	(245)	(6,876)
Charged to income for the year	(251)	-	(450)	(701)
Balance, December 31, 2021	(6,857)	(25)	(695)	(7,577)
Credited/(Charged) to income for the year	126	(2)	57	181
Balance, December 31, 2022	(6,731)	(27)	(638)	(7,396)

9 RELATED PARTY BALANCES AND TRANSACTIONS

(a) Investment in subsidiary

Pursuant to a transaction agreement dated as of November 23, 2022 among the Company, Jamaican Infrastructure Operator Limited (the "Operator"), Bouygues Travaux Publics (the "Contractor"), and Vinci Concessions S.A. and further to the Senior Secured Debt Note holders Consent Solicitation which was successfully completed on December 16, 2022, the Company on December 20, 2022 acquired Call Options to acquire the interests of Vinci Concessions S.A. and Bouygues Travaux Publics in the Operator. The Company has immediately exercised the Call Option to acquire Vinci Concessions S.A.s' 51% of the outstanding equity interests in the Operator.

The Call Option to acquire the remaining 49% equity interest in the Operator held by the Contractor is expected to be exercised following the earlier of:

- required amendments to the Concession Agreement, which will not become effective unless and until the Company has received approval from NROCC on behalf of the Government of Jamaica to make such amendments, and
- the Put Option granted to the Contractor on the 49% equity interest in the operation of the Operator exercisable by December 9, 2024 (the final date required by the Concession Agreement for the Contractor to retain at least 49% equity interest in the operation for a nominal exercise price).

At 31 December 2022, the investment in subsidiary was as follows:

	The Company	
	2022 $'000	2021 $'000
Proceeds on acquisition of shares	16,100	-
Settlement loss charged to income (Note 9(a)(ii))	(13,883)	-
Negative goodwill credited to income	220	-
Net loss charged to income	(13,663)	-
Net assets acquired (Note 9(a)(i))	2,437	-
Net assets acquired represented by:		
Property and equipment	414	-
Right of use asset	231	-
Deferred tax assets	25	-
Inventories	162	-
Other receivables	1,644	-
Cash and bank balances	1,638	-
Lease liability	(201)	-
Tax payable	(539)	-
Trade and other payables	(937)	-
	2,437	-

9 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(a) Investment in subsidiary (continued)

(i) This represents 100% recognition of the shareholding of the Operator with 49% of the shareholding being under a call option issued by the Company set to expire on December 9, 2024 for a consideration of US$1. No non-controlling interest has been recognised by the Company as it is deemed to have acquired control of the Operator at the date of the transactions based on the following:

- All economic benefits of the Operator were transferred to the Company arising from the significant amendment to the fee structure in the O&M agreement;
- Although the Contractor is entitled to 49% of future dividends, the Company does not have a contractual obligation to make a distribution and as such this does not represent substantive non-controlling interest or financial liability requiring recognition;
- The amount paid at the date of acquisition represents 99.99% of the total compensation which in substance represents an outright purchase despite exercise of the option in 2024. Further, it is most certain that the option will be exercised.

(ii) This represents amounts paid for settlement of the pre-existing contractual relationship with the Operator on the business combination.

(b) Owed to related company

	The Company	
	2022	**2021**
	$'000	**$'000**
Jamaican Infrastructure Operator Limited	1,205	-

The above balance is interest free and will be settled in cash. No guarantees were given or received in respect of this entity.

(c) Material transactions with related parties were as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Key management compensation	587	596	561	596
Board of directors – fees	180	122	180	122

10 OTHER RECEIVABLES

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Receivables	240	288	36	288
Prepayments	438	462	419	462
	678	750	455	750

11 CASH AND BANK BALANCES

Cash and cash equivalents at the end of the financial year as shown in the consolidated and separate cash flow statement can be reconciled to the related items in the consolidated and separate statement of financial position as follows:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
US$ savings accounts (Note 11(a))	2,210	4,684	2,059	4,684
US$ current accounts (Note 11(b))	58	358	9	358
J$ savings accounts (Note 11(c))	1,081	732	935	732
J$ current accounts (Note 11(d))	186	-	-	-
J$ current accounts - non-interest bearing	961	437	49	437
Cash in transit and cash on hand	925	509	746	509
	5,421	6,720	3,798	6,720

a) These accounts bear interest at rates of 0.05% and 0.15% (2021: 0.05% and 0.15%) per annum for the Group.
b) These accounts bear interest at a rate of 0.30% (2021: 0.30%) per annum for the Group.
c) These accounts bear interest at a rate of 0.70% (2021: 0.70%) per annum for the Group.
d) These accounts bear interest at a rate of 0.15% - 0.60% (2021: Nil%) per annum for the Group.

12 SHARE CAPITAL

	The Company	
	2022 No. of shares '000	2021 No. of shares '000
Authorized		
Ordinary shares - no par value		
Balance at the beginning and end of the year	Unlimited	Unlimited

	No. of shares '000	2022 $'000	No. of shares '000	2021 $'000
Stated Capital:				
Issued and fully paid ordinary shares				
Balance at the beginning and end of the year	12,501,000	27,000	12,501,000	27,000

The Company has one class of ordinary shares which carry no right to fixed income.

13 CUMULATIVE REDEEMABLE PREFERENCE SHARES

	The Group and the Company	
	No. of shares '000	No. of shares '000
Balance at the beginning and end of the year	2,700,000	2,700,000

	2022 $'000	2021 $'000
Restructured preference share		
(Note 13(a))	24,449	24,219
Interest accrued	493	488
	24,942	24,707
Classified as:		
Current	493	488
Non-current	24,449	24,219
	24,942	24,707

(a) On January 22, 2020, an extraordinary shareholders' meeting of the Company passed a resolution to issue 2.70 billion 8.0% Cumulative Redeemable Preference Shares (denominated and paid in Jamaican dollars) which mature in 8 years, provided that these preference shares shall be subordinated to the Debt Notes (Note 14(a)) in all respects, including without limitation, as to any right of payment (other than dividends paid).

These preference shares were listed on the Jamaica Stock Exchange on September 30, 2020.

The following is a summary of the principal rights, privileges and other applicable terms attaching or relating to the cumulative redeemable preference shares:

(i) As to income

- 8% per annum fixed cumulative dividend payable quarterly in arrears within fourteen (14) days after each dividend payment date to the extent of the preference shares distributable amount standing to the credit of the JMD distribution account. The dividend accrual dates are March 30, June 30, September 30 and December 31 but to accord priority to the Debt Notes, so long as such Notes are outstanding, the dividend payment date shall instead be four (4) business days after each quarterly interest payment dates under the Debt Notes. The dividends will accrue to the holders of the preference shares until the redemption of the said shares as set out in the Schedule at Note (iv) below.

(ii) As to capital

- On a winding up or other return of capital, the holders of the preference shares will be entitled, in priority to, and before any provision for, or any repayment to the holder of any other class of shares in the capital of the Company which does not rank pari passu with the preference shares, to receive in full the capital paid upon the shares and any arrears of dividend (whether declared or not) calculated down to the date immediately preceding the payment date.

13 CUMULATIVE REDEEMABLE PREFERENCE SHARES (CONTINUED)

(a) (continued)

(iii) As to voting

- The shares do not carry voting rights except upon a resolution proposed:
  - to wind up the Company; or
  - to modify or abrogate any of the rights or privileges attaching to the shares

  The holder of shares may vote not only on the resolution to wind up the Company but also upon motions to appoint the chairman of the meeting and to adjourn the meeting.

  On a show of hands, every holder of shares will have one vote but on a poll each holder shall have one (1) vote for each share held. The holder of shares may vote in person or by proxy.

(iv) As to redemption

- *Scheduled Mandatory Redemption*
  On the 8th anniversary of the issue date, the Shares will be redeemed in full. If redemption is then not permissible in full, it shall take place to the extent permitted pro rata across all holdings of the shares and the unredeemed Shares shall be redeemed as soon as the Company is lawfully able to do so.

- *Redemption triggered by Mandatory Redemption Event*
  If a Mandatory Redemption Event occurs, then the Company will be mandatorily obliged to redeem all the Shares as if the scheduled mandatory redemption date had arrived. A mandatory redemption date is: (i) occurrence of an act of bankruptcy with respect to Company; and (ii) the commencement of enforcement proceedings against the Company by a senior secured creditor.

- *Optional Redemption*
  At any time from the 6th anniversary of the issue date, the Company may, upon giving not less than 30 days' written notice, effect a partial redemption of the shares as shown in the table below:

Partial Redemption Date	**Max. number of Preference Share which may be redeemed**
6th Anniversary of the Issue Date	20% of the Preference Shares in issue
7th Anniversary of the Issue Date	20% of the Preference Shares in issue
8th Anniversary of the Issue Date	20% of the Preference Shares in issue
9th Anniversary of the Issue Date	20% of the Preference Shares in issue

If on any partial redemption date, the Company does not redeem the full number of shares which it is permitted to redeem under the table above then the shares which could have been but were not redeemed according to the table may be carried forward to the next partial redemption date and added to the number of shares which are redeemable under the table as at that date. This will occur cumulatively year after year until the 10th anniversary of the issue date.

On redemption of any shares all accrued dividend must be paid along in addition to the capital redemption sum. Partial redemption shall be for a minimum of 50,000 preference shares in integral multiples of 1,000.

13 CUMULATIVE REDEEMABLE PREFERENCE SHARES (CONTINUED)

(a) (continued)

(v) As to information rights

- A holder of preference shares is entitled to receive from the Company
  - within 60 days after the first three (3) financial quarters a set of the Company's in-house unaudited financial statements; and
  - within 120 days after the close of its financial year of set of its annual audited financial statements together with the auditor's report.

14 BORROWINGS

	The Group and the Company					
	Current		Non-current		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Secured – at amortized cost						
Long term financing – Debt Notes (Note 14(a))	7,558	6,632	206,733	214,290	214,291	220,922
Accrued interest	2,738	2,858	-	-	2,738	2,858
Unamortized borrowing cost (Note 14(b))	(448)	(436)	(6,812)	(7,260)	(7,260)	(7,696)
Total liabilities	9,848	9,054	199,921	207,030	209,769	216,084

(a) Long term financing – Debt Notes

On February 18, 2020, the Company issued $225 million Senior Secured Debt Notes which are listed on the Singapore Exchange Securities Trading Limited. The Notes pay interest on a quarterly basis at a rate of 5.75% per annum and mature in October 2036.

The security for the Debt Notes is as follows:

- Assignment of rights under the Concession Agreement;
- Assignment of certain insurance policies;
- Charge over all deposit accounts, securities accounts or other accounts held at any financial institution outside of Jamaica, including the Secured Offshore Accounts;
- Charge granted under a debenture over all the assets of the Company (both present and future); and
- Charge and control rights over the Debt Service Accrual and Reserve, Major Maintenance Reserve, Operation and Maintenance Reserve Accounts to be maintained during the life of the facility. At the end of the reporting period US$49.34 million (2021: US$54.62 million) was held in these reserve accounts in accordance with the terms of the Debt Notes.

(b) Unamortized borrowing cost

	The Group and the Company	
	2022 $'000	2021 $'000
Balance, beginning of the year	7,696	8,079
Amortised during the year	(436)	(383)
Balance, end of the year	7,260	7,696

14 BORROWINGS (CONTINUED)

(c) Changes in borrowings arising from financing activities

	The Group and the Company	
	2022	**2021**
	$'000	**$'000**
Balance, beginning of year	216,084	219,724
Repayment of borrowings	(6,631)	(4,078)
Amortization of upfront and commitment fees	436	383
Change in interest payable	(120)	55
Balance, end of year	209,769	216,084

(d) Compliance with debt covenants

At December 31, 2022 and 2021, the Company complied with all debt covenants associated with Debt Notes.

15 PROVISIONS

	The Group and the Company	
	Provisions for highway repairs	
	2022	**2021**
	$'000	**$'000**
Balance at January 1	10,393	13,682
Additional provisions recognized (Note 21)	868	747
Utilized during the year	(2,216)	(4,036)
Balance at December 31	9,045	10,393
Denoted as:		
Current	1,859	869
Non-current	7,186	9,524
	9,045	10,393

The provisions for highway repairs relate to estimated costs for scheduled repairs at various periods during the life of the concession agreement. These periods range from 7 years to the end of the concession period. The provision is based on the same estimates and assumptions included in the Operations and Maintenance Plan, done biannually for the next 6 semi-annual periods and reviewed by the Group's Independent Engineer, Arup North America Limited. The underlying assumptions for the provision include the US and JM CPI, exchange rate variation, forecasted traffic and lenders' interest rate.

16 CONTRACT LIABILITIES

	The Group and the Company	
	2022 $'000	2021 $'000
Balance, beginning of the year	779	794
Incurred during the year	22,326	18,348
Included in income during the year	(22,276)	(18,363)
Balance, end of the year	829	779

This represents the advance payment for toll tags.

17 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade and other payables comprise:				
Trade payables	525	2,531	299	2,531
Accrued expenses	1,121	613	651	613
	1,646	3,144	950	3,144

18 OTHER GAINS

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Gain on disposal of property and equipment	-	39	-	39
Net (loss)/gain on foreign exchange	(268)	1,272	(274)	1,272
Interest income – bank deposits at amortized cost (Note 21)	708	630	708	630
Other operating gains	607	1,199	467	1,199
	1,047	3,140	901	3,140

19 EXPENSES

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Operating expenses				
Insurance	1,483	1,385	1,481	1,385
Marketing and advertising	333	70	333	70
Utilities	16	14	16	14
Legal and professional fees	2,575	421	2,574	421
Repairs and maintenance	1,688	1,579	1,675	1,579
Operator fixed fees	17,729	16,418	18,187	16,418
Operator variable fees	1,959	1,597	2,010	1,597
Bank charges	408	279	392	279
Amortization of intangible assets (Note 7)	13,676	12,290	13,676	12,290
Safety and sanitation	2	-	-	-
Security expenses	12	-	-	-
T Tag & Swipe Cards	18	-	-	-
Other operating expenses	10	4	6	4
	39,909	34,057	40,350	34,057
Administrative expenses				
Staff costs (Note 21)	1,053	785	885	785
Staff welfare	49	20	41	20
Office rental	21	-	55	-
Accounting, audit and consultancy fees	220	124	219	124
Repairs and maintenance	18	8	14	8
Subscriptions and donations	23	12	23	12
Travel expenses	29	3	13	3
Utilities	30	25	25	25
Management fees	103	-	-	-
Depreciation on property and equipment (Note 5)	123	119	119	119
Depreciation of right of use asset (Note 6)	35	92	-	92
Other administrative expenses	45	25	38	25
	1,749	1,213	1,432	1,213
Finance costs				
Interest on long-term loans	12,838	13,285	12,838	13,285
Interest on cumulative redeemable preference shares	1,960	1,996	1,960	1,996
Interest on lease liability (Note 6)	-	3	-	3
	14,798	15,284	14,798	15,284

20 **TAXATION**

(a) The tax charge for the year represents:

	The Group		The Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Current tax - current year	1,297	-	1,266	-
- prior year	40	-	40	-
Deferred tax charge (Note 8)	1,517	1,350	1,542	1,350
	2,854	1,350	2,848	1,350

(b) Subject to agreement of the Commissioner General, Tax Administration Jamaica, at the reporting date, the Company had tax losses of approximately $100.55 million (2021: $106.03 million) available for set-off against future taxable profits. Prior year tax losses that may be deducted in any tax year are capped at 50% of the aggregate taxable income for that year after taking into consideration the appropriate tax deductions and exemptions. At December 31, 2022 and 2021, a deferred tax asset was recognized in respect of these tax losses. (Note 8).

(b) The tax adjustment for the year can be reconciled to the (loss)/profit per the consolidated and separate statement of comprehensive income as follows:

	The Group		The Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
(Loss)/Profit before tax	(4,286)	5,341	(4,336)	5,341
Tax at domestic income tax rate of 25% (2021: 25%)	(1,071)	1,335	(1,084)	1,335
Tax effect of expenses that are not deductible for tax purposes	4,128	6	4,128	6
Tax effect of non-taxable income	(50)	-	(50)	-
Tax effect of tax losses utilised	(1,369)	-	(1,369)	-
Tax effect of employment tax credit	(103)	-	(103)	-
Other	1,319	9	1,326	9
Total tax charge for the year	2,854	1,350	2,848	1,350

21 **NET (LOSS)/PROFIT**

The following are included in the determination of net (loss)/profit:

	The Group		The Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Income				
Interest income – at amortized cost (Note 18)	708	630	708	630
Expenses				
Directors' emoluments - fees	180	122	180	122
Audit fees	67	34	66	34
Depreciation and amortization (Note 19)	13,834	12,501	13,795	12,501
Provision for heavy repairs (Note 15)	868	747	868	747
Staff costs (Note 19)	1,053	785	885	785
Finance costs (Note 19)	14,798	15,284	14,798	15,284

21 NET (LOSS)/PROFIT (CONTINUED)

The following are included in the determination of net (loss)/profit: (continued)

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Staff costs included in administrative expenses comprise:				
Salaries and wages	895	697	760	697
Statutory deductions	101	53	73	53
Pension contributions	57	35	52	35
	1,053	785	885	785

22 (LOSS)/EARNINGS PER SHARE

The earnings per share is based on the loss after taxation of $7.14 million (2021: profit after taxation of $3.99 million) for the Group and the number of shares in issue during the period of 12,501,000,000 (2021: 12,501,000,000).

23 DIVIDENDS

The Board of Directors at a meeting held on September 30, 2022, proposed an interim dividend of $7.00 million ($0.56 per 1,000 share) which was paid on October 25, 2022 (2021: on November 19, 2021, proposed an interim dividend of $6.90 million ($0.55 per 1,000 share) which was paid on December 20, 2021.

24 FINANCIAL INSTRUMENTS, FINANCIAL AND CAPITAL RISKS MANAGEMENT

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

24 FINANCIAL INSTRUMENTS, FINANCIAL AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Financial assets at amortized cost				
Cash and bank balances	5,421	6,720	3,798	6,720
Restricted cash	49,344	54,621	49,344	54,621
Other receivables	240	288	36	288
	55,005	61,629	53,178	61,629
Financial liabilities				
Financial liabilities at amortized cost				
Owed to related company	-	-	1,205	-
Lease liability	201	-	-	-
Cumulative redeemable preference shares	24,942	24,707	24,942	24,707
Borrowings	209,769	216,084	209,769	216,084
Trade payables	525	2,531	299	2,531
Contract liabilities	829	779	829	779
	236,266	244,101	237,044	244,101

Financial risk management policies and objectives

The financial risk management seeks to minimize potential adverse effects of financial performance of the Group and covers specific areas, such as market risk (including currency risk, interest rate risk, and other price risk), credit risk and liquidity risk.

The activities of the Group consist of the design, construction, financing and operation of tolled motorways in Jamaica.

The financial liabilities of the Group mainly consist of borrowings and cumulative redeemable preference shares.

The financial risk of the Group is mainly in respect of its ability to meet its commitments to its lenders. Any changes to these commitments have to be approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk during the year.

24 FINANCIAL INSTRUMENTS, FINANCIAL AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

Exposures are measured using sensitivity analyses indicated below.

(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 risk with respect to foreign currencies and interest rates are disclosed in Note 24(a)(i) and Note 24(a)(ii) below.

(i) Foreign exchange risk management

The Group undertakes certain transactions denominated in currencies other than the United States dollar resulting in exposures to exchange rate fluctuations.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management consistently monitors the Group's exposure in this regard.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities arising in the ordinary course of business at the reporting date are as follows:

	The Group					
	(Liabilities)		Assets		Net assets/ (liabilities)	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Jamaican dollars	(25,420)	(25,610)	2,251	1,933	(23,169)	(23,677)
Euros (€)	(299)	(91)	-	-	(299)	(91)

	The Company					
	(Liabilities)		Assets		Net assets/ (liabilities)	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Jamaican dollars	(25,420)	(25,610)	1,319	1,933	(24,101)	(23,677)
Euros (€)	(38)	(91)	-	-	(38)	(91)

24 FINANCIAL INSTRUMENTS, FINANCIAL AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

(i) Foreign exchange risk management (continued)

Foreign currency sensitivity
The following table details the sensitivity to an 4% increase and 1% decrease (2021: 8% increase and 2% decrease) in the United States dollar against the Jamaican dollar and a 5% increase and decrease (2021: 5% increase and decrease) against the Euro. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for an 4% increase and 1% decrease (2021: 8% increase and 2% decrease) in United States dollar against the Jamaican dollar and a 5% increase and decrease (2021: 5% increase and decrease) in the Euro.

If the United States dollar strengthens by 4% or weakens by 1% (2021: strengthens by 8% or weakens by 2%) against the Jamaican dollar or strengthens or weakens by 5% (2021: strengthens or weakens by 5%) against the Euro, net(loss)/profit will:

The Group

					(increase/(decrease))			
	Jamaican dollar		Euro (€)		Jamaican Dollar		Euro (€)	
	2022	2021	2022	2021	2022	2021	2022	2021
	%	%	%	%	$'000	$'000	$'000	$'000
Revaluation	+4	+8	+5	+5	(927)	1,894	(15)	5
Devaluation	-1	-2	-5	-5	232	(474)	15	(5)

The Company

					(increase/(decrease))			
	Jamaican dollar		Euro (€)		Jamaican Dollar		Euro (€)	
	2022	2021	2022	2021	2022	2021	2022	2021
	%	%	%	%	$'000	$'000	$'000	$'000
Revaluation	+4	+8	+5	+5	(964)	1,894	(2)	5
Devaluation	-1	-2	-5	-5	241	(474)	2	(5)

The movements in sensitivity are mainly attributable to the exposure outstanding on bank balances, receivables, payables and cumulative redeemable preference shares in the respective foreign currency at year end in the Group.

(ii) Interest rate risk management

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 risk. The borrowings are subject to fixed interest rates.

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section at Note 24(c) below.

The Group manages its interest rate risk by monitoring the movements in the market interest rates closely.

24 **FINANCIAL INSTRUMENTS, FINANCIAL AND CAPITAL RISKS MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

(ii) Interest rate risk management (continued)

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period.

The analysis has been prepared on the assumption that the variable rate assets at the end of the reporting period have been outstanding for the whole year.

In respect of Jamaican dollar balances (net financial liabilities), if interest rates had been 100 basis points higher or 50 basis points lower (2021: 300 basis points higher or 50 basis points lower) and all other variables were held constant:

- Net loss (2021: Net profit) for the year would decrease by $0.01 million or increase by $0.01 million (2021: increase by $0.02 million or decrease by $0.01 million) for the Group.
- Net loss (2021: Net profit) for the year would decrease by $0.01 million or increase by $0.01 million (2021: increase by $0.02 million or decrease by $0.01 million) for the Company.

In respect of United States dollar balances (net financial liabilities), if interest rates had been 100 basis points higher or 50 basis points lower (2021: 100 basis points higher or 100 basis points lower) and all other variables were held constant:

- Net loss (2021: Net profit) for the year would decrease by $0.02 million or increase by $0.01 million (2021: increase by $0.05 million or decrease by $0.05 million) for the Group.
- Net loss (2021: Net profit) for the year would decrease by $0.02 million or increase by $0.01 million (2021: increase by $0.05 million or decrease by $0.05 million) for the Company.

This is mainly attributable to the Group's exposure to variable interest rates on its bank balances.

The Group's sensitivity to variable interest rates has decreased during the year due to decreased holdings of variable rate interest bearing financial assets.

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Financial assets that potentially subject the Group to concentration of credit risk consist principally of cash and cash equivalents, other receivables and amounts owed by related parties. The maximum exposure to credit risk is the amount of approximately $55.01 million (2021: $61.63 million) for the Group and approximately $53.18 million (2021: $61.63 million) for the Company disclosed under 'categories of financial instruments' above and the Company holds no collateral in this regard. The directors believe that the credit risks associated with these financial instruments are minimal.

24 FINANCIAL INSTRUMENTS, FINANCIAL AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(b) Credit risk management (continued)

Cash and bank deposits

The credit risk on liquid funds is limited because the counterparties are major banks with high credit ratings. The carrying amount of cash and bank balances totalling $54.76 million (2021: $61.34 million) for the Group and $53.14 million (2021: $61.34 million) for the Company at the reporting date represents the maximum exposure to this class of financial assets.

Other receivables

The Board of Directors believe that the credit risks associated with this financial instrument is minimal due to the immateriality of the balance carried.

(c) Liquidity risk management

Liquidity risk, also referred to as funding risk, is the risk that the Group will encounter difficulty in meeting commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed facilities. Due to the nature of the underlying business, the management of the Group maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

Liquidity and interest risk analyses in respect of non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	The Group				
	Average Effective Interest Rate	**On Demand or Within 1 Year**	**1 – 5 Years**	**5+ Years**	**Total**
		$'000	**$'000**	**$'000**	**$'000**
2022					
Non-interest bearing	Nil	1,354	-	-	1,354
Fixed interest rate instruments:					
- Cumulative redeemable preference shares	8%	1,956	19,928	18,097	39,981
- Lease liability	5.75%	110	110	-	220
- Borrowings	5.75%	19,715	84,781	214,043	318,539
		23,135	104,819	232,140	360,094

24 FINANCIAL INSTRUMENTS, FINANCIAL AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(c) Liquidity risk management (continued)

Liquidity and interest risk analyses in respect of non-derivative financial liabilities (continued)

	The Company				
	Effective Interest Rate	**On Demand or Within 1 Year**	**1 – 5 Years**	**5+ Years**	**Total**
		$'000	**$'000**	**$'000**	**$'000**
2022					
Non-interest bearing	Nil	2,333	-	-	2,333
Fixed interest rate instruments:					
- Cumulative redeemable preference shares	8%	1,956	19,928	18,097	39,981
- Borrowings	5.75%	19,715	84,781	214,043	318,539
		24,004	104,709	232,140	360,853

	The Group and the Company				
	Average Effective Interest Rate	**On Demand or Within 1 Year**	**1 – 5 Years**	**5+ Years**	**Total**
		$'000	**$'000**	**$'000**	**$'000**
2021					
Non-interest bearing	Nil	3,310	-	-	3,310
Fixed interest rate instruments:					
- Cumulative redeemable preference shares	8%	1,938	15,722	17,926	35,586
- Borrowings	5.75%	19,190	82,416	236,124	337,730
		24,438	98,138	254,050	376,626

(d) Fair value of financial assets and financial liabilities

The following provides an analysis of financial instruments held as at the reporting date, subsequent to initial recognition that are measured or disclosed at fair value. Financial instruments are grouped into Levels 1 to 3 based on the degree to which the fair value is observable as described in Note 3.2.

- There are no financial instruments measured at fair value classified as Level 1 and Level 3 at the end of the reporting period.
- The fair value of fixed interest rate borrowings disclosed in the financial statements are classified as Level 2.

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(d) Fair value of financial assets and financial liabilities (continued)

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

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analyses or other valuation models.

- The carrying amounts of cash and bank balances, receivables and payables and other assets and liabilities maturing within twelve months are assumed to approximate their fair values because of the short-term maturity of these instruments.
- The fair values of fixed rate borrowings and lease liability are calculated using discounted cash flow techniques using a discount rate applicable to the borrowings and lease liability outstanding at the end of the reporting period.
- The fair value of the preference shares is determined using the quoted price on the Jamaica Stock Exchange.

A comparison of the fixed rate financial liabilities at carrying amount and fair value is as follows:

	The Group			
	2022		2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	$'000	$'000	$'000	$'000
Fixed rate financial liabilities:				
- Borrowings	209,769	278,628	216,084	297,927
- Cumulative redeemable preference shares	24,942	34,960	24,707	32,547
- Lease liability	201	197	-	-
	234,912	313,785	240,791	330,474

	The Company			
	2022		2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	$'000	$'000	$'000	$'000
Fixed rate financial liabilities:				
- Borrowings	209,769	278,628	216,084	297,927
- Cumulative redeemable preference shares	24,942	34,960	24,707	32,547
	234,711	313,588	240,791	330,474

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (continued)

(d) Fair value of financial assets and financial liabilities (continued)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities.

As at December 31, 2022:

	The Group				
	Date of valuation	Quoted prices in active markets (Level 1) $'000	Significant Observable inputs (Level 2) $'000	Significant Unobservable inputs (Level 3) $'000	Total $'000
Liabilities for which fair values are disclosed					
Borrowings	December 31, 2022	-	313,785	-	313,785

	The Company				
	Date of valuation	Quoted prices in active markets (Level 1) $'000	Significant Observable inputs (Level 2) $'000	Significant Unobservable inputs (Level 3) $'000	Total $'000
Liabilities for which fair values are disclosed					
Borrowings	December 31, 2022	-	313,588	-	313,588

As at December 31, 2021:

	The Group and the Company				
	Date of valuation	Quoted prices in active markets (Level 1) $'000	Significant Observable inputs (Level 2) $'000	Significant Unobservable inputs (Level 3) $'000	Total $'000
Liabilities for which fair values are disclosed					
Borrowings and leases	December 31, 2021	-	330,474	-	330,474

There have been no transfers between Level 1 and Level 2 during the financial year.

24 FINANCIAL INSTRUMENTS, FINANCIAL AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of equity.

The capital structure of the Group consists of net debt (borrowings as disclosed in Note 14, offset by cash and cash equivalents) and equity of the Group (comprising issued capital and retained earnings). There was no breach of covenants attached to borrowings at December 31, 2022 and 2021. (Note 14).

The capital structure strategy of the Group was defined when Phase 1A financial closing was reached in February 2004. There was no change in the overall strategy of the Company during the year.

The Group's Board of Directors reviews the capital structure on an annual basis. As a part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital.

25 INDIVIDUAL RETIREMENT SCHEME

The Company

An Individual Retirement Scheme (IRS) has been in operation since January 1, 2012 due to the discontinuation of the defined contribution plan that was previously in place. During the course of 2013, the employees' accumulated contributions from the previous plan were paid over by Guardian Life Limited to the newly established IRS accounts of each of the members at the point of winding up. The surplus, however, was not distributed and has since been approved for distribution to the remaining members (pending the submission of a progress report by Guardian Life Limited).

The Company has opted to continue its contribution of 10% of basic salaries on behalf of the employees while the employees contribute up to 10% of their pensionable salaries.

Retirement benefits payable will be based on the contributions made to scheme together with investment earnings thereon. The total expense recognized in the profit or loss in respect of the plan is $51,999 (2021: $35,289).

The Subsidiary

The subsidiary operates a defined contribution plan for all qualifying employees. The assets of the defined contribution plans are held separately from those of the subsidiary. Where employees leave the plan prior to vesting fully in the contributions, the contributions payable by the subsidiary are reduced by the amount of forfeited contributions.

The total expense recognised in the statement of comprehensive income of $0.004 million (2021: $Nil million) represents contributions payable to the defined contribution plan by the subsidiary at the rate of 10% (2021: Nil%) of pensionable salaries of the qualifying employees.

The Scheme is funded by contributions from employees at the rate of 5% of pensionable salaries (as defined), as a basic contribution. The employees also have the option to contribute an additional amount of 5% of pensionable salaries. As at 31 December 2022 and 2021, all contributions due in respect of the reporting period were paid over to the Plan.

26 CONTINGENCIES

In the normal course of business, situations could arise where the Group may be the defendant in certain litigation matters, claims and other legal proceedings. In such instances provisions will be established for such matters where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.

The Group would remain contingently liable in respect of other litigation matters which are considered to be possible but not probable and thus would not make provision in these financial statements.

FORM OF PROXY

I/We..

Of..

Being a member(s) of TRANSJAMAICAN HIGHWAY LIMITED hereby appoint

....

or failing him or her..

of..

as my/our proxy to vote on my/our behalf at the 21st Annual General Meeting of the above-named Company to be held at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5 on Friday, June 30, 2023 at 10:00 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote on the under-mentioned resolutions as indicated below. In the absence of such direction, the proxy may vote as he/she sees fit.

ORDINARY BUSINESS	For	Against
RESOLUTION 1 - To receive the audited accounts for the year ended December 31, 2022.	☐	☐
RESOLUTION 2 – To ratify interim dividend payments and declare them final.	☐	☐
RESOLUTION 3(i) – To re-elect Charles Paradis to the Board of Directors.	☐	☐
RESOLUTION 3(ii) – To re-elect Ian Dear to the Board of Directors.	☐	☐
RESOLUTION 3(iii) – To re-elect Alok Jain to the Board of Directors.	☐	☐
RESOLUTION 3(iv) – To re-elect Steven Gooden to the Board of Directors.	☐	☐
RESOLUTION 3(v) – To re-elect Patrick Hylton to the Board of Directors.	☐	☐
RESOLUTION 4 – To approve the remuneration of the Directors.	☐	☐
RESOLUTION 5 – To re-appoint the Auditors and to fix their remuneration.	☐	☐
SPECIAL BUSINESS		
RESOLUTION 6 - To amend the Articles of Incorporation by special resolution.	☐	☐

Signed: .... Signed: ....

Dated this day of , 2023.

FORM OF PROXY

Notes

1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his place. Such proxy should be chosen from the following list of Directors (and Company Secretary) who have indicated that they intend to attend the AGM:

   a) Ivan Anderson, Managing Director
   b) Susan Garriques, Company Secretary

   or alternatively, a member may appoint a person of his/her choice who has been granted right to attend the meeting physically.

2) If the appointer is a corporation, this form must be signed under its common seal or under the hand of some officer or attorney duly authorized in writing.

3) Any alteration made in this Form of Proxy should be initialed by the person who signs it.

4) A member must complete and return his/her From of Proxy to the Registrar of the Company, the Jamaica Central Securities Depository ("JCSD"), using one of the following methods, not less than 48 hours before the Meeting:

   a) by hand delivery to JCSD Trustee Services Limited at 40 Harbour Street, Kingston; or
   b) by post addressed to JCSD Trustee Services Limited at 40 Harbour Street, Kingston.
   c) by facsimile at (876) 969-3730; or
   d) by email: tjhighway@h2k-tjh.com

5) In the case of joint holders, the vote of the senior joint holder who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders(s), and for this purpose seniority will be determined by the order in which the names appear in the books of the Company.

6) If the proxy form is returned without any indication as to how the proxy must vote, he may exercise his discretion as to how he votes or whether he abstains from voting.

7) The proxy form is subject to stamp duty of J$100.00. The stamp duty may be denoted by adhesive stamps. **The Company reserves the right to stamp unstamped proxy forms.**

8) **The person to whom this Proxy is given need not be a holder of shares in the Company but must attend the Meeting in person to represent you.**

LETTER FROM THE CHAIRMAN

Dear Stockholder,

Annual General Meeting

I am pleased to invite you to the 22nd Annual General Meeting ("AGM") of the Company to be held at the Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5 on Friday June 30th at 10.00 a.m. The Notice of the AGM, which is being sent with this letter, sets out the business to be considered at the meeting.

The AGM gives the Board the opportunity to present the Company's performance and strategy to stockholders and to listen and respond to your questions. Your participation is important to us, and if you cannot attend the AGM, you may appoint a person of your choice to be your proxy to attend, speak and vote on your behalf by completing the enclosed form of proxy. This proxy form should be completed, signed and returned in accordance with the instructions printed thereon at least 48 hours before the AGM.

All the Resolutions apart from Resolution 6 are proposed as ordinary resolutions. Resolution 6 will be proposed as a special resolution. Voting on all resolutions to be proposed at the AGM will be by way of a show of hands or a poll if called by the Chairman or by at least five (5) members or by a stockholder or stockholders holding not less than 10% of the Company's stock.

Special Resolution

This resolution seeks to amend the Company's Article of Incorporation to address two issues

1. *Share buy-back* - Article 65 currently allows the Company to repurchase its shares by way of a tender invitation to all stockholders requesting them to offer their shares to the Company in response to a tender by the Company. The tender would set out the terms on which the Company would be prepared to "buy back" shares tendered by stockholders in response to the invitation

   Nowadays however, repurchase by a company of its shares is more commonly done by "open market" purchase – that is to say the Company buying the shares openly on the Stock Exchange through a broker.

   Thus, the first amendment to the Articles seeks to delete the existing Article 65 and replacing that Article with a new Article which would allow the Company to repurchase shares by tender offer or by open market purchase or such other method as may be approved by the stockbrokers in general meeting by an ordinary resolution. This amendment will give the Company more flexibility, through the Board, if it is decided to undertake a stock re-purchase programme.

2. *Directors' Age Limitation*: Article 106 in its current form provides that a person who has attained age 70 cannot be appointed as a director of the Company unless specifically approved by the stockholders and such approval must state the period of his appointment beyond age 70. The Article also absolutely prohibits the appointment to the Board of a person over age 75.

   The Directors are unanimously of the view that this Article is unnecessarily restrictive and is contrary to the Articles of most companies listed on the Jamaican Stock Exchange which do not have Directors' age limit. This Article causes the company to discriminate against persons who otherwise are competent, extremely qualified and experienced to serve on the Board. It perpetuates stereotypes about older or younger persons and is illegal in many countries. Accordingly, the Directors are recommending that this Article be deleted from the Company's Articles of Incorporation.

LETTER FROM THE CHAIRMAN

Recommendation

Your Directors consider that each Resolution to be proposed at the AGM is in the best interest of the stockholders as a whole and they unanimously recommend that stockholders vote in favour of all the resolutions including the Special Resolution. The Directors intend to vote their own shares in favour of the Resolutions.

On behalf of our Board I wish you well and look forward to seeing you at the AGM.

Yours faithfully

Charles Paradis
Chairman