

ANNUAL

REPORT



2001 - 2002



Mission Statement

To oversee the financing, planning, building and maintenance of a safe and efficient network of toll highways and support roads of the highest quality, to serve Jamaica.

Vision Statement

To establish a safe, efficient network of toll highways, to stimulate economic expansion and development in Jamaica.

Strategic Objectives

- Road user safety
- Environmental balance
- Customer Service
- Accelerating development through infrastructure
- Organizational development and efficiency improvements

Values

We commit to always:

- Practice open/honest communication
- Show mutual trust and respect to all stakeholders
- Continuous improvement towards being an excellent organization
- Promote the development of our staff
- Contribute towards the development of the nation

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Report of the Directors

Your Directors submit to you the members the Annual Report together with the Audited Financials for the year ended March 2006.

Financial Statements

For the year the company had no Revenues. It also had Finance Income of \$1,012M. After deducting Inflation Compensation on the Real Return Bonds, Finance Costs and Administrative expenses it made a net loss of \$1,150M after taxes.

Details of the results are shown on Page 1 of the financials.

Dividends

As a consequence of the foregoing losses no dividends can be paid at this time

Directors

The names of the Directors are shown in the report. None of them are due for retiring.

Auditors

PwC have expressed their willingness to continue as Auditors of the company and a resolution will be proposed authorizing the Directors to fix their remuneration.



MANAGING DIRECTOR'S STATEMENT

The National Road Operating and Constructing Company (NROCC) is justifiably proud to have been nominated as the Grantor for the Highway 2000 project as it is the largest and most significant infrastructure project ever undertaken in Jamaica as well as the English speaking Caribbean.

The opening of the Highway is anticipated to create direct employment for over 400 persons and indirect employment of truckers and subcontractors. It is anticipated that the Project will greatly facilitate the growth of trade and traffic movement (de-congestion) between the largest commercial and tourist centres in the country as well as reduce the population pressure on the major urban areas as commuting from suburban and rural areas to the city will be greatly facilitated.

The project has been divided into two main phases. The strategic rationale behind the planning and sub-phasing of the project is to create manageable commercial units that are easy and efficient in their financing and implementation.

The period 2001 – 2002 saw the following activities being completed: Negotiation of the Concession Agreement, finalization of financing for Phase 1 (Bidders), Cabinet approval to award the Highway 2000 construction contract to Bouygues Travaux Publics of France to build. The Rt. Hon. P.J. Patterson officially announced Bouygues Travaux Publics as the successful bidder. On 2001 November 1, the signing of the Concession Agreement between NROCC and Transjamaican Highway Limited (TJH) took place.

I would like to congratulate all the stakeholders who have come on board to assist in making this project the largest and most significant infrastructure project ever undertaken in Jamaica as well as the English speaking Caribbean.

Wayne Reid
Managing Director

BOARD OF DIRECTORS

2001 - 2002
KINGSLEY THOMAS Chairman Managing Director Development Bank of Jamaica
WAYNE REID Managing Director NROCC
DEVON ROWE Deputy Financial Secretary Ministry of Finance and Planning
MAUREEN VERNON Principal Director Policy Analysis and Review Unit Office of the Prime Minister
IVAN ANDERSON Chief Executive Officer National Works Agency
BARBARA SCOTT Manager – Project Development Planning Institute of Jamaica
CALVIN GRAY Director
WAYNE WHITTINGHAM Corporate Secretary NROCC/Development Bank of Jamaica



HIGHWAY 2000 PROJECT BACKGROUND

The Highway 2000 Project was announced in 1999 as the cornerstone of a long term Program of the Government of Jamaica, to upgrade the infrastructure of the country and to revitalise the economy. The project had two stated objectives:

- to provide a safer and faster link between Kingston with major centres of population growth throughout Jamaica, and
- to provide access and open up new areas of lands for development opportunities.

After numerous studies and investigations the corridor for the Highway 2000 route was defined from Kingston to Montego Bay with a North South link to Ocho Rios.

The total length of the project is approximately 230 km (including access and associated road stretches) with a design speed of 110 kph in the flat and undulating areas and 90 kph in the hilly areas.

THE TENDER PROCESS

Because of the scope and importance of the Highway 2000 project to the Jamaican economy, the project sponsors designed the tender process to attract the leading international toll concession companies to the competition. Highlights of the process are as follows:

October 1999: The Invitation to Pre-qualify was dispatched to sixty-seven companies that had previously indicated interest in the project. Seventeen companies submitted detailed responses.

December 1999: A meeting of the Bid Review Committee identified four respondents as very strong candidates with a proven track record; three others were identified as strong, but with a less extensive track record.

March 2000: The seven pre-qualified bidders were invited to attend a Pre-bid Conference in Kingston. One group did not attend and it was therefore disqualified; two others withdrew from the process for strategic commercial reasons; and a fourth group was disqualified because it did not contain an internationally recognized contractor.

Two groups subsequently merged to form a single bidding group. This left two participants in the competition—Bouygues and Dragados / LTA.

June to August 2000: The bid package was released in phases.

15 February 2001: The bids were formally opened.



February 2001: Bid evaluation and consultation with final round bidders. A consensus was arrived at between the sponsor and the final round bidders that the project should be sub-divided into phases and that a 'Best and Final Offer' (BAFO) round should be initiated.

3 May 2001: the BAFO round was launched with a revised Request for Proposal and Data Book.

18 May 2001: The BAFO submissions were opened.

May–June 2001: The BAFO submissions were evaluated and a detailed report was submitted to the National Contracts Commission for consideration. Bouygues Travaux Publics (BTP) was nominated as the Preferred Bidder. The Cabinet of Jamaica confirmed BTP as the Preferred Bidder.

June to November 2001: Negotiation of the Concession Agreement and the relevant implementation and facilitation Agreements.

21 November 2001: Signature of the Concession Agreement.

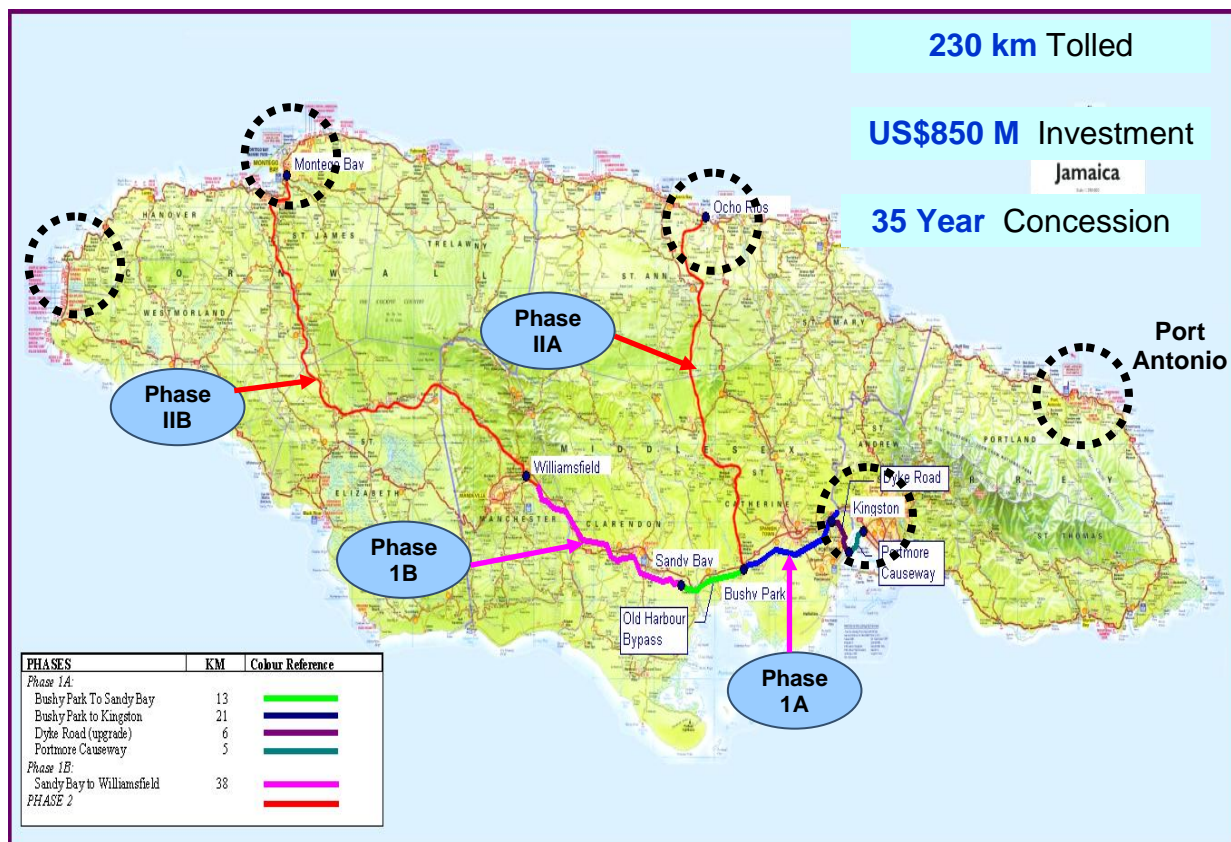
PROJECT ESTABLISHMENT

In 2000-2001 the Government of Jamaica (GOJ) launched the TransJamaican Highway Concession, known as "Highway 2000 Project" under a Build-Operate-Transfer scheme for the construction, operation and maintenance of the first section of a total 230 km of 4 to 6 lane highway that will eventually cross the entire island from the Kingston area through the central regions of the island and on to the primary tourism areas surrounding Montego Bay and Ocho Rios.

Through a public international bidding process, the Concession for Phase 1 of the road was awarded to Bouygues Travaux Publics (Bouygues) of France, one of the largest construction firms in the world. The Concession Agreement with the National Road Operating and Constructing Company (NROCC) was signed by Transjamaican Highway Limited (TJH) in November 2001. TJH is a special purpose vehicle established for the sole purpose of the concession and is currently owned by Bouygues and Autoroutes du Sud de la France ("ASF"), the largest toll road operator in France, a fully owned subsidiary of the Vinci Group.

PROJECT PHASES

The Strategic rationale behind the planning and sub-phasing of the project is to create manageable commercial units that are easy and efficient in their financing and implementation.



HIGHWAY 2000 PROJECT PHASES

Early Project – Kingston to Sandy Bay including Old Harbour Bypass

Phase 1A of the Project covers 46 km as follows:

- modifications to the Old Harbour Bypass (OHB) between Bushy Park and Sandy Bay 13km this included the dualisation of the OHB and the reconstruction of the Old Harbour Interchange northern ramps.
- construction of a divided 2x2 carriageway toll road between Kingston and Bushy Park (21km) with toll plazas located on the Spanish Town Interchange eastbound ramps (Kingston to Bushy Park)
- The widening into a 2x3 lane carriageway of the Portmore Causeway (5 km) and rehabilitation of the Dyke Road (6 km i.e. the link to the alternate route) and the construction of a main toll plaza to the west of the Hunt's Bay Bridge.

Phase 1B of the Project includes constructing a new road section that will link Sandy Bay to Williamsfield consisting of an additional extension of four-lane greenfield highway as well as two toll booth facilities.



Phase 2A North-South Link

The North-South Link: Spanish Town to Ocho Rios, is comprised of the following sections:

- Spanish Town to Linstead
- Linstead to Moneague – Mt. Rosser Bypass
- Moneague to Ocho Rios



Once complete the projected travel time between the north and south coast will be reduced to less than 50 minutes. Tourists will be able to access the south within an hour, which will again provide opportunities for more tourism in the south and in Kingston and also generate traffic on the highway.

Phase 2B Williams Field to Montego Bay

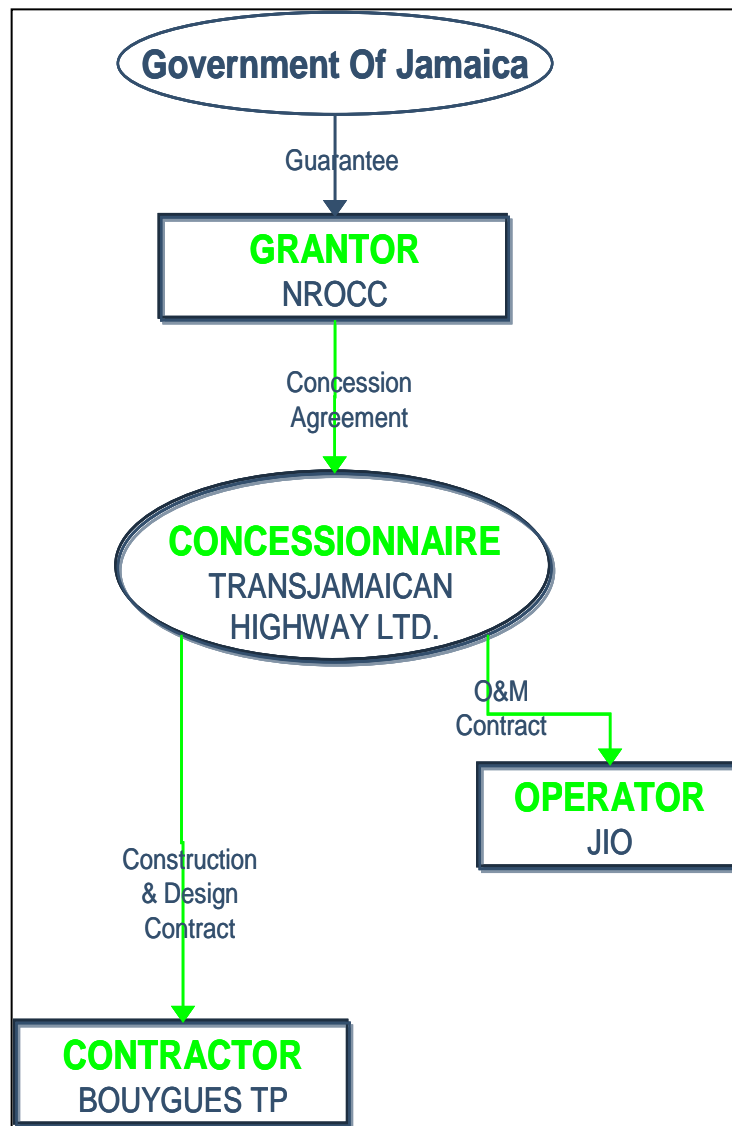
This section of the highway will complete the East-West link joining Williams Field in Manchester to Montego Bay in St. James. When this 85 Km section is completed, motorists will be able to travel from Kingston to Montego Bay



HIGHWAY 2000 PROJECT STAKEHOLDERS

The Highway 2000 Project is a public-private partnership which will see the construction of Jamaica's first Toll Road. The partnership is structured to maximize operational efficiency while minimizing cost. A public-private partnership is an effective means of increasing public infrastructure capacity by mobilizing financial and other resources from the private sector. The Project partnership is designed as a build-finance-operate and transfer (BFOT) wherein the private sector partner will find the necessary financing to construct and operate the facility for 35-years at the end of which it will be turned over to the GoJ.

The organizational arrangement for this partnership is: -





National Road Operating and Constructing Company Limited (NROCC)

The National Road Operating and Constructing Company Limited (NROCC) is a 100% Government owned special purpose limited liability company, established to act as the Grantor in implementing the Project. It is the entity in control of the development, interfacing with the Developer and Concessionaire. At the expiration of the 35-year Concession the Highway will revert to NROCC.

The principal business of NROCC is the granting of the Concession including the arrangement of the Grantor Procured Debt (GPD), Sub-Debt, land acquisition and utility relocation to facilitate the project.

TransJamaican Highway Limited (TJH)

TJH is the Concessionaire, and is responsible for the design, finance, construction, operation and maintenance of the Highway. TJH's principal sponsors are Bouygues (66% ownership) and ASF (Autoroutes du Sud de la France) (34% ownership). Both the principal sponsors are publicly traded companies on the Paris Stock Exchange.

Autoroute du Sud de la France (ASF – 34%)

ASF and its subsidiaries are the leading French company for the financing, construction and operation of toll highways and the third largest such company in the world. ASF is currently engaged in the financing, construction and operation of the largest state concession motorway in France.

ASF in 2002 had revenues of 3.3 Billion USD.

Bouygues Travaux Publics (Jamaican Branch)

Bouygues Travaux Publics is a subsidiary of Bouygues Construction, which is a part of the Bouygues Group and is a world leader in the Civil Works industry. It operates worldwide with a presence in more than 70 countries and achieved a turnover of €31.9 billion Euros in 2004 and employs over 120,000 people worldwide.

Bouygues Group, engages in a wide cross section of projects from the Building industry to mobile phone networks. Bouygues Construction is in the business of building and operating complex projects with a strong value added component.

Jamaican Infrastructure Operator (JIO)

JIO was incorporated in November 2001. ASF and Bouygues TP own respectively 51% and 49% of the company.

The Operator provides all services necessary for the Project Company to be compliant with its obligations relating to operation and maintenance.

The Operator performs its obligations under the terms of the Concession Agreement, the Operations and Maintenance (O&M) Contract, ISO 9001:2000 standards and good engineering practice.

FINANCING PLAN

The project expected financing plan as envisaged at project start-up for Phase1 is as shown below:

Details	US\$M	%
Concessionaire's Debt Financing	183.0	46.9
Concessionaire's Equity	40.5	10.4
Total Concessionaires' contribution	223.5	57.3
Free Cash flows from Tolling	59.0	15.1
Sub Total	282.5	72.4
NROCC loan to Concessionaire	87.5	22.4
Subordinated Debt	20.0	5.2
Total Government Supported Debt	107.5	27.6
Total Financing	390.0	100.0



HIGHWAY 2000 PROJECT HIGHLIGHTS

Early Financial close was achieved on March 12, 2002. The Toll Road Act was passed by Parliament and enacted into law. The Ministerial Order granting the right of NROCC to develop toll roads and to allow for the delegation of the responsibility to TJH was signed by the Minister on March 12, 2002. All legal requirements for the development and maintenance of Highway 2000 as a toll road were fulfilled. The agreement to hand over Old Harbour Bypass, Melrose Bypass, Portmore Causeway and Dyke Road was also signed. The Dyke Road would be upgraded during Phase 1A and handed back to the National Works Agency.

All the land required for the dualization of the Old Harbour Bypass was already owned by the Commissioner of Lands. The determination of the precise requirements for the portions from Kingston to Bushy Park has started.

The first section of the highway to be completed will be the Old Harbour Bypass (Bushy Park to Sandy Bay) followed by the Kingston Bypass (Mandela to Bushy Park) the Causeway and Dyke Road.

Groundbreaking for phase I of the project is projected to take place in 2002 April and construction work is scheduled to start shortly thereafter.



DIRECTORS' FEES

No FEES WERE PAID TO DIRECTORS DURING 2001-2002

Position of Director	Fees(\$)	Motor Vehicle Upkeep/Travelling or Value of Assigned Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as Applicable (\$)	Total (\$)
Director 1	0.00	0.00	0.00	0.00	0.00
Director 2	0.00	0.00	0.00	0.00	0.00
Director 3	0.00	0.00	0.00	0.00	0.00
Director 4	0.00	0.00	0.00	0.00	0.00
Director 5	0.00	0.00	0.00	0.00	0.00

SENIOR EXECUTIVE COMPENSATION

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assignment of M. Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits *	Total (\$)
Managing Director	Feb. 2002-Mar. 2002	833,333.34		75,000.00	-	-		908,333.34



AUDITOR'S REPORT

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AUDITED FINANCIAL STATEMENTS