



NROCC

**NATIONAL ROAD OPERATING
& CONSTRUCTING COMPANY LTD**

ANNUAL REPORT

The Best Way to *GO*



2002 - 2003



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

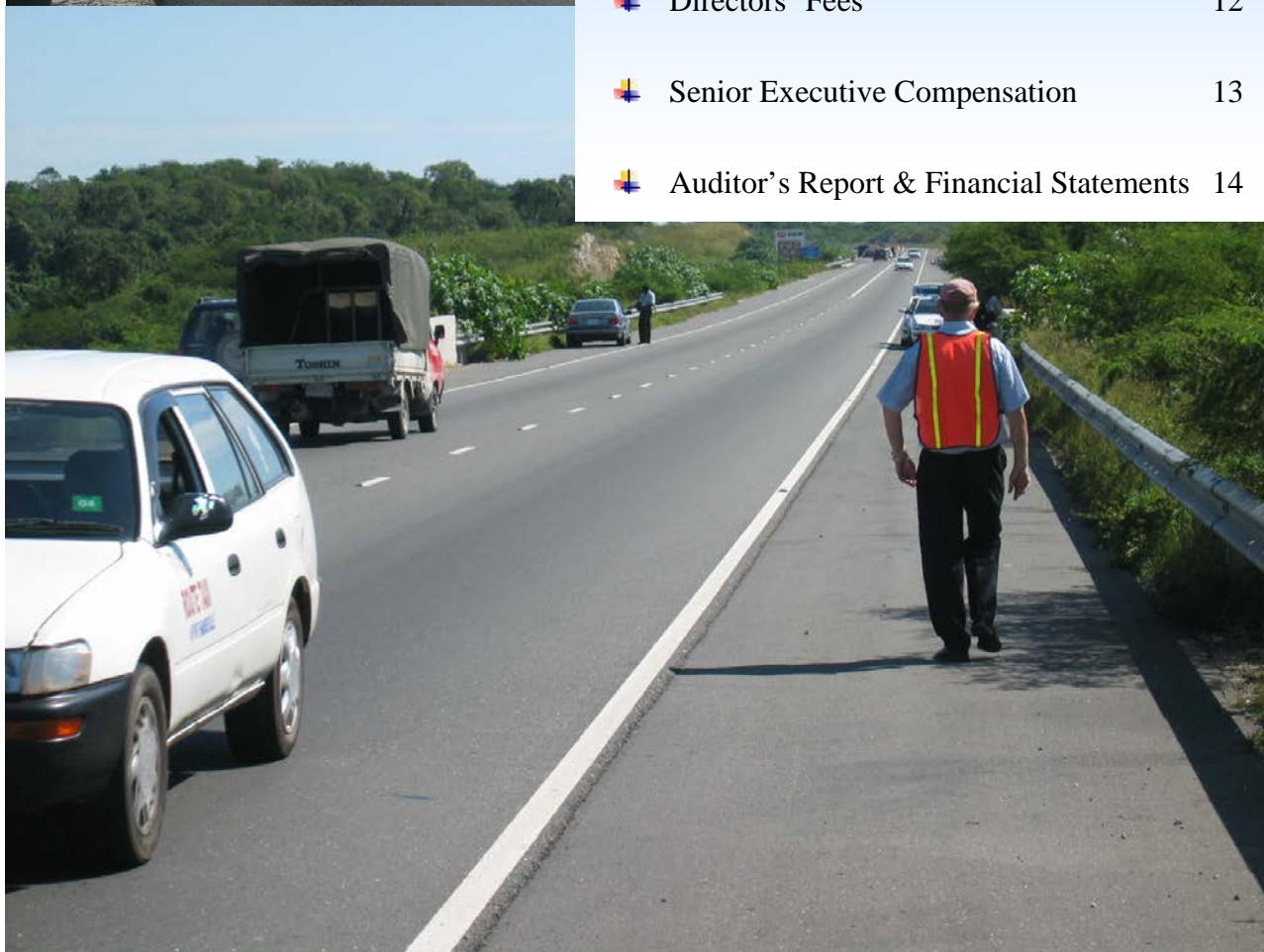
- Road user safety
- Environmental balance
- Customer Service
- Accelerating development through infrastructure
- Organizational development and efficiency improvements

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 2003.

Financial Statements

For the year the company had Revenues of \$2.3 M. It also had Finance Income of \$549 M. After deducting Finance Charges and Administrative expenses it made a net profit of \$275 M.

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

Dividends

Given the future requirements of the company no Dividends are authorized 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) was nominated as the Grantor for the Highway 2000 project - the largest and most significant infrastructure project ever undertaken in Jamaica as well as the English speaking Caribbean.

The period 2002 – 2003 saw the groundbreaking for phase I of the project which took place on 2002 April 10 at the entrance of the Old Harbour bypass. Construction work started in June 2002. Work on the Vineyard Toll Plaza and the Operations/Maintenance Control Building started in January 2003.

Construction of Highway 2000 to date, has resulted in the direct employment of over 400 persons as well as the indirect employment of others such as truckers. This figure is not inclusive of sub-contractors.

The project is becoming more complex in its financial, commercial and technical execution, however, the staff complement which was increased to seven, still continues to manage the project satisfactorily.

A website was developed to post information regarding the progress of the Highway 2000 project.

The first Annual General Meeting for NROCC was held on 2003 February 14.

NROCC continues to oversee the financing, planning, building and maintenance of Highway 2000 and support roads with a view to achieving the highest quality, to serve Jamaica for years to come.

Wayne Reid
Managing Director

BOARD OF DIRECTORS

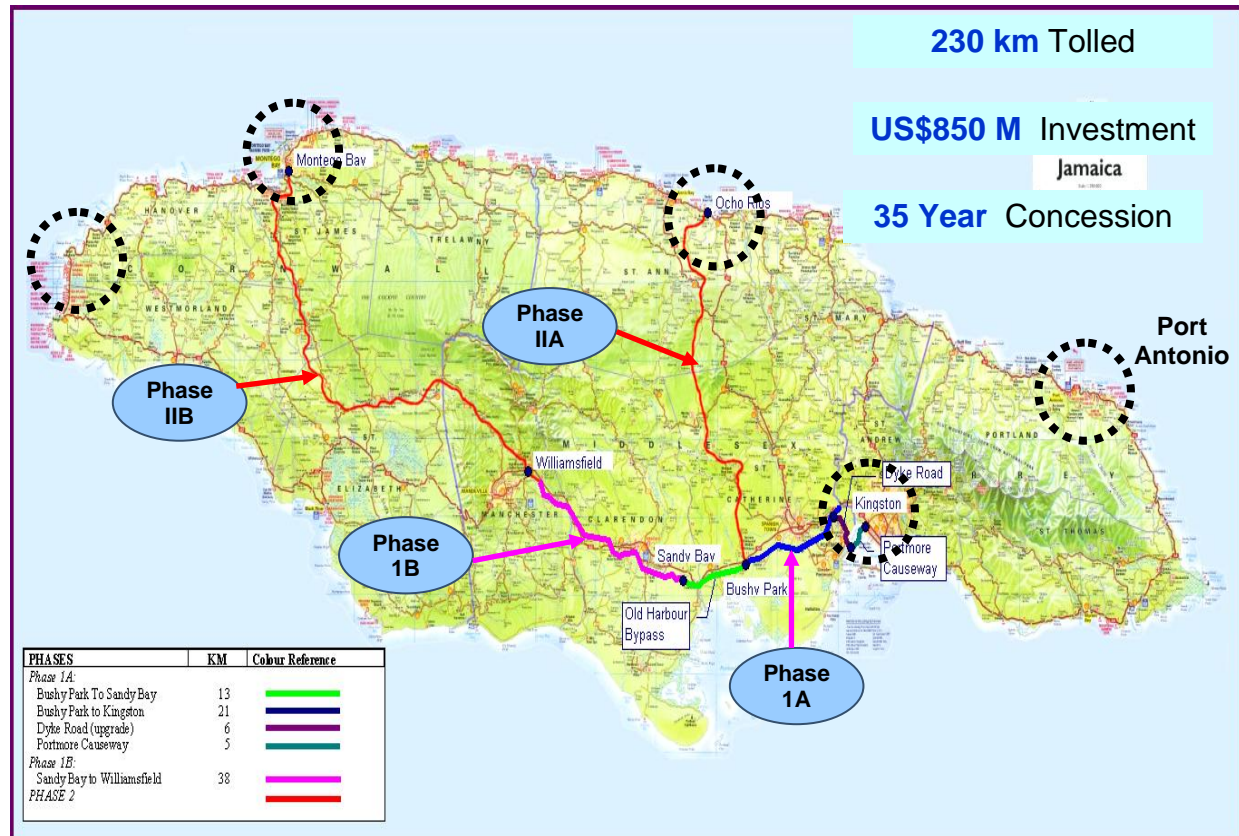
2002- 2003
KINGSLEY THOMAS Chairman Managing Director Development Bank of Jamaica
WAYNE REID Managing Director NROCC
DEVON ROWE Deputy Financial Secretary Ministry of Finance and Planning
MAUREEN VERNON (TO MAY 2002) Principal Director Policy Analysis and Review Unit Office of the Prime Minister
IVAN 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 PHASES

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 Strategic rationale behind the planning and sub-phasing of the project was 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, will be comprised of the following sections:

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

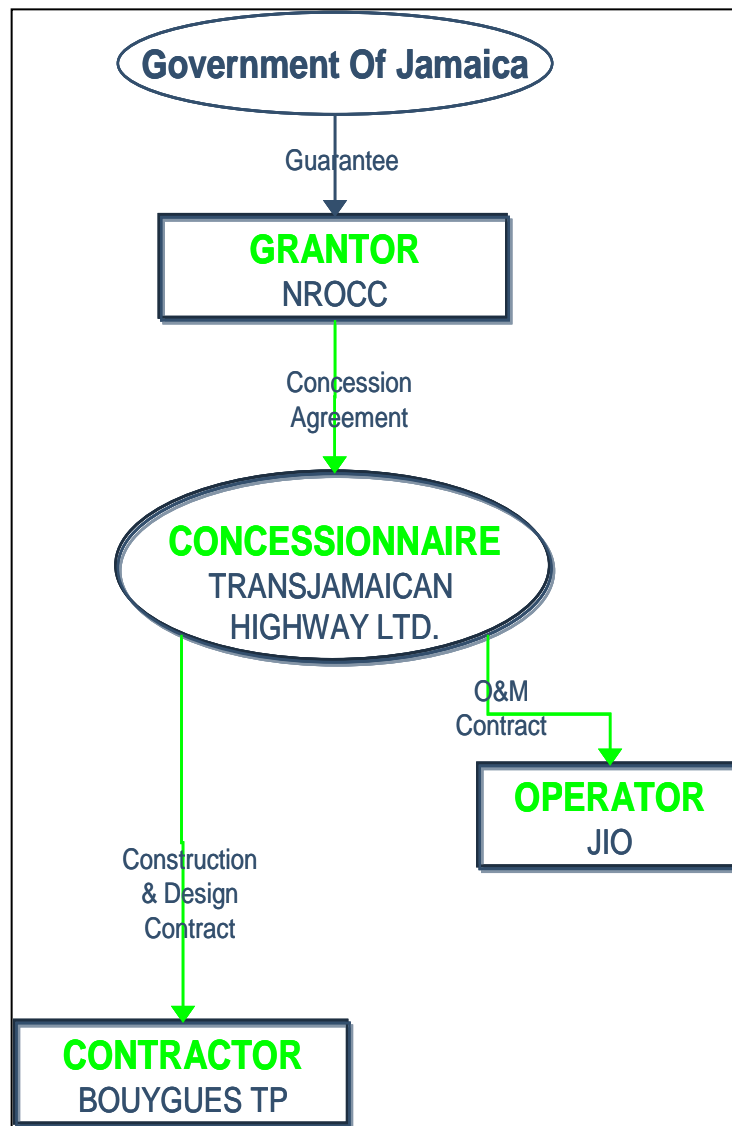
Phase 2B Williams Field to Montego Bay

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.



HIGHWAY 2000 PROJECT HIGHLIGHTS

Groundbreaking for phase I of the project took place on 2002 April 10 at the entrance of the Old Harbour bypass. Construction work started in June 2002.

Work on the Vineyard Toll Plaza and the Operations/Maintenance Control Building started in January 2003 and the equipment is expected to be commissioned in May to June 2003. Three vehicle categories for tolling were agreed by the Toll Regulator.

Funding for the early project (Kingston to Sandy Bay) and Phase 1A (Portmore Causeway and the Dyke Road) was in place by 2003 February 10. The Developer, TJH, was seeking financing for Phase 1A and was scheduled to make an application to the Inter-American Development Bank (IADB) by April 2003. NROCC's loan to the Developer was procured through a Government Procured Debt (GDP) and the details of the system to be used were agreed by all parties including the Independent Engineer. The first drawdown on this GDP started at the end of 2003 February.

All necessary lands were acquired for the Old Harbour Bypass and the lease agreement between the Commissioner of lands and TJH was awaiting finalization.

The Port Authority had requested a realignment of the section of the roadway between the bridge and the Marcus Garvey intersection with the additional cost to be borne by the Port Authority. The vendors along the Causeway will be relocated to the market at Portmore.

Construction of Highway 2000 to date has resulted in the direct employment of over 400 persons as well as the indirect employment of others such as truckers. This figure is not inclusive of sub-contractors.



DIRECTORS' FEES

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	18,000.00	0.00	0.00	0.00	18,000.00
Director 2	22,500.00	0.00	0.00	0.00	22,500.00
Director 3	22,500.00	0.00	0.00	0.00	22,500.00
Director 4	22,500.00	0.00	0.00	0.00	22,500.00
Director 5	22,500.00	0.00	0.00	0.00	22,500.00
Total					108,000.00



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	April 2002- March 2003	5,000,000.00	1,250,000.00	450,000.00	-	-	13,572.00	6,713,572.00
Concession Engineer	April 2002- March 2003	2,430,000.00	-	350,000.00	-	-	13,572.00	2,793,572.00

* Group Health Insurance



AUDITOR'S REPORT

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AUDITED FINANCIAL STATEMENTS