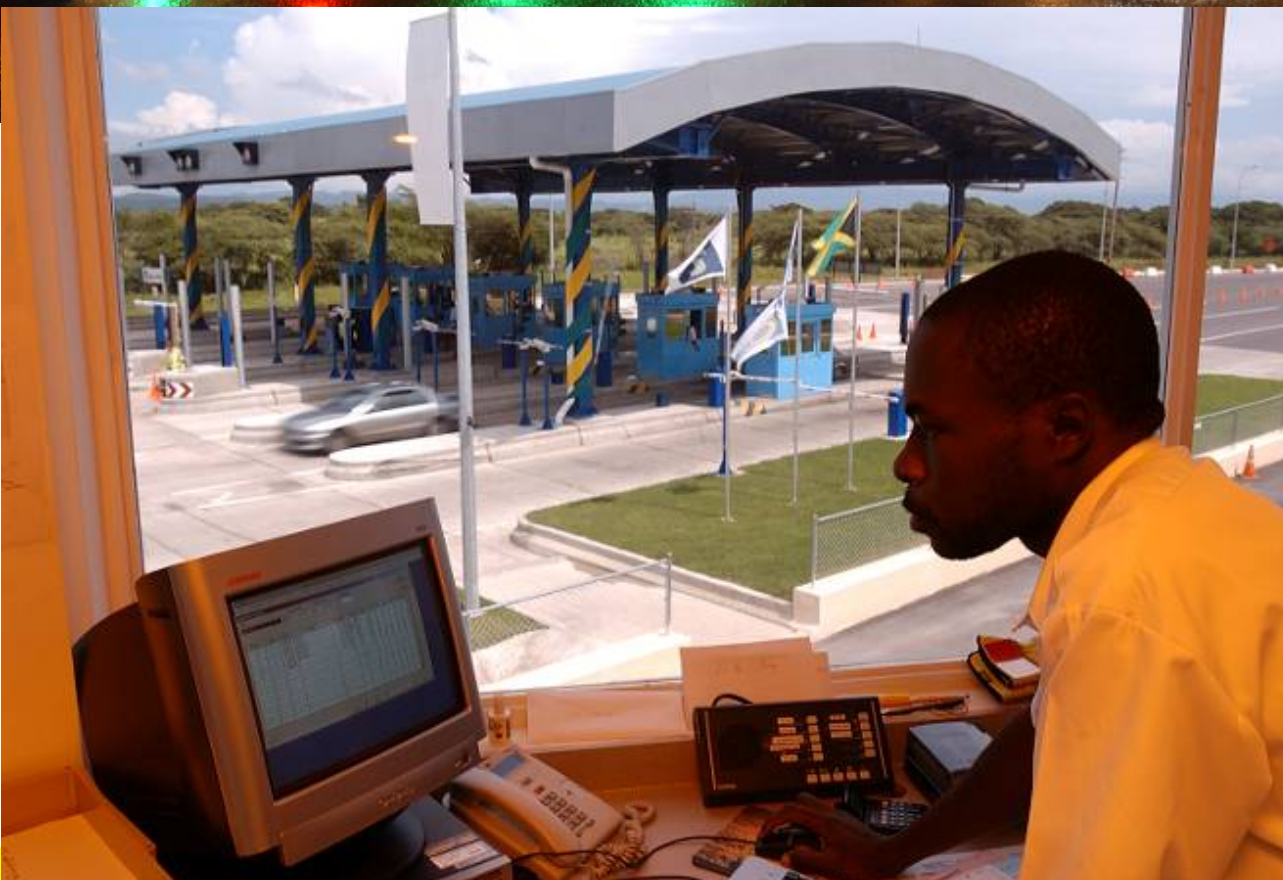
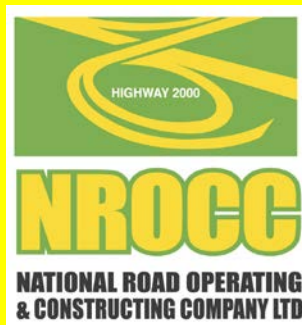


# The Best Way to GO



**A  
N  
N  
U  
A  
L**

**R  
E  
P  
O  
R  
T**

**2003 - 2004**



## **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



## TABLE OF CONTENTS



✚ Report of the Directors	3
✚ Managing Director's Statement	4
✚ Board of Directors	5
✚ Highway 2000 Project Background	6
✚ Highway 2000 Projects Highlights	7
✚ Directors' Fees	11
✚ Senior Executive Compensation	12
✚ Auditor's Report & Financial Statements	14



## **REPORT OF THE DIRECTORS**

Your Directors submit to you the members the Annual Report together with the Audited Financials for the year ended March 2004.

### **Financial Statements**

For the year the company had Revenues of \$31.75 M. It also had Finance Income of \$522 M. After deducting Finance Charges and Administrative expenses it made a net profit after tax of \$174.37 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) is justifiably proud to have the first section of the highway - Old Harbour Bypass (Bushy Park to Sandy Bay) opened to vehicular traffic on 2003 September 22. Jamaica Infrastructure Operator (JIO) began operations at the Vineyard Toll Plaza on 2003 September 26. Traffic volume through the plaza was in keeping with the projections made by the Developer and traffic advisors at the start of the Concession.

The project is progressing according to schedule with revenues from vehicle operations being in accordance with projections.

The quality of the works remains satisfactory. Meetings with the Police who patrol the Toll Road are held on a regular basis by the Developer and Operator with NROCC being informed of the issues. The most significant accident statistic has been the presence of substandard tyres on vehicles with over fifty percent (50%) of all accidents caused by blowout of tyres. Regrettably, this will continue for some time as the present traffic laws and regulations do not allow the Police to remove vehicles from the road until the tyres are extremely worn. NROCC has asked the Ministry of Transport and Works to upgrade the Toll Road Regulations to include areas which are hindering the Police from having full control. The meetings of the Toll Authority are attended by the Grantor and Developer who make inputs as required.

Application for the environmental permit from the National Environmental Planning Agency (NEPA) for construction of the Portmore Causeway is anticipated in 2004 April. The Contractor is completing design drawings and will be submitting to the National Works Agency (NWA) and NROCC for approval by the end of May 2004.

We are grateful to the motorists who have been using the toll road and we look forward to their continued support while we endeavour to work towards the successful completion of Highway 2000 in the upcoming years.

**Wayne Reid**  
Managing Director

## BOARD OF DIRECTORS

2003- 2004
<b>KINGSLEY THOMAS</b> Chairman Managing Director Development Bank of Jamaica
<b>WAYNE REID</b> Managing Director NROCC
<b>DEVON ROWE</b> Deputy Financial Secretary Ministry of Finance and Planning
<b>IVAN ANDERSON</b> Chief Executive Officer National Works Agency
<b>BARBARA SCOTT</b> Manager – Project Development Planning Institute of Jamaica
<b>CALVIN GRAY</b> Director
<b>WAYNE WHITTINGHAM</b> Corporate Secretary NROCC/Development Bank of Jamaica



## **HIGHWAY 2000 PROJECT BACKGROUND**

Highway 2000 is a multi-laned tolled highway which will run from Kingston to Montego Bay with a spur from Bushy Park 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 project has been divided into two main phases. Phase 1 – Kingston to Williamsfield and Phase 2 – Williams field to Montego Bay and Bushy Park to Ocho Rios.

The first phase is approximately 83 km including the Portmore Causeway and the Dyke Road. It is the subject of a Concession Agreement between Transjamaican Highway Ltd. (TJH) a subsidiary of Bouygues Travaux Public of France and National Road Operating and Constructing Company Ltd., a Government-owned company.

This Agreement was signed in November 2001 and requires Transjamaican Highway, the Developer, to finance, design, build, operate and maintain Phase 1 for a period of thirty-five (35) years. The project cost is US\$390 million based on January 1, 2001 pricings and is subject to movement based on the United States Consumer Price Index.



## **HIGHWAY 2000 PROJECT HIGHLIGHTS**

The first section of the highway to be completed was the Old Harbour Bypass (Bushy Park to Sandy Bay) which was opened to vehicular traffic on 2003 September 22.



**Old Harbour Round-about**



**Completed section of Bushy Park to Sandy-Bay**

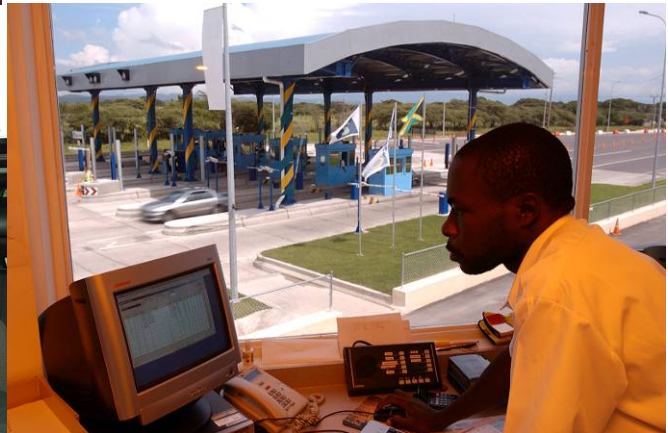




### Vineyard Toll Plaza



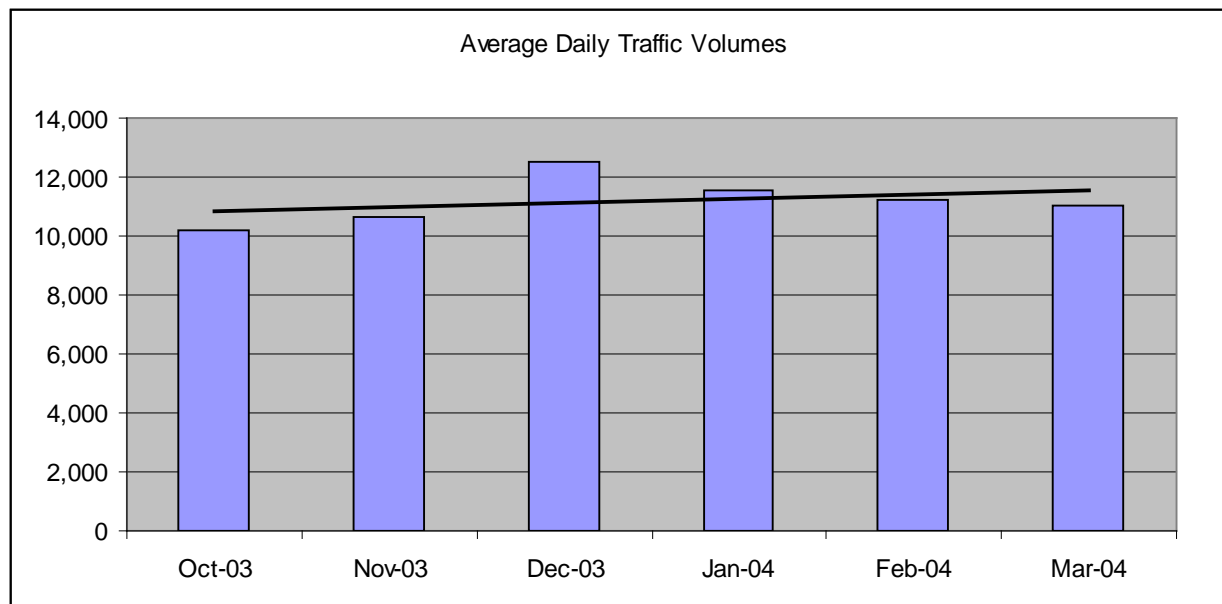
Jamaica Infrastructure Operator (JIO) began operations at the Vineyard Toll Plaza on 2003 September 26. Traffic volume through the plaza was in keeping with the projections made by the Developer and traffic advisors at the start of the Concession period.



### Traffic Analysis

The volume of traffic to date is summarized below:

Month	Average Per Day	Peak Daily Traffic
April 2004	11,589	13,948
March 2004	11,026	12,575
February 2004	11,204	12,942
January 2004	11,574	13,474
December 2003	12,546	15,825
November 2003	10,660	12,117
October 2003	10,166	11,340



Of the total traffic volume approximately 2% represented Class 2 which were vehicles taller than 2 meters but less than 5.5 metres in length and 7% represented Class 3 which were vehicles taller than 2 meters and longer than 5.5 meters. All of the other vehicles, approximately 91%, were in Class 1 i.e. less than 2 meters high and less than 5.5 meters in length.

There were no significant peaks in the traffic flow with an average between 6:00 a.m. and 7:00 p.m. being in excess of 600 vehicles per hour. In the hours between 1:00 a.m. and 4:00 a.m., flows were very low averaging less than 50 vehicles per hour.

Usage of electronic tags averaged 6.5% of total vehicular traffic with 1,650 tags sold to 2004 March. Multi-passes which were manually operated had also been sold but only a small number had been purchased to 2004 March.

### Accidents

All accidents occurring on the Toll Road are recorded and analysed by the Operator. There have been 48 accidents between the opening in September and the end of March 2004, a period in excess of six months. In that period, there have been one (1) fatality, three (3) serious injuries and thirty nine (39) minor injuries. Forty (40) of the accidents have been recorded as minor with the other eight (8) being major. The Operator has been liaising with the Traffic Safety Unit of the Ministry of Transport and Works with a view to having all accident analysis within one database.



Analysis of accidents includes the weather conditions in which the vehicle was operating and the direct cause of the event. The most significant statistic has been the presence of substandard tyres on vehicles with over fifty percent (50%) of all accidents caused by blowout of tyres. Regrettably, this will continue for some time as the present traffic laws and regulations do not allow the Police to remove vehicles from the road until the tyres are extremely worn.

### **Construction**

Phase I which spans between Kingston and Williamsfield is divided into Phase 1A, Kingston to Sandy Bay including the Portmore Causeway and the Dyke Road and Phase 1B which is Sandy Bay to Williamsfield. Phase 1A is approximately 44 Km and Phase 1B is approximately 39 Km. Construction has been completed on 11Km of the 44 Km in Phase 1A and is in progress on another 21Km.

### **Old Harbour Bypass – Bushy Park to Sandy Bay**

An additional pedestrian footbridge, which was paid for by NROCC has been erected near the Old Harbour interchange.

### **Kingston (Mandela Highway) to Bushy Park**

There are nine bridges in this section of which six have had the structural steelwork completed. In the section between the Spanish Town interchange and Bushy Park all of the bridges and other structures have been completed whilst work is being done on all of the bridges and structures between Mandela Highway and the Spanish Town interchange.

Installation of fibre optic cables is in progress with over 5,500 M installed to date and construction of concrete median barriers is continuing with more than 2,300 meters in place. Grading and grassing of embankments are in progress and storm water drainage works are continuing.

It is expected that works in the section Kingston to Bushy Park will be completed by January 2005.

Tolling of the Causeway is scheduled to start in January 2006 with completion of work on the Causeway and Dyke Road scheduled for September 2006.

### **LAND ACQUISITION**

Land Acquisition has been completed on the section from Bushy Park to Mandela Highway sufficient to allow the Contractor to enter and construct the Toll Road.





### **LAND ACQUISITION: cont'd**

Completion of all acquisition of parcels is in progress to allow for the transfer of land by lease to the Developer for the Concession duration.

On the Portmore Causeway and Dyke Road, all required lands are owned by the Government of Jamaica or its agencies with the exception of the Jamaica Skeet Club section. Arrangements are being put in place for the transfer of all lands.

### **FINANCING**

In February 2004, after a delay of two months from December 2003, the Developer was able to complete the financing package for all of Phase IA. An amount of approximately US\$130 Million including refinancing of US\$50 Million which was obtained for EFC was loaned by Royal Bank of Trinidad and Tobago to the Developer. There was no further input from NROCC to Phase IA above the US\$72 Million earmarked from the GPD for the EFC.

The Loan Agreement between NROCC and Wachovia Bank N.A., for US\$75 Million was signed on January 15, 2004. This consisted of two sections: US\$35 Million as the GPD for Phase IB and US\$40 Million to cover ancillary project costs.



## 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	4,500.00	0.00	0.00	0.00	4,500.00
Director 2	4,500.00	0.00	0.00	0.00	4,500.00
Director 3	*(3,375.00)	0.00	0.00	0.00	*(3,375.00)

\*Stale dated cheque was written back in 2003-4



## 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 2003- March 2004	5,000,000.00	\$1,250,000.00	450,000.00	-	-	13,572.00	\$6,713,572.00
Concession Engineer	April 2003- March 2004	2,430,000.00	-	350,000.00	-	-	13,572.00	2,793,572.00

\* Group Health Insurance





**AUDITOR'S REPORT**

**&**

**AUDITED FINANCIAL STATEMENTS**