



The Best Way to GO



NROCC

**NATIONAL ROAD OPERATING
& CONSTRUCTING COMPANY LTD**

**ANNUAL REPORT
2004 - 2005**



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 2005.

Financial Statements

For the year the company had Revenues of \$1.2 M. It also had net Finance Costs of \$209.3 M. After deducting Inflation Compensation on the Real Return Bonds and Administrative expenses it made a net loss \$1,079 M.

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) in addition to being nominated as the Grantor for the Highway 2000 project is also the Employer's Representative for Segment 2A (Sangster International Airport in St. James to Greenside in Trelawny) of the Northern Coastal Highway Improvement Project (NCHIP).

The period 2004 – 2005 saw the opening of the Mandela to Bushy Park section on 2004 December 15 and substantial progress towards the completion of the Portmore Causeway as well as the signing of a Memorandum of Agreement between the Ministry of Transport and Works (Employer) and Jose Cartellone Constuccion Civiles (Contractor), which resulted in the omission of Section 1 of the Segment 2 Contract No. 953/OC-JA/MTW 9801. Section 1 represents 27 km of roadway from the Sangster International Airport (Ch 197+427) in St. James to Greenside (Ch 224+100) in Trelawny, now referred to as Segment 2A. In January 2005, based on the Prime Minister request, the construction and operation of the North/South Link (Kingston to Ocho Rios) before Phase 1B was brought forward. The requisite analyses (financial and commercial) were undertaken to facilitate this request.

The Developer of Highway 2000 has secured a permit from the National Environmental Protection Agency NEPA to proceed with construction of the highway. Because of the scope of the Highway 2000 project, the sponsors commissioned a Strategic Environmental Assessment (SEA) of the project to ensure support to the Project by the country's environmental authorities. The purpose of the SEA was to guide the functional planning and optimization of the highway alignment and inform design criteria. It involved the critical review of plans, policies and programmes at the strategic level.

The SEA was conducted in two phases, Phase I – a resource assessment in which a multi-disciplinary, integrated approach was used, and Phase II which involved analysis and mitigation exercises. Information gathering was conducted at many levels. It was based on a comprehensive examination of the physical, biological and social dimensions. It involved data analysis, aerial surveys, field reconnaissance, interviews and community interaction.

All relevant environmental permits have been obtained to date on Phase 1A of the project. Significantly, no major unanticipated environmental issues have arisen to date.

Wayne Reid
Managing Director



BOARD OF DIRECTORS

2004-2005
<p>KINGSLEY THOMAS Chairman Managing Director Development Bank of Jamaica</p>
<p>WAYNE REID Managing Director NROCC</p>
<p>DEVON ROWE Deputy Financial Secretary Ministry of Finance and Planning</p>
<p>IVAN ANDERSON Chief Executive Officer National Works Agency</p>
<p>BARBARA SCOTT Manager – Project Development Planning Institute of Jamaica</p>
<p>CALVIN GRAY Director</p>
<p>WAYNE WHITTINGHAM Corporate Secretary NROCC/Development Bank of Jamaica</p>



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.

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.



HIGHWAY 2000 PROJECT HIGHLIGHTS

The Spanish Town Toll Plaza started operation on 2004 December 15 with daily traffic volumes climbing from 1,811 at the start to 7,555 at the end of 2006 March.

Traffic Analysis

Tolling commenced on two segments of the highway, Old Harbour Bypass - 11.5 km, on September 26, 2003 and Kingston to Bushy Park - 22 km, on December 15, 2004. Actual traffic flows are in line with expectations and in some instances have been above expectations. Already, expansion exercise has had to be undertaken on the Spanish Town to Mandela leg of the Highway to increase the capacity of the toll plaza in-order to facilitate the vehicle flow during peak hours.

Vehicle Classes:

The breakdown of traffic on all tolled routes as at 31 August 2005 based on vehicle classes may be summarized as follows:

CLASS 1 – Vehicles Less than 2m high	75%
CLASS 2 – Vehicles More than 2m high and less than 5.5m long	20%
CLASS 3 – Vehicles More than 2m high and 5.5m long	<u>5%</u>
Total	<u>100%</u>

Vehicles in class I comprise motor cars and smaller sport utility vehicles. Class II vehicles comprise larger sport utility vehicles and light duty pick-ups. Class III represents larger vehicles such as trucks, lorries and trailers.

The following is the estimated time savings travelling on the Highway based on a Steer Davies Gleaves (SDG) -Traffic Consultant study, compared to travelling the old route:

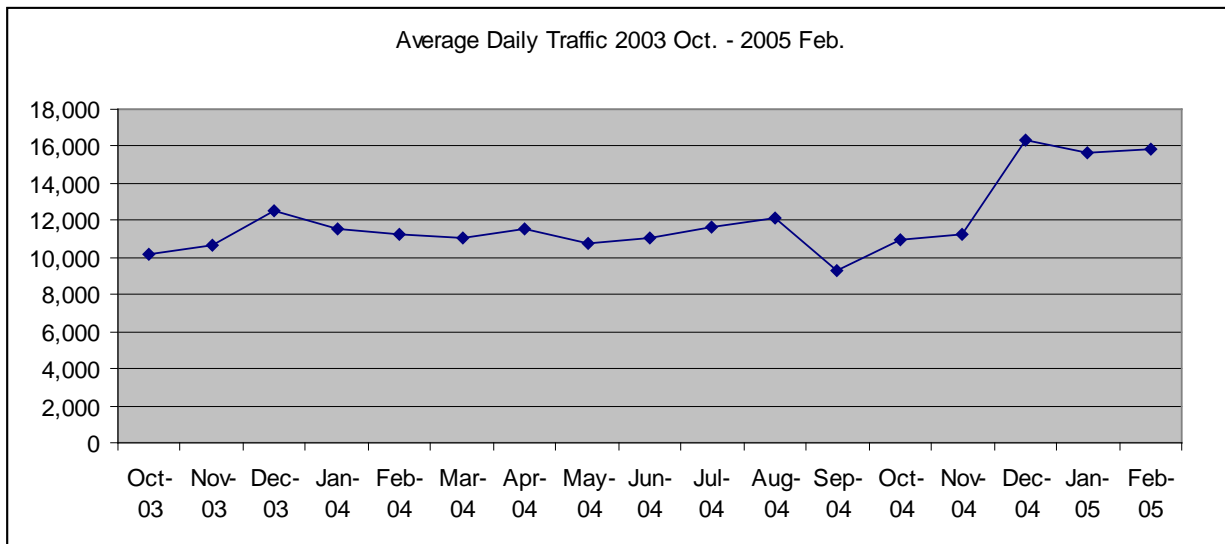
ROUTE	LENGTH (KM)	TIME (MIN)	SPEED (KPH)	TOLL (USD)
OLD HARBOUR BYPASS				
- OLD ROUTE	14.1	18	47	-
- HIGHWAY 2000	13	7	111	0.9
KINGSTON SANDY BAY				
- OLD ROUTE	35.6	50	43	-
- HIGHWAY 2000	34	18	113	2.5

Source: SDG Traffic Model



As at August 31, 2005 a total of 7.6 million transactions have been achieved on Highway 2000. The volume of traffic to date is summarized below:

Month	Average Per Day	Peak Daily Traffic
February 2005	15,803	18,795
January 2005	15,619	18,314
December 2004	16,354	22,067
November 2004	11,281	12,761
October 2004	10,964	12,187
September 2004	9,285	12,750
August 2004	12,155	16,390
July 2004	11,652	15,581
June 2004	11,013	12,682
May 2004	10,751	12,178
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



Accidents

There have been one hundred (100) accidents over the twelve-month period between March 2004 and February 2005. Of these, there have been one (1) fatality, nineteen (19) serious injuries and thirteen (13) minor injuries. This compared to the twelve-month period between September 2003 and September 2004, when there were seventy-five (75) accidents, involving one fatality, five (5) serious injuries and forty-five (45) minor injuries. The major causes for accidents over the twelve-month period were bad driving - 41%; mechanical defects - 30%; and speeding 14%.

Portmore Causeway

The Environmental Permit for construction of the Portmore Causeway was received from NEPA on April 30, 2004. The Contractor is completed design drawings which were submitted to NWA and NROCC for approval. Work on the Portmore Causeway began in June 2004 with scheduled completion for 2006 June.



Geotechnical Investigative works on the Causeway confirmed the need for extensive sub-base work to mitigate settlement during the operations of the roadway. This work is in progress with that between Dawkins Drive and the Hunts Bay Bridge approximately 60% completed. Work is about to be started on the sub-base between the Hunts Bay Bridge and Marcus Garvey Drive Interchange. Driving of piles on the Hunts Bay Bridge is in progress with testing results being submitted to the Grantor for acceptance.

The section of the Dyke Road between Portmore Interchange and the southern end of



Waterford has been closed for reconstruction, which is to be completed by May 2005 and handed back to the National Works Agency. Work at the Fort Augusta and Dawkins Drive Interchange is just about to be started.

North-South Link

The link between Bushy Park and Ocho Rios (North/South Link) was a part of Phase 2 of Highway 2000 and is scheduled to be constructed after the completion of Phase 1B. The Prime Minister in January 2005 asked NROCC to look at the possibility of bringing forward the construction and operation of the North/South Link before Phase 1B. Field work and traffic analyses have been completed. The financial and commercial analyses are being undertaken and the Report is to be completed by March 23, 2005.

NORTHERN COASTAL HIGHWAY IMPROVEMENT PROJECT - SEGMENT 2A

The Government of Jamaica (GOJ) has been developing the infrastructure along Jamaica's north coast to support tourism and population growth. The Northern Jamaica Development Project, a significant component of this effort, consists of five sub-projects under the general guidance of the Planning Institute of Jamaica (PIOJ). One of the five sub-projects is the Northern Coastal Highway Improvement Project (NCHIP), extending from Negril in Westmoreland to Port Antonio in Portland.

The length of NCHIP is approximately 264 kilometers (km) and is divided into three segments. The length of Segment 1, from Negril to Montego Bay, is approximately 71 Kilometers, Segment 2 from Montego Bay to Ocho Rios, approximately 97 kilometers, and Segment 3 from Ocho Rios to Port Antonio, approximately 96 kilometers.

On March 30, 2005 a Memorandum of Agreement was signed between the then Ministry of Transport & Works (Employer) and Jose Cartellone Constucciones Civiles (Contractor), which resulted in the omission of Section 1 of the Segment 2 Contract No. **953/OC-JA/MTW 9801**. Section 1 represents 27 km of roadway from the Sangster International Airport (Ch 197+427) in St. James to Greenside (Ch 224+100) in Trelawny, now referred to as **Segment 2A**.

Segment 2A, which represents 27 km of roadway from Montego Bay to Greenside in Trelawny consists of approximately 13 km of four lane carriageway between Sangster Airport and Sea Castle and 14 km of 2 lane carriageway between Sea Castle and Greenside, with 2 underpasses for Half Moon & Rose Hall Resorts. The Contractor's 18 months construction period will commence in 2006.

NROCC represented by the Project Coordinating Engineer has been selected as the Employer's Representative for the construction contract and Stanley Consultants Inc. (SCI) represented on site by the Technical Manager, has been contracted to be the Employer's Representative's Assistant.



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	9,000.00	0.00	0.00	0.00	9,000.00
Director 3	9,000.00	0.00	0.00	0.00	9,000.00
Director 4	9,000.00	0.00	0.00	0.00	9,000.00



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 2004-March 2005	5,150,000.00	1,287,500.00	450,000.00	-	-	33,585.37	6,921,085.37
Concession Engineer	April 2004-March 2005	2,502,000.00	-	350,000.00	-	-	33,585.37	2,885,585.37
Civil Engineer	April 2004-March 2005	2,430,000.00	-	350,000.00	-	-	-	2,780,000.00

* Group Health Insurance



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AUDITOR'S REPORT

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AUDITED FINANCIAL STATEMENTS