

ANNUAL REPORT

2007-2008

The Best Way to GO





The Best Way To GO

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

- 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 2008.

Financial Statements

For the year the company had no Revenues however Finance Income for the year amounted to \$1,485 M. After deducting Administrative Expenses, Finance Costs and Inflation Compensation the company had a Loss of \$6,350 M. The Major reason for this loss was the significant increase in Finance Costs due exchange rate changes which amounted to some \$6,095 M and the provision for Inflation Compensation on NROCC Bonds which was \$1,244 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.





CHAIRMAN'S STATEMENT

The 2007/2008 year was one of transition and new beginnings. A new Board of NROCC was installed taking over from the previous board which was led by the Hon. Kingsley Thomas. We wish to express our appreciation to the previous board for their efforts in getting the highway to this point.

The public has continued to support the project with more than 48 Million trips having been taken on the highway since its opening. Traffic has also grown from just over 10,000 trips per day at the opening in 2003 to over 58,000 trips per day over the past year. At the various plazas traffic has increased to over 38,000 vehicles per day (vpd) on the causeway, over 13,000 vpd at Vineyards, and more than 6,000 vpd through Spanish Town.

As we continued this process of development over the past year we focused on the following:

1. Completing the analysis and negotiations to allow for the commencement of the Mt. Rosser leg of the Highway from Linstead Bypass to Moneague. Following on these discussions in May 2007 we signed an agreement with TransJamaican Highways/Bouygues Travaux Publics Jamaica to carry out the construction of the Highway.
2. Analyzing various options for the stabilization of NROCC finances while at the same time developing new opportunities especially with the Multi-laterals for new financing for the next phases of the project.
3. Completion of the various traffic management and other projects being implemented by NROCC on behalf of the GOJ. These projects have all now been completed successfully and continue to add to improved traffic flows on the main highway.
4. Completing the necessary traffic studies for the North South Link of the Highway. The completion of these studies has now placed us in a position to better analyze the structuring and viability for the next phases of the project.
5. Managing the implementation of the Mt. Rosser project, and continuing the acquisition of lands and the relocation of utilities to allow for the project to proceed. As at the end of the year, more than 75% of the lands required for the construction of the roadway was delivered to the contractor.



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The new year will see the focus shifting to getting the next leg of the Highway from Sandy Bay to Williamsfield (Phase 1B) started, working with the Developer in sourcing cheaper financing and carrying out the necessary land acquisition and relocation to allow construction to commence.

This new leg will continue our effort to achieve our vision “to establish a safe, efficient network of toll highways, to stimulate economic expansion and development in Jamaica”. On behalf of the entire Board I wish to thank the management and staff for their continued dedication to this vision.

Christopher Bovell
Chairman





MANAGING DIRECTOR'S STATEMENT

During the 2007/2008 financial year the National Road Operating and Constructing Company (NROCC) continued to oversee and monitor the operation and construction activities along Highway 2000 and the Northern Coastal Highway Improvement Program (NCHIP) from Greenside to Montego Bay.

In an effort to ensure the ready availability of the Highway corridor and to ensure that the expected travel time savings are achieved between the major urban points serviced by the Highway, NROCC also became directly involved in the rehabilitation of Marcus Garvey Drive from 9th to East Avenue in the Corporate Area, thus relieving major congestion on the Portmore leg of the highway.

Customers continue to make more use of the toll road network with average daily traffic for 2007/2008 showing a 150% increase over 2005/2006. There was also an increase in the types of vehicular traffic reflecting the continuing growth of the economy. The level of traffic flowing from May Pen has increased as more persons from the western and central regions of the country take advantage of the travel time savings realized by the Highway as opposed to the old roads that bring them into Kingston.

Some of the major successes during the period include the substantial completion and opening of the Northern Coastal Highway from Greenside to Montego Bay, the commencement of construction for the Mount Rosser Bypass and completion of designs for phase 1b (Sandy Bay to Williamsfield) of Highway 2000.

Fatal and serious injuries along the corridor continue to fall in line with short term goals. However, we remain cognizant that driver behaviour plays the most significant role in any success that can be achieved and will directly impact the greatest on potential future improvements, NROCC will continue all efforts to improve road safety.

We continue to monitor both the operations and construction activities so as to minimise the activities that will impact negatively on the environment. Fortnightly inspections are done in order to ensure compliance with the requisite National Environment and Planning Agency (NEPA) requirements.

On behalf of the entire staff I wish to thank all who have experienced the smooth travel along Highway 2000 and the Northern Coastal Highway, who took the time to provide feedback/comments on the issues encountered along the Highways as well as to those who have purchased automated toll passes which greatly helped to reduce the congestion at the Toll Booths.



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I would also like to thank the members of staff for their enthusiasm, innovation and commitment to truly putting the Customer first and who continue to work professionally in the execution of their respective duties.

Ivan P.G. Anderson
Managing Director





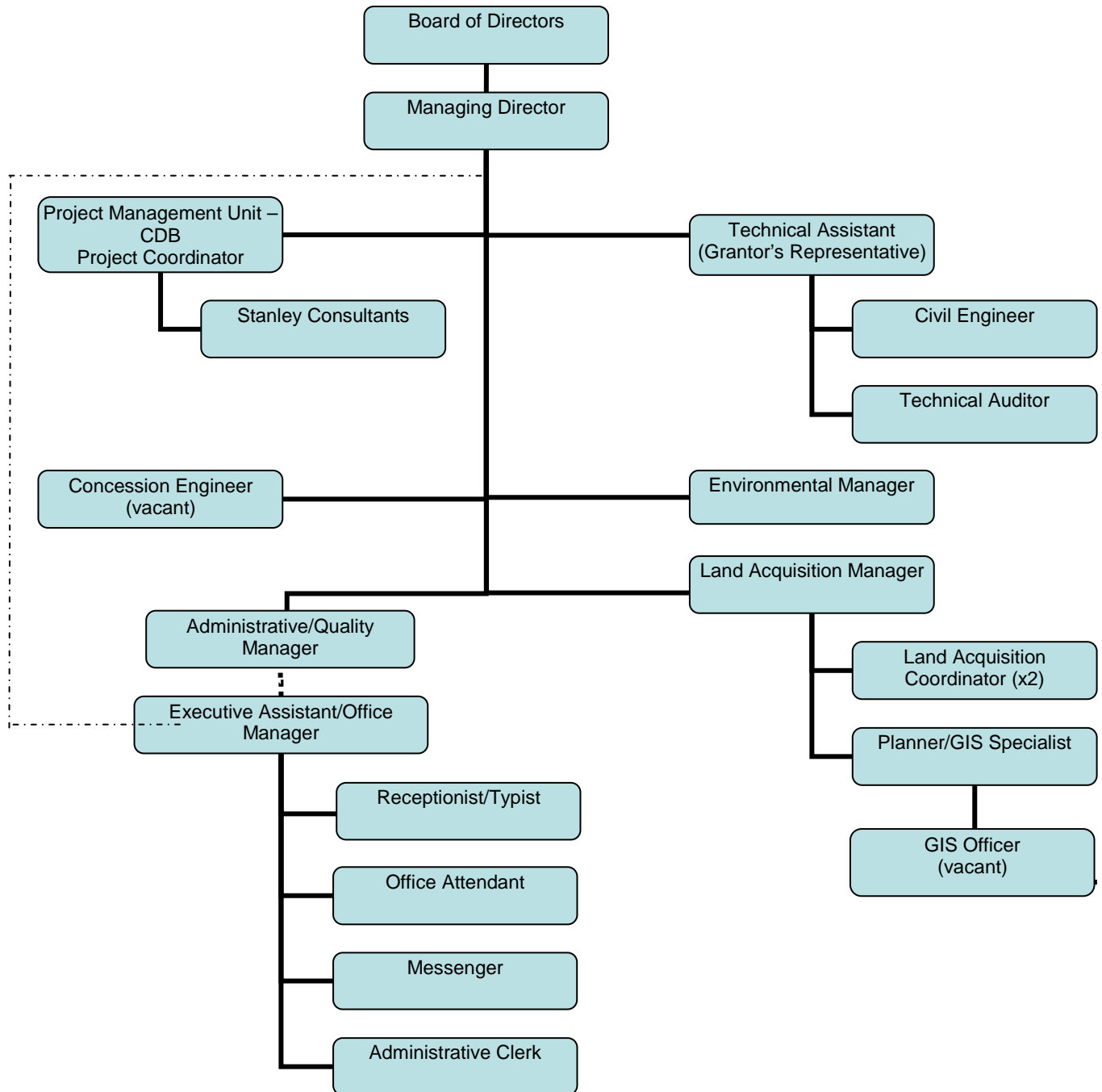
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BOARD OF DIRECTORS

2007 APRIL - SEPTEMBER	AS OF 2007 OCTOBER
KINGSLEY THOMAS Chairman Managing Director Development Bank of Jamaica	MR. CHRISTOPHER BOVELL, CHAIRMAN Partner Dunn Cox (Attorneys-At-Law & Notaries Public) Patent & Trade Mark Agents
WAYNE REID Managing Director National Road Operating & Constructing Company Ltd.	MR. IVAN ANDERSON Managing Director National Road Operating & Constructing Company Ltd.
MAUREEN VERNON Principal Director Policy Analysis and Review Unit Office of the Prime Minister	MS. MILLICENT HUGHES Accountant General Accountant General's Department
DEVON ROWE Deputy Financial Secretary Ministry of Finance and Planning	MR. PETER SCHROETER General Manager Asphalting Specialists Ltd.
IVAN ANDERSON Project Coordinating Engineer National Road Operating and Constructing Company Limited	MR. EDISON GALBRAITH Manager, Investments Development Bank of Jamaica
BARBARA SCOTT Manager – Project Development Planning Institute of Jamaica	DR. ALWIN HALES Permanent Secretary Ministry of Transport & Works
CALVIN GRAY Director	MS. ANN-MARIE RHODEN Deputy Financial Secretary Ministry of Finance & the Public Service
	MR. ROBERT WOODSTOCK Director Messrs. Morrison Woodstock Assoc. Architects



ORGANIZATIONAL CHART





HIGHWAY 2000 PROJECT BACKGROUND

The Government of Jamaica has implemented the Highway 2000 project (the “Project”) to meet the rapidly growing surface transport needs of the country by establishing a safe and efficient motorway axis linking Montego Bay and Ocho Rios by passing through the parishes of St. Catherine, Manchester, St. Elizabeth, Westmoreland, Hanover and St. Ann. The highway is the largest and most significant infrastructure project ever undertaken in Jamaica as well as the English speaking Caribbean. It features a four to six lane controlled-access, tolled motorway with fully grade separated interchanges and intersections built according to modern international standards.



The rationale for the Project was to improve the transport infrastructure of Jamaica after a period of under-investment and thus to provide stimulus for economic growth.

In September 1999 after more than 18 months of preliminary preparations, the Government of Jamaica (GOJ) decided to proceed with the implementation of the Highway 2000 Project which had been defined in a pre-feasibility study carried out in 1997/8 by Dessau Soprin International, a Canadian engineering consulting firm.



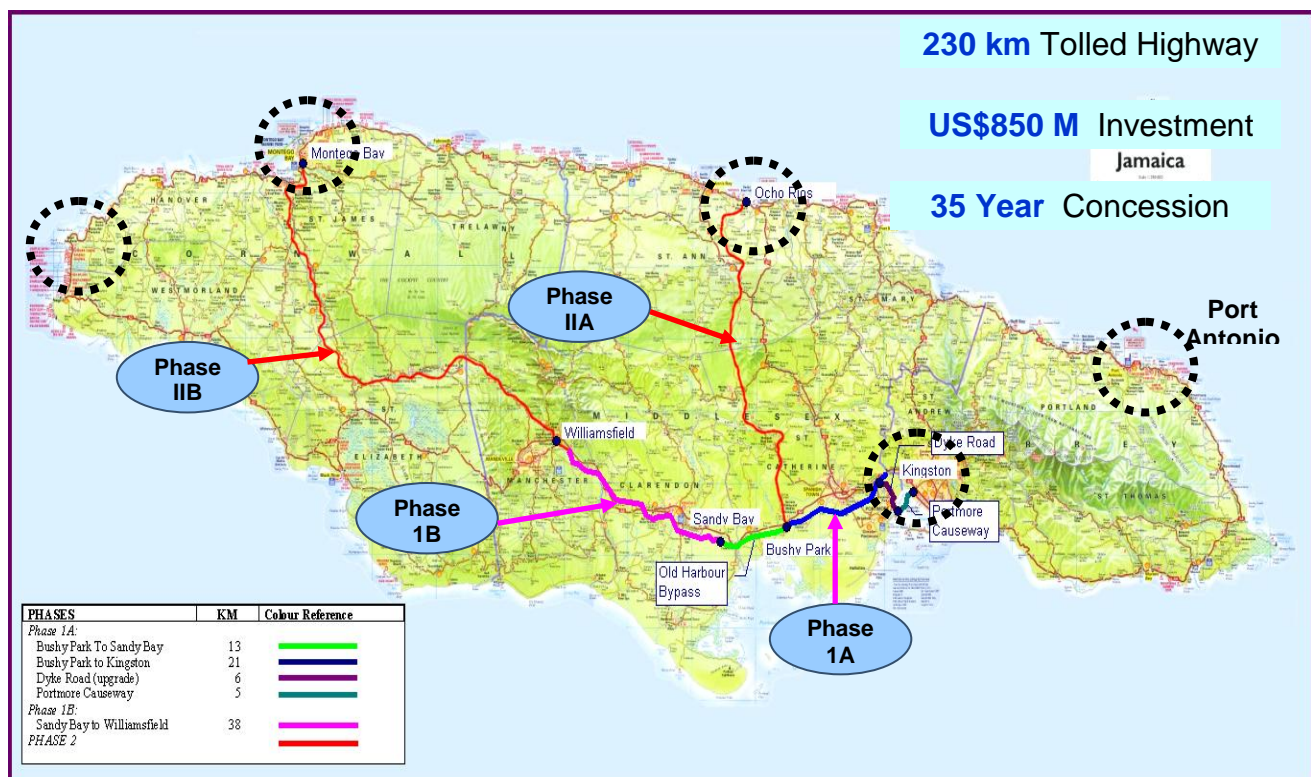
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The Project comprise a modern multi-laned tolled-motorway linking the Kingston Metropolitan Area with the island's second city, Montego Bay, and the important tourist resort centre at Ocho Rios. The total length of the project is approximately 230 km. It will significantly improve surface transportation on the island and provide major solutions to the country's present chronic and unsafe road transportation problems.

The Project was conceived as a public-private-partnership and implemented as a build-finance-operate and transfer (BFOT) 35-year concession scheme, between the Government of Jamaica, represented by NROCC and a private sector party (the "Concessionaire" – Transjamaican Highway) who was awarded the Project following an international tender process.

The international tender process concluded in May 2001 with the award of Preferred Bidder status to Bouygues, (an international construction Company from France) and a Concession Agreement was signed in November 2001.

Currently, the tolled roads are operated by JIO, a private company owned by ASF (51%) and Bouygues TP (49%), which is responsible for road safety and routine maintenance on Highway 2000 as well as the operation and collection of toll plazas.





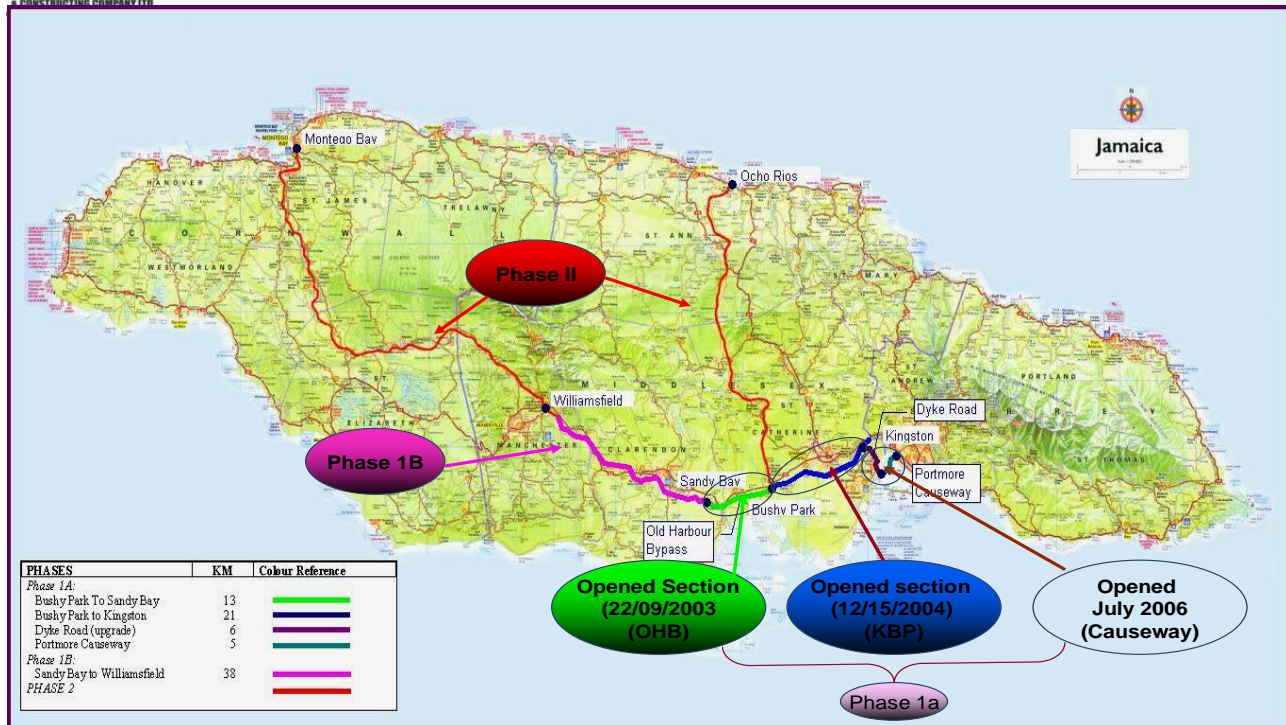
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HIGHWAY 2000 PROJECT HIGHLIGHTS

The map below identifies the works completed for Highway 2000 to date.



Highway 2000 Phases



Completed Sections of Highway 2000 (Phase 1A)

This section covers 46 km and was completed in July 2006. It includes:

- modifications to the Old Harbour Bypass (OHB) between Bushy Park and Sandy Bay (13km) including the dualization of the OHB and the reconstruction of the Old Harbour Interchange northern ramps (**Completed February 2004**).
- 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 **Completed December 2004**).
- 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 (**completed July 2006**).





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Phase 1B East West Link (Sandy Bay to Williamsfield)

The Sandy Bay to Williamsfield link (approximately 37.7 Km) will extend the Highway from Sandy Bay where it now terminates in Clarendon to Williamsfield in Manchester. This extension will include the construction of 4 new lanes of highway along with new interchanges.

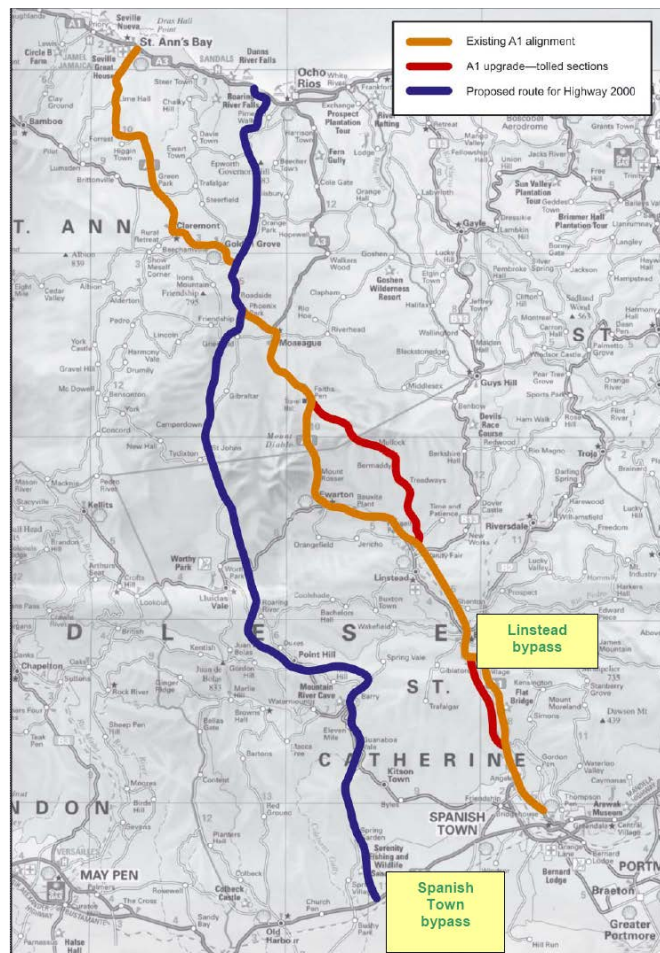
This section of the Highway is already included in the existing concession agreement and the developer has the option to implement these works. The entire financing of the works will be sourced by the developer with the exception of a loan by GOJ in the amount of US\$15 M. The estimated cost of construction as included in the agreement is US\$120 M.

The outline design for this phase was completed and submitted to the Developer by the contractor. Public meetings were held in 2007 September in Clarendon and Manchester to discuss the Environmental Impact Survey. Tenders were also invited for valuation and surveying service providers.

Phase 2A - North South Link

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

1. Spanish Town (Tie-in with Highway 2000) to Bog Walk (Tolled Section)
2. Bog Walk to Linstead (Free Section)
3. Linstead to Moneague – Mt. Rosser Bypass (Tolled Section)
4. Moneague to Golden Grove (Free Section)
5. Golden Grove to Ocho Rios (Tolled Section)





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Linstead to Moneague (Mt. Rosser Bypass)

The estimated cost of the Linstead to Moneague section is US\$108 M including lands and buildings for the Plaza. To 2007 December end the total construction expenditure was US \$36 million or 36% of the construction cost.

Work commenced on the construction of the Mt. Rosser Bypass in June 2007. As at end of March 2007 in excess of 1,000,000 cubic metres of material had been placed and several structures were being constructed (see pictures below).

The majority of properties were acquired and meetings and discussions are continuing with land owners to come to agreements for the final few properties.

The Final Outline Design Report for Bog Walk/Linstead Bypass and Moneague to Golden Grove was submitted in 2007 December. Traffic Studies for Spanish Town/Bog Walk Bypass were completed in 2008 Feb. Outline Designs being done by BYTPJ were completed.

Mount Rosser By-Pass Pictorial



Filling Operations



Work on Structure



Work on Bridge



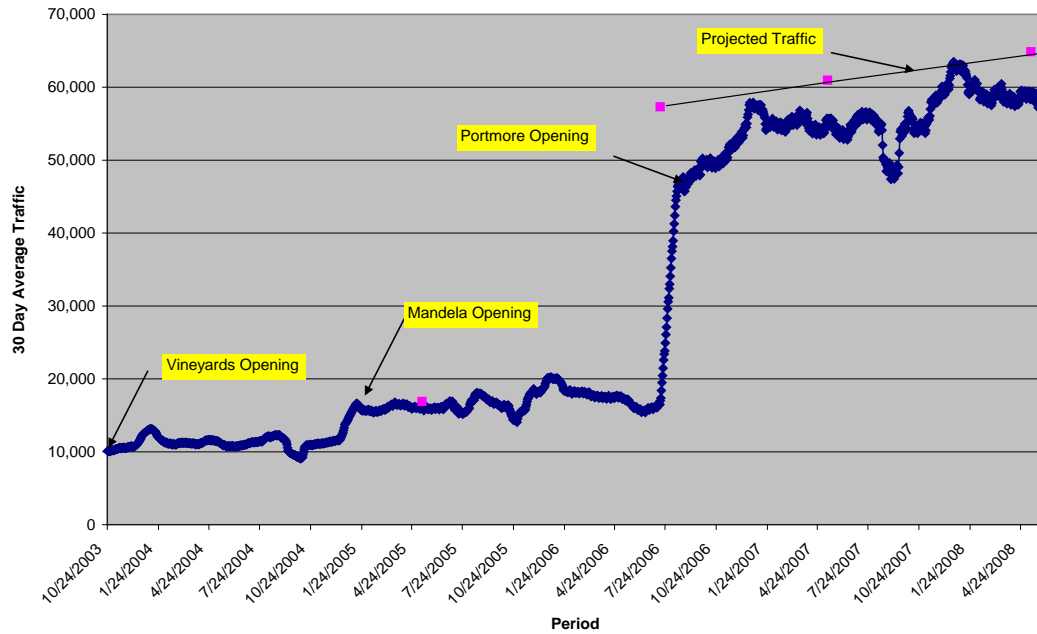


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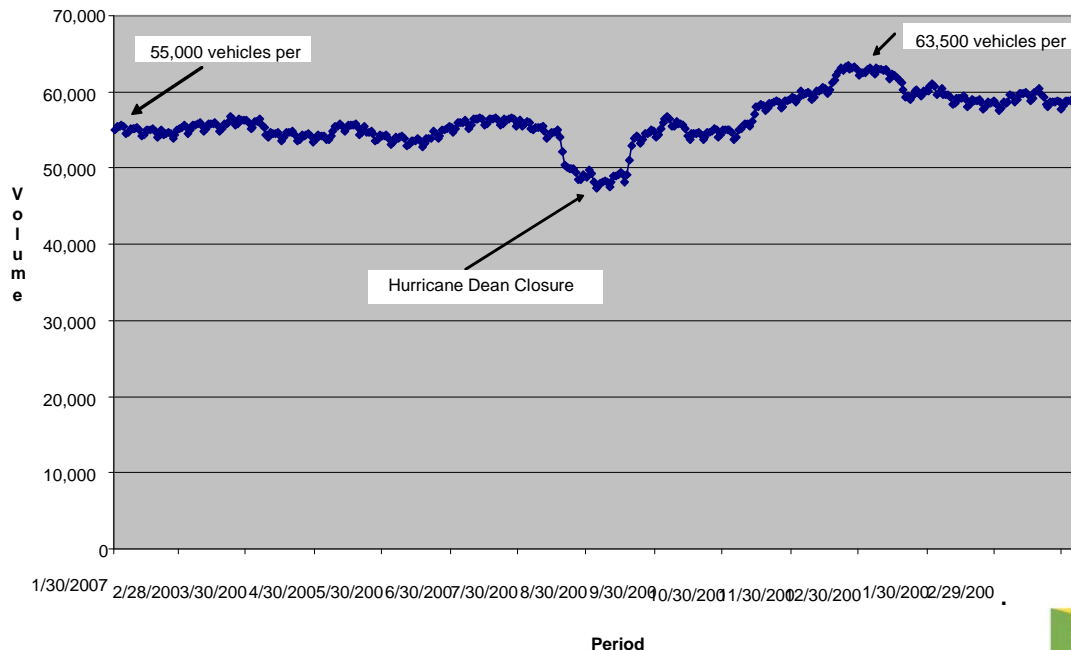
Traffic Management

Traffic on the Highway has grown steadily over the life of the project from about 10,000 vehicles per day to over 60,000 vehicles per day at its peak. On the Causeway alone traffic growth has increased almost 50% from approximately 27,000 vehicles in July 2006 to over 40,000 vehicles per day at its peak.

Traffic to Date ("03" - "08")



30 Day Average Traffic Jan 07 to March 08

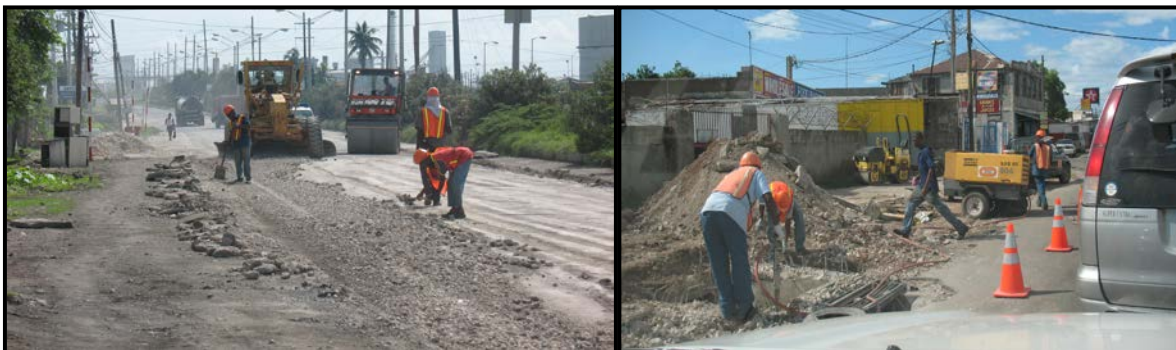
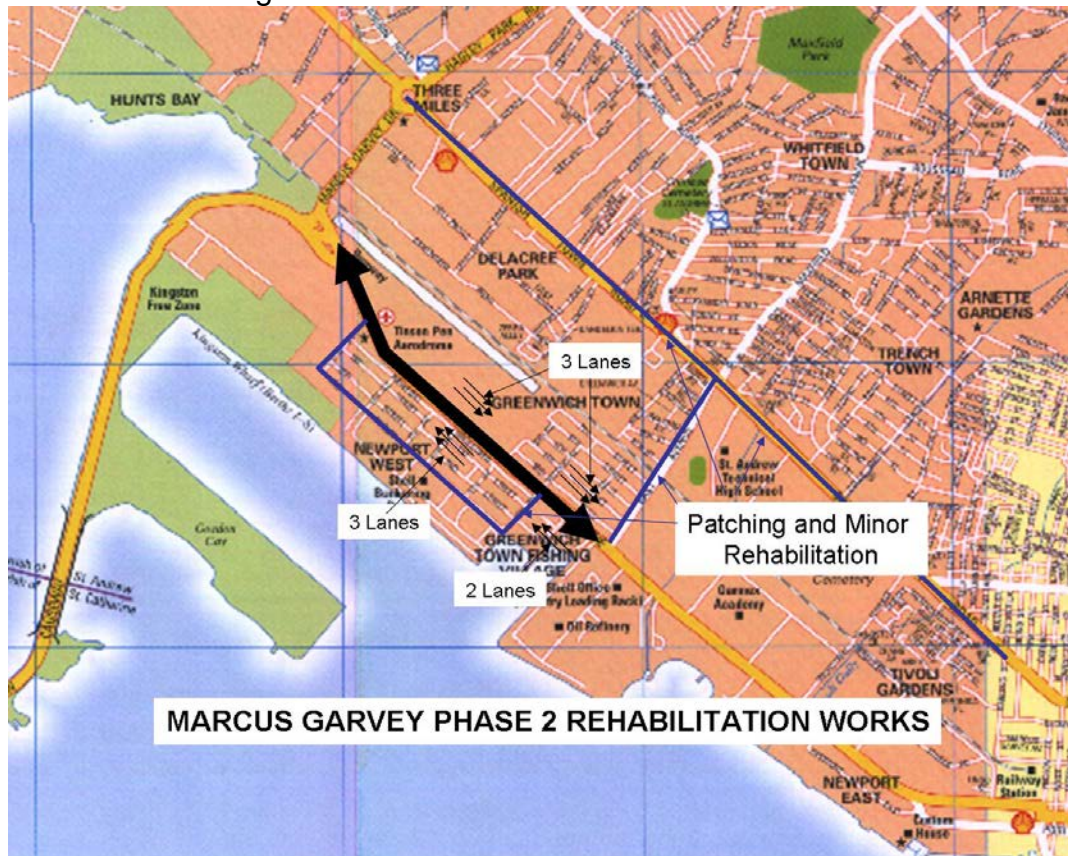




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Marcus Garvey – Phase 2

This phase designed to alleviate the congestion on the Portmore Leg of the highway, is being done by Bouygues Travaux Publics at a cost of US\$9.1 M to be completed in eight months (2008 August). The scope of the work covers six lanes, drainage, sidewalks and streetlights.



Repairs in Progress on Marcus Garvey Drive



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Dyke Road Fishing Complex

Following on from the compulsory acquisition of lands, infrastructure work on the site has been completed.

Tenders were invited for the implementation of the super structure works and the contract was signed at the end of 2008 February.

NORTHERN COASTAL HIGHWAY IMPROVEMENT PROJECT - SEGMENT 2A HISTORY AND BACKGROUND

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.

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.

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.

The project was substantially complete and 4 lanes opened to traffic in 2007 December.





ENVIRONMENT PROTECTION MEASURES

The construction of roads is an integral component in the infrastructure development of a country however this must be done in an environmentally sound context. In a bid to ensure the restoration and preservation of a natural habitat Bouygues Travaux Publics Jamaican Branch, started a mangrove farm in the vicinity of the Causeway Bridge. The mangroves grown will replace those lost in clearing of the site for the construction of the highway.

The mangrove areas will play a significant role protecting the shoreline. Mangroves also help prevent erosion by stabilizing sediment with their roots while maintaining water quality and clarity, and filtering pollutants. The decision to establish the mangrove farm was arrived at after extensive consultations with the National Environment and Planning Agency (NEPA), which granted the permission to clear the site for the highway.

Approximately 15cm of the ripe seedlings of mangroves are directly planted by hand into the soil which is prepared and leveled throughout the platform of a minimum four inches above high tide water level. This process serves to accelerate growth of the mangroves. NROCC has contracted an environmental engineer to conduct environmental audits of the project with the aim of minimizing the impact of the Highway construction on the surrounding environment, in compliance with the requisite National Environment and Planning Agency (NEPA) requirements.

The mangrove farm is closely monitored by NEPA to ensure compliance with the directives in the environmental permit issued to Highway 2000.



One of the specific conditions of the environmental permit stipulates that the contractors mitigate the total area of mangroves expected to be lost due to roadway construction by replanting an equivalent area of red mangroves. Highway 2000 will replant an estimated 5 metres by 4 kilometres stretch of mangroves.

Several mangroves areas in the vicinity of the construction of Highway 2000 have been cited for restoration. These include the bay side along the Causeway (between Fort Augusta Drive and Causeway Bridge), as well as the area between the Waterford Canal and the Skeet Club. The planting process is was completed during 2007/08.



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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 (\$)
Board Chairman	\$64,000.00	0.00	0.00	0.00	64,000.00
Director	\$34,000.00	0.00	0.00	0.00	34,000.00
Director	\$34,000.00	0.00	0.00	0.00	34,000.00
Director	\$34,000.00	0.00	0.00	0.00	34,000.00
Director	\$25,500.00	0.00	0.00	0.00	25,500.00
Director	\$25,500.00	0.00	0.00	0.00	25,500.00
Director	\$8,500.00	0.00	0.00	0.00	8,500.00
Managing Director	0.00	0.00	0.00	0.00	0.00



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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 2007- March 2008	5,000,000.04	-	568,812.00	-	-	59,771.00	5,628,583.04
Land Acquisition Manager	Feb. – Mar. 2008	620,967.72	-	94,802.00	-	-	-	715,769.72
Admin/ Quality Mgr.	Sep. 2007- March 2008	1,954,166.69	-	317,133.37	-	-	21,657.00	2,292,957.06
Civil Engineer	April 2007- March 2008	2,924,308.80	-	696,519.96	88,304.17	-	85,648.00	3,794,780.93
Concession Engineer	April - Oct. 2007	1,756,497.20	-	459,514.96			55,249.00	2,271,261.16

*** Group Health and Life Insurances**



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AUDITOR'S REPORT

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AUDITED FINANCIAL STATEMENTS