

NROCC

**NATIONAL ROAD OPERATING
& CONSTRUCTING COMPANY LTD**



National Road Operating and Constructing Company Limited

ANNUAL REPORT 2012 - 2013



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1. CHAIRMAN'S AND MANAGING DIRECTOR'S REPORT

THE 2012/13 financial year was dominated by two major activities: the completion of the Sandy Bay to May Pen section of Highway 2000 and the finalization of arrangements for the North-South Link Highway project and commencement of works.

Phase 1B - May Pen to Sandy Bay

Sandy Bay to May Pen which represents the fourth section of the Highway 2000 project was completed and opened to vehicular traffic ahead of time on 2012 August 15. This section of Highway has a number of firsts for Jamaica:

- It is the first section of roadway in Jamaica to be constructed with noise walls to reduce the impact on the surrounding communities.
- The first section of roadway to employ solar street lights on a large scale.

Currently more than 7,000 vehicles per day use this section of the Highway.

Dyke Road Fishing Village Complex

As part of the National Road Operating and Constructing Company (NROCC) obligations in keeping with the requirements of the Multilateral Banks' loan for Phase 1B, NROCC continued to work to ensure that the livelihood of the Fisherfolk who were relocated to the new facilities on the Dyke Road was restored. The following were undertaken with the foregoing in mind:

- a. Approval of the Annual Operating Plan for 2013 with the agreement of the IADB and the preparation of a Financial Model to establish the long term viability of the complex.
- b. Installation and operation of a fuel pump to provide revenues to support the operations of the complex.
- c. Start of construction of a police post to improve the security of the facilities.
- d. The distribution of more than 20,000 promotional flyers and two live broadcasts to attract persons to the complex.
- e. Steps were also taken to convert the Causeway Fisherfolk Friendly Society to a Co-operative Society.



North-South Link Highway (Ferry/Caymanas to Ocho Rios)

The North-South Leg of Highway 2000 from Caymanas to Ocho Rios is the largest ever infrastructure project to be implemented in Jamaica. The project which is expected to cost approximately US\$600M, is expected to be implemented without loans or equity being provided by NROCC. In 2011 November, Cabinet approved the signing of the Implementation Agreement with Jamaica North South Highway Company (JNSHC), a subsidiary of China Harbour Engineering Company (CHEC). In 2012 March the National Contracts Commission gave its no-objection to proceed with the project. This cleared the way for completion of negotiations and the signing of a concession agreement on 2012 June 21.

In order for the Concession to become fully “effective” a number of conditions precedent (CPs) were also required. These CPs were completed on 2013 January 28, and the Concession Agreement (CA) became effective as at this date. This means that the overall works for the construction of the Highway are to be completed by 2016 January 28, and the 50 year Concession Period will commence from 2016 January. The Highway is being implemented in 3 sections as follows:

Section 1 - Caymanas to Linstead Bypass

This section of the Highway which commences at Ferry and extends to Linstead is approximately 27 km long. As a consequence of the CA becoming effective, work commenced in the field on the surveying, valuations and engineering investigations. By the end of the financial year more than 50% of the persons who may be affected by the Highway were notified.

Section 2 - Mt. Rosser Bypass (Linstead to Moneague)

This section of the Highway is approximately 19 Km. During the year, work commenced on the clearing of this section of the roadway and the construction of the site facilities to serve the project.

As a consequence of the CA becoming effective, it is also anticipated that Bouygues Travaux Publics who were the previous contractors on the project will pay NROCC approximately JA\$600M to be released from their obligation to complete this project. This payment is expected in the first quarter of the 2013-14 year.

Section 3 – Moneague to Ocho Rios

This section of the Highway is approximately 22 Km. During the year, works commenced in the field on the surveying, valuations and engineering investigations.



In order to commence work on Sections 1 and Section 3 all Environmental Impact Assessments were completed, including public consultations. Applications have also been made to the National Environmental and Planning Agency (NEPA) for the issue of a permit. This is expected to be issued by 2013 April.

East – West Corridor Operations

Traffic

Over the year, despite the continuing challenges in the economy 17.7 million trips were made on the Highway, showing a modest increase over the 2011-12 year. During the year the Developer implemented a number of measures designed to increase traffic on the Highway including weekend and frequent user discounts.

Road Safety

Accidents

The total number of accidents for 2012-2013 decreased by 9% compared with the numbers for the 2011-2012 period. The analysis of accident data showed that the main cause of accidents for 2012-13 was wreckless driving (28%) followed by speeding (26%).

Security

In order to strengthen the security of the Highway, NROCC also collaborated with the Jamaica Constabulary Force in the repair of Police Vehicles for the patrol of the Highway.

The Highway continues to be affected by persons who drive the “wrong way” down the ramps in order to avoid paying tolls. As a consequence NROCC, working along with the Toll Authority, Ministry of Transport and the Chief Parliamentary Council (CPC) developed regulations which would allow “Road Spikes” to be installed on the ramps. The legislation was signed and gazetted in 2013 March.

Fire and Smoke

The incidences of fire and smoke on the toll roads for 2012-2013 showed an overall decrease of 39% compared with the similar period in 2011-2012. The Developer continues to work with the Sugar Estates and the Fire Department to mitigate these activities.

Quality Management System

During the year NROCC continued to strive for ISO 9001 certification of its operations. The Stage 1 audit for certification of NROCC’s quality management system was conducted on 2012 Oct. 30, the Stage 2 certification audit was done on 2013 February 4 – 6. On 2013 March 15 NROCC was officially certified to ISO 9001 standards.



In Closing with the signing of the CA behind us, next year will likely be one of the more challenging years for NROCC. More than 400 parcels of lands are expected to be impacted by the construction of the new North South Highway including more than 130 houses/structures.

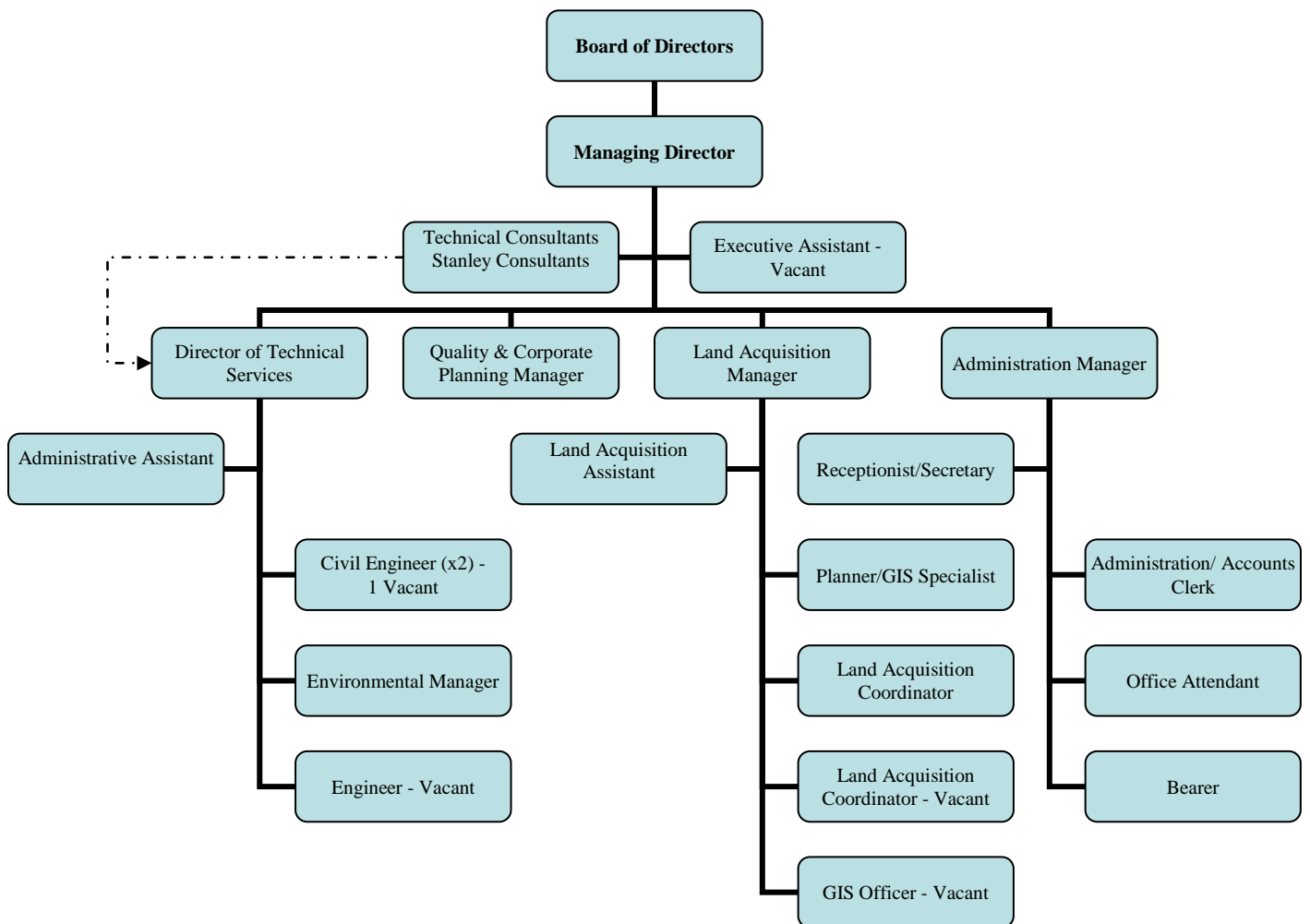
Finally we wish to thank the staff for their efforts during the last year and are confident that we will be able to accomplish our mission despite the impending challenges.

Dr. Wayne Reid – Chairman

Mr. Ivan P.G. Anderson – Managing Director



2. NROCC's ORGANIZATIONAL CHART





3. BOARD OF DIRECTORS

<p>Dr. Wayne Reid Chairman</p> <p>Jentech Consultants Limited</p>	<p>Ms. Millicent Hughes Accountant General</p> <p>Accountant General's Department</p>
<p>Mr. Ivan Anderson Managing Director</p> <p>National Road Operating & Constructing Company Ltd.</p>	<p>Mrs. Janet Coleman-Howlett Director, Works Policy</p> <p>Ministry of Transport & Works</p>
<p>Mr. Rezworth Burchenson Managing Director</p> <p>Prime Asset Management</p>	<p>Mrs. Veronica Warmington Director</p> <p>Finance and Infrastructure Unit</p> <p>Ministry of Finance and Planning</p>
<p>Mr. Steven Whittingham Managing Director</p> <p>The Antilles Group (TAG Petroleum)</p>	



4. DIRECTORS' REPORT

Your Directors submit their Annual Report together with the Audited Financial Statements for the year ended 2013 March 31.

Financial Statements

NROCC reported a loss of J\$7,588,997,000 for the financial year ended 2012 March 31 which represented a significant decline over the previous financial year when the reported profit was J\$2,672,098,000. NROCC continued to have no revenues as seen in the five-year financial review. The company recorded a growth of J\$1,392,751,000 or 7.35% in its total assets, moving from J\$18,947,321,000 at the end of the previous financial year to J\$20,340,072,000 at the end of 2013 March.

Administrative and general expenses amounted to J\$617,237,000 compared with J\$310,235,000 for the 2011/12 financial year. The single largest element of the administrative expenses was the expenses associated with legal and other professional fees which amounted to 231,743,000.

Dividends

As a consequence of the need for financing going forward, the company is not in a position to declare a dividend at this time.

Directors

The names of the directors are shown in the list of directors in Section 3. Two are due for retirement.

Auditors

KPMG has expressed their willingness to continue as Auditors of the company and a resolution will be proposed authorizing the directors to fix their remuneration.



5. FIVE YEAR FINANCIAL REVIEW

	'000	'000	'000	'000	'000
	2013	2012	2011	2010	2009
					(Restated)
Revenue	-	-	-	-	-
Administrative & general expenses	-617,237	-310,235	-384,032	-466,930	-395,729
Operating loss	-617,237	-310,235	-384,032	-466,930	-395,729
Impairment loss	-343,302	-	-10,467,893	-	-
Gain on sale of bonds	-	7,743,850	-	-	-
Miscellaneous income	-	316	3,266	97,639	-
Finance income	2,398,881	196,479	258,746	825,947	2,686,478
Finance costs	-8,159,214	-4,310,903	-2,934,343	-3,170,064	3,463,114
Inflation compensation on Real Return Convertible Bonds	-869,044	-647,409	-886,542	-839,882	-892,374
Profit/(loss) before income tax	-7,588,997	2,672,098	-14,410,798	-3,553,290	2,064,739
Income tax credit	-	-	165,086	389,892	136,063
Other comprehensive income:	-	-	-	-	116,217
Profit/(loss) for the year, being total comprehensive income/(loss) for the year	-7,588,997	2,672,098	-14,245,712	-3,163,398	2,317,019
Percentage increase over previous year	-384	119	-350	-37	64
Total Assets	20,340,072	18,947,321	15,925,908	25,341,444	20,640,224
Net Equity	-35,827,146	-28,238,149	-30,910,247	-16,664,535	-13,501,137
Total Liabilities	56,167,218	47,185,470	46,836,155	42,005,979	34,141,361
Total equity and liabilities	20,340,072	18,947,321	15,925,908	25,341,444	20,640,224



6. PROJECT UPDATE

6.1. HIGHWAY 2000 PROJECT OVERVIEW

The National Road Operating and Constructing Company (NROCC), also known as the Grantor, is a public company formed to represent the Government of Jamaica's interest under the Concession Agreement signed in 2001 between NROCC and the Developer, Transjamaican Highway Limited (TJH) for the design, construction, operation and maintenance of the Highway 2000 toll road. NROCC also has the responsibility for monitoring the performance of the Developer to assure compliance with the requirements of the existing concession agreement and for monitoring new tolled roads which are added to the network. NROCC purchases properties affected by the Highway alignment on behalf of the Government of Jamaica and also provides partial funding to the project. The project was conceived as a public-private partnership and implemented as a build-finance-operate and transfer (BFOT) 35-year concession scheme.

Currently Phase 2 is under a 50-year BOFT concession. It is envisioned that the Highway 2000 project will meet the rapidly growing surface transport needs of the country by establishing a safe and efficient motorway axis linking Kingston and Ocho Rios by passing through the parishes of St. Catherine, 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 lane controlled-access, tolled motorway with fully grade separated interchanges and intersections built according to modern international standards.

The Highway 2000 project is divided into two main phases which are further sub-divided into Sections as shown below:

Phase 1

Phase 1A (~46 km) - Sandy Bay to Kingston
Phase 1B (~ 10.5 Km) - Sandy Bay to May Pen
Phase 1C (~ 27.5 Km) – May Pen to Williamsfield

Phase 2

Phase 2A (~47 km) - Spanish Town to Ocho Rios (Includes Mt. Rosser Bypass)
Phase 2B – Williamsfield to Montego Bay.

Phase 1A of the Highway was completed in 2006 July. Phase 1B was completed in 2012 August. Construction is now underway on Phase 2A to complete Mount Rosser Bypass (Section 2). Caymanas to Linstead (Section 1) and Moneague to Ocho Rios (Section 3) are at the design stage.





6.2. OPERATIONAL REVIEW AND UPDATE

Refer to Appendix 1- Status Report for Financial Year 2012-2013

6.2.1. ACCELERATING DEVELOPMENT THROUGH INFRASTRUCTURE

This strategic objective is reflective of the Company's commitment to contribute to national, economic development. The main projects identified for the 2012-2013 planning period were:

1. Implementation of the North-South Link: Phase 2A - Caymanas to Ocho Rios which comprises :
 - a. Caymanas to Linstead,
 - b. Mount Rosser Bypass (MRB),
 - c. Moneague to Ocho Rios
2. Completion of East-West Link: Phase 1B: Sandy-Bay to May Pen.
3. Works to the Dyke Road Fishing Complex





6.2.1.1. NORTH SOUTH LINK – FERRY/CAYMANAS TO OCHO RIOS

6.2.1.2. SECTION 1&2 - PHASE 2A (CAYMANAS TO LINSTEAD BYPASS AND MOUNT ROSSEY BYPASS)

The Mount Rosser project was originally expected to be completed by 2011 January but was delayed due to geotechnical challenges in Zone 2. All works outside of Zone 2 were completed in September of 2011 and the hand-over of construction by Bouygues Travaux Publics Jamaica (BYTPJ) was completed for Zones 1, 3, 4, 5, and 6. On 2012 June 21 the Concession Agreement between the National Road Operating and Constructing Company and Jamaica North South Highway Company (JNSHC) Limited was signed for the completion of Mount Rosser Bypass and the remainder of the North-South Highway from Caymanas to Ocho Rios.



Minister Davies and the Principal from the Jamaica North-South Highway Company Limited shake hands on the signed Concession Agreement

As a result of the signing of the CA, the completion of the Mt. Rosser Bypass Section of the Highway was handed over to JNSHCo the developer of the North South Highway.



Construction

Mount Rosser Bypass (MRB)

As a consequence of the signing of the CA, all expenditures on the project were transferred to the JNSHC.

PICTURES OF THE MOUNT ROSSEr PROJECT



Clearing in Zone 2



Area with Geotechnical Challenge:
Zone 2 – Mount Rosser



Completed Section of Mount Rosser Bypass

The targeted expenditures for utilities relocation were not expended due to construction delays as a result of the delays in signing the concession agreement with the Jamaica North-South Highway Company Limited.



Land Acquisition

Mount Rosser: All the lands based on the original alignment were acquired and handed over to the new Developer. NROCC's Land Acquisition personnel secured vacant possession of all the properties required for the Mount Rosser Bypass, including the properties required to facilitate the re-alignment of the section of the highway at Mullock. Surveying and conveyance activities to complete the transactions are continuing. No target was set for Mount Rosser Bypass land acquisition for the year, however \$140,480,394.95 was expended from budgetary provisions previously made by NROCC before the geotechnical delay.

Caymanas to Linstead Bypass: No expenditure was made for land payments due to:

- initial delays in signing the Concession Agreement with the Jamaica North South Highway Company - JNSHC (Chinese) to fund the project. The Concession became effective on 2013 January 28,
- delay in finalization of the centre line in order to commence the land surveying exercise. Certain sections of the alignment where no major changes were contemplated were identified and were to be confirmed by CHEC so that the land surveying exercise could commence in these area,
- the consultants for land acquisition/ valuation services had served in excess of 50% of the Section 3 Notices (notice served to indicate that particular lands may be required for construction of the highway) by 2013 April 2.

Payments amounting to J\$2.147M were made for crops, meeting arrangements, surveyors & valuers for the North-South Link.

North-South 5Km²: No expenditure was made during the year due to the delays as noted above for Caymanas to Linstead Bypass.

Design Studies

Coordination of the design studies/investigations, including the determination of the environmental impact for proposed routes for Spanish Town to Linstead Bypass and Moneague to Ocho Rios were conducted.

During the year EIA studies were conducted on Section 1 and Section 3 of the North-South Highway as well as the necessary public consultations which are part of the process. These studies included Water Resources Risk Assessment Report for the project which was completed and submitted in 2013 February.



Following further meetings with our stakeholders NROCC submitted to NEPA all answers to the questions regarding the Environmental Impact Assessment (EIA) report on 2013 February 15.

The budgeted costs for both studies was approximately JA\$20M

6.2.1.3.DEVELOPMENT PROJECT PHASE 1A DYKE ROAD FISHING VILLAGE

The new Dyke Road Fishing Complex provides for the following:

- 84 storage units (boat owners and crews),
- 36 vendor stalls,
- 5 shops and
- 16 bunkhouse facilities for floating crews.

In addition to the foregoing, housing was also provided for 16 families as at 2012 March 31.

To date NROCC has invested in excess of JA\$160M dollars directly into the complex.

FISHING VILLAGE TECHNICAL COOPERATION (TC) AGREEMENT

NROCC over saw the implementation of a Technical Cooperation agreement with the InterAmerican Development Bank. The general objective of the agreement is to improve the livelihoods of the Portmore Causeway Fisherfolk through the strengthening of the Fisherfolk's Association, currently named "the Causeway Fisherfolk Friendly Society" (the "Association"), and enhancement of the Association's commercial activities.

The specific objectives of the project are to:

- a) Strengthen the capacity of the Association to manage the facilities at the Portmore Causeway Fishing Village (the "Fishing Village") and to pursue the strategic objectives defined and agreed upon by the Fisherfolk;
- b) Increase the net income of the fisher folk through improved sanitation, product handling and presentation, better marketing and the pursuit of new entrepreneurial ventures, as well as more affordable access to finance and inputs such as ice, fuel, fishing and storage equipment; and



- c) Assist in creating a safer and more secure environment for fishermen at sea and for the fisher folk within the Fishing Village.

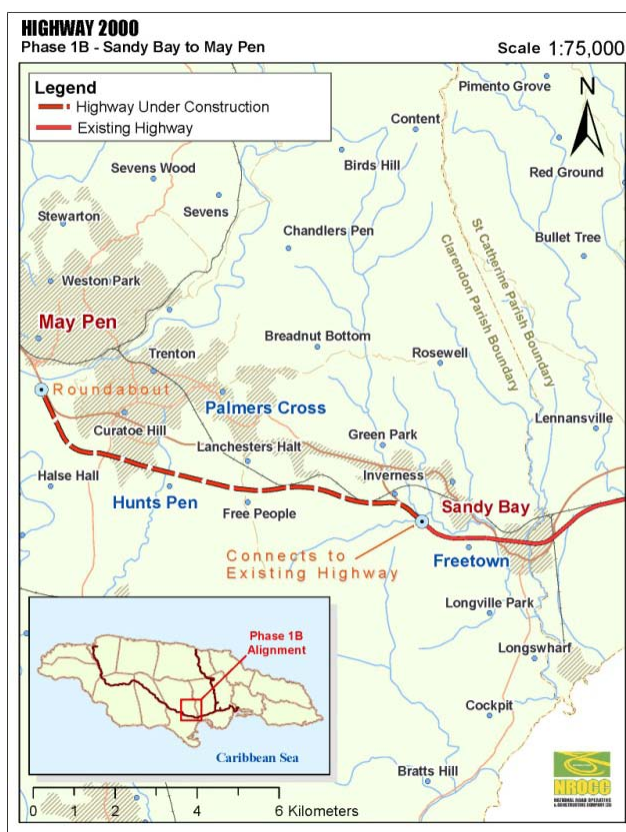
The following were achieved during the financial year:

- a) Approval of the Annual Operating Plan for 2013 by the IADB.
- b) Completion of the semi-annual report for 2012 July to December.
- c) Start of construction of a police post.
- d) Installation and operation of a fuel pump operated on behalf of the Fisherfolk.
- e) Distribution of 20,000 promotional flyers to major shopping areas in Portmore.
- f) Steps to convert the Causeway Fisherfolk Friendly Society to a Co-operative Society were taken.
- g) Preparation of a Financial Model for the Complex
- h) Two outside broadcast to stimulate sales were held in 2012 August and December.

6.2.1.4.EAST WEST LINK PHASE 1B (SANDY BAY TO MAY PEN)

This phase of the project begins at Sandy Bay 1.3km from the end of the Highway and runs to May Pen (Rio Minho Bridge) - a distance of 10.5 Km and will cost approximately US\$105M. Construction commenced in 2011 February and was expected to last for approximately 19 months and be completed by 2012 September. US\$13.5M was provided to the project in keeping with NROCC's obligations to this phase of the project. No additional funding is required.

This project was completed ahead of schedule and opened to traffic in 2012 August.





Land Acquisition

NROCC had the responsibility to acquire the properties for the construction of the Highway. Full possession of the site was given to the Developer and no delays resulted from land acquisition. Over the year, payments of \$496.797M were paid to complete outstanding transactions. The delay in making payments resulted from a number of factors:

- a. No competent persons (persons cannot show ownership or possession of the land) to accept payment awards for lands that were acquired by compulsory acquisition.
- b. Going through the process to obtain the necessary pre-checked survey plans and the legal conveyancing.

Construction

The construction costs for Phase 1B were funded by multi-lateral loans and equity totalling approximately US\$209M. This consortium consisted of Inter-American Development Bank, International Finance Corporation of the World Bank, European Investment Bank and Proparco. Construction of Phase 1B of the highway was completed and opened to vehicular traffic on 2012 August 15. The highway has been in the operations and maintenance stage since the issuance of the completion certificate. The constructed works are under the Defects Liability Period which will end on 2013 August 14; nevertheless the majority of the defects have now been rectified. As part of the project there was also a number of “firsts”:

1. The first noise walls to be implemented on a Major Highway in Jamaica. These were constructed in the vicinity of the Mineral Heights, Savannah Cross and Hunts Pen communities.
2. The first wide scale use of solar street lights in Jamaica.

NROCC's target for 2012-2013 of completing construction of Phase 1B was achieved.

The project was also recognised by the Inter-American Development Bank (IDB) and awarded the IDB 'Project of the Year' for 2012.



PICTURES OF PHASE 1B (SANDY BAY TO MAY PEN) PROJECT



General Issue

Fortnightly meetings are held with CHEC to monitor the project schedule and tasks. The effective date of the Concession was 2013 January 28.

Section 2 – Linstead to Moneague

The geotechnical survey by CHEC was completed and the report was issued to the Grantor's Representative. Comments were submitted to CHEC on 2013 March 5.

The erection of the site camp facilities was in progress. Finalization is planned for the beginning of 2013 May.



Section 3 – Moneague to Ocho Rios

Based on preliminary alignment layouts provided to the Grantor's Representative, JNSHC/CHEC will revise and evaluate the last two (2) kilometers of the highways to minimize encroachment on UDC land.

MT ROSSER BYPASS SITE CAMP (ON-GOING CONSTRUCTION)





6.2.2. ROAD USER SAFETY

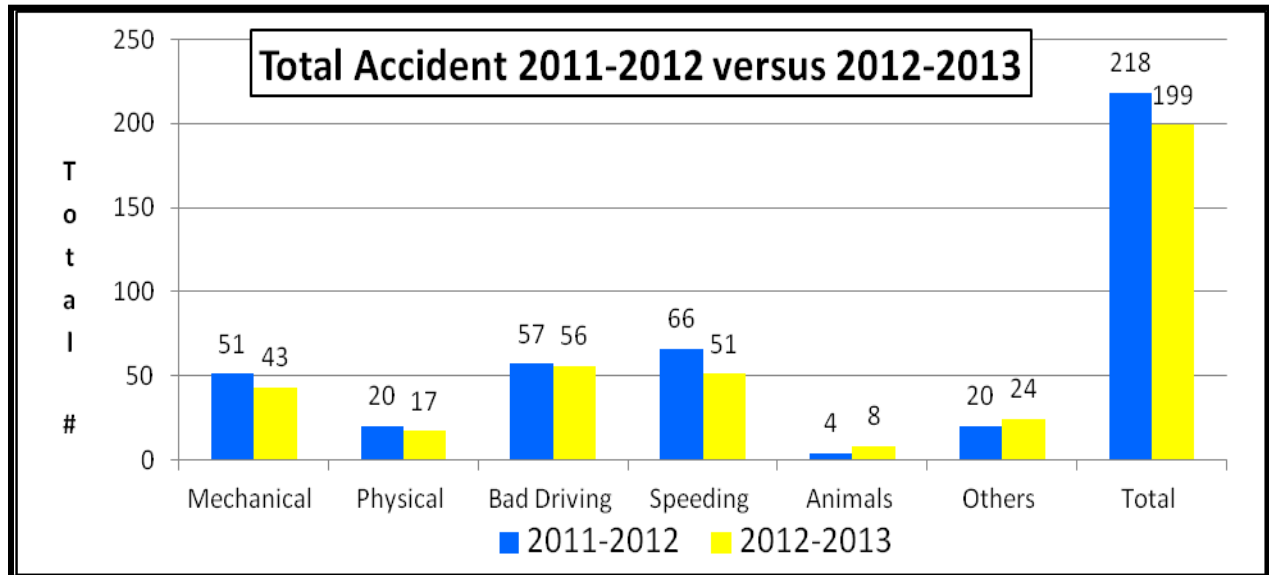
The strategy used for road safety is to monitor the Highway Operating Agreement and to partner with the Developer, Operator and Police to identify and implement safety improvement measures.

6.2.2.1. ACCIDENTS

All accidents occurring on the Toll Road are recorded, analyzed and reported by the Operator. The numbers and causes of accidents are discussed at fortnightly project meetings and monthly Operations and Maintenance meetings held with representatives of the Developer, Operator, Contractor, Grantor, Toll Authority, National Works Agency and the Ministry of Transport and Works. Accident data are included in a monthly Operations and Maintenance report submitted by the Developer (TJH) to NROCC and the Toll Authority, giving the location, cause, gravity and other statistics relating to the accidents.

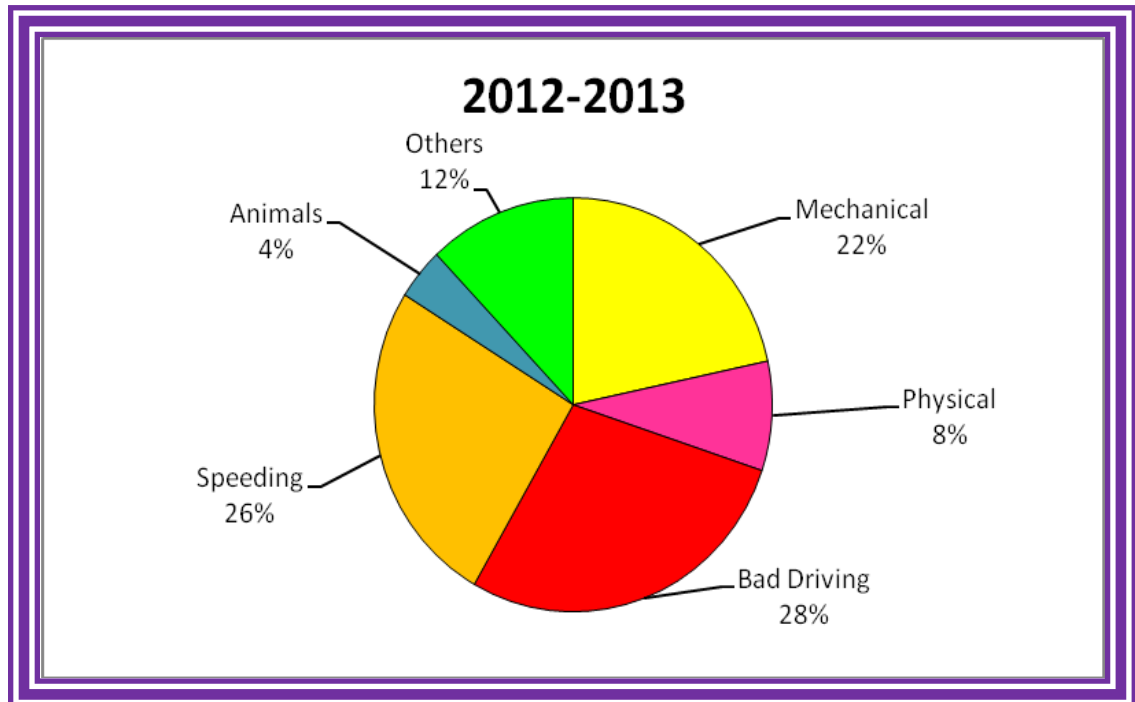
NROCC achieved the year's targets of analyzing the accident data provided in the Developer's monthly report to find patterns and trends. The number and categories of accidents along the highway were discussed at the H2K project meetings to arrive at remedial measures that may lead to a possible reduction in the frequency of accidents.

The total number of accidents for 2012-2013 decreased by 9% compared with the numbers for the 2011-2012 period. See bar chart below.





The analysis of accident data showed that the main cause of accidents for 2012-13 was bad driving (28%) followed by speeding (26%).



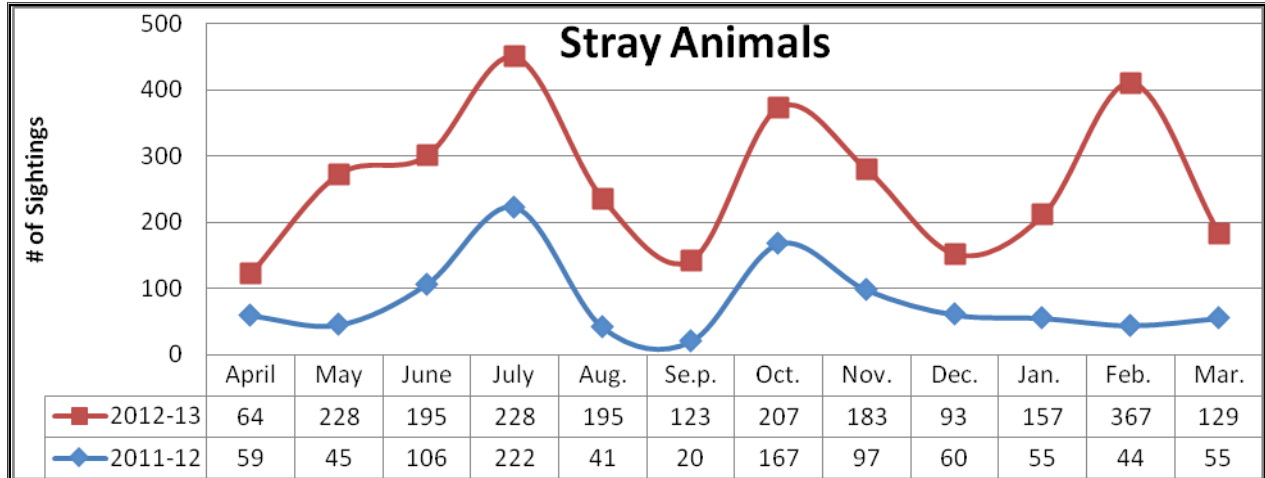
The Developer has taken additional measures such as installing solar lights on all sections of the highway, hosting public relations campaign in both the print and audio-visual media.

6.2.2.2. ANIMALS ON THE HIGHWAY

The number of animals crossing the highway as a result of stolen and or damaged fencing continues to be a concern. In order to counter this problem the following actions were taken by the Developer:

- a. meetings with the community;
- b. replacement of the chain-linked fence with more resistant barbed-wire fence;
- c. repair/replacement of damaged fence and posts; and
- d. removal/impounding of animals.

The graph below highlights the increase in sightings of animals for 2012-13 versus 2011-12.



6.2.2.3. STONE THROWING/ROBBERIES

There was a steady decrease in the number of robberies and stone throwing incidents on the highway in 2012 and 2013. NROCC continued to work with the Police to provide vehicles for the Highway patrol. The additional patrolling resulted in a significant decline in the number of robberies and stone throwing incidents.

6.2.2.4. ROAD SPIKES

The Highway continues to be affected by persons who drive the “wrong way” down the ramps in order to avoid paying tolls. As a consequence NROCC, working along with the Ministry of Transport and the Chief Parliamentary Council (CPC) developed regulations which would allow “Road Spikes” to be installed on the ramps. The legislation was signed and gazetted in 2013 March.

6.2.2.5. ADDITIONAL SAFETY/MAINTENANCE ACTIVITIES

In an effort to further enhance the safety and comfort of motorists using the Highway, the following measures have been implemented:

- Installation of about 200 solar lights along the highway;
- Repair/replacement of damaged/stolen solar lights;
- Overlaying to Palmetto Bridge;
- Repairs of the Fort Augusta ramp and mainline completed 2012 Dec. 15;

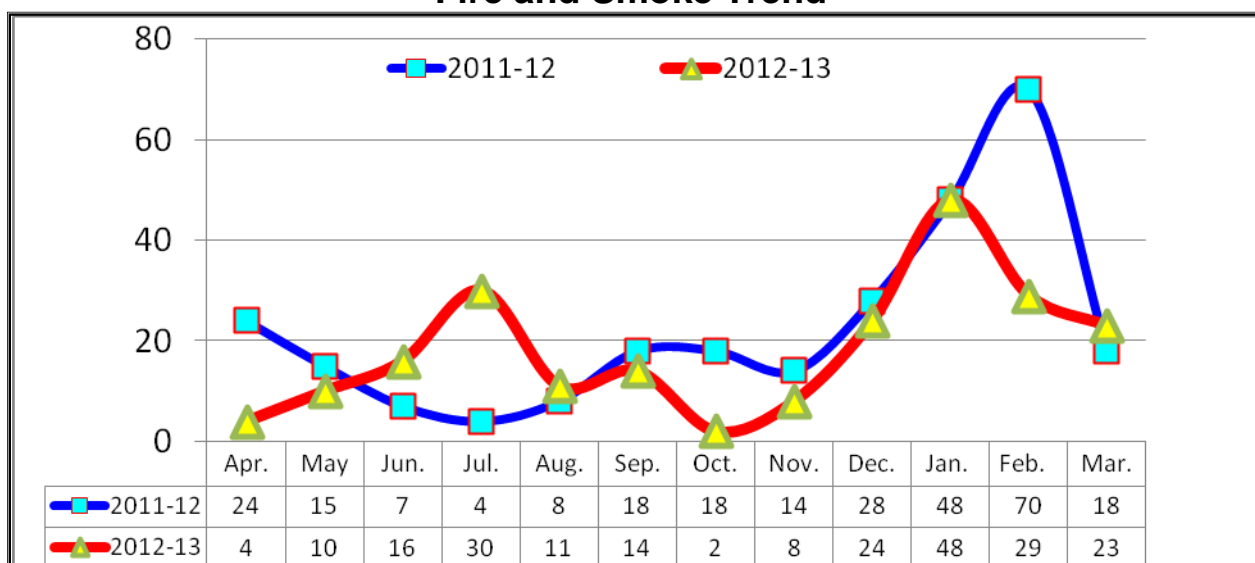


6.2.2.6. FIRE AND SMOKE:

NROCC met the year's target of tracking the smoke data provided in the Developer's monthly report and reviewing the data for patterns and trends. The numbers and trends are discussed at the H2K project meetings and requests are made to the Developer for adverse trends to be acted on.

The incidents of fire and smoke on the toll roads for 2012-2013 showed an overall decrease of 39% compared with the similar period in 2011-2012.

Fire and Smoke Trend



6.2.3. ENVIRONMENTAL BALANCE

NROCC remains committed to minimizing the impact of new Highway construction on the surrounding environment, in compliance with the requisite National Environment and Planning Agency (NEPA) requirements as well as Jamaica's environmental legislations. NROCC is also committed to adopting applicable Best Environmental Management Practices, which will ensure the best opportunity to protect, preserve and enhance the quality of the natural resources, as well as mitigate environmental impacts that often emerge in the construction of major highway routes.



Monitoring mechanisms have been developed, implemented and applied to the project with the intention of satisfying all of the requirements. These included:

- a. For the 2012-2013 year, 6 of the 11 reports targeted for construction works in progress were completed and submitted by the agreed times. The remaining 5 reports were not done as construction on Phase 1B (Sandy Bay to May Pen) was completed and construction on Mount Rosser had not yet restarted. There was no need for construction site inspections from the end of 2012 October to 2013 March.
- b. The targeted eight meetings with the Developer, Toll Authority, MTWH, communities and local authorities on project related environmental activities was superseded during 2012-2013. Fifteen meetings were conducted: two related to Highway 2000 Phase 1B were held with the Developer and NWA; two at the fishing complex with the stakeholders; two at Sandy Bay and Mineral Heights; two in Moneague; and one each at Linstead, Angels, Steer Town, Content, Waterloo, Crescent, and Mullock.
- c. The target of applying to NEPA for an environmental permit in relation to permits and licenses for new works was achieved for Phase 2A - Sections 1 and 3 of the North-South corridor of Highway 2000.
- d. Planned weekly inspections of the completed toll roads were done and where issues required attention, the Grantor's Representative was advised and Routine Surveillance Inspection requests issued to the Developer. Six of the 11 targeted reports for the inspections of the completed Highway 2000 relating to environmental and safety compliance were prepared and submitted in a timely manner. Information was provided to the Grantor's Technical Representative (GTR) in the bi-weekly reports.
- e. The targeted activities for NROCC's Environmental Management System (EMS) was to develop an environmental policy and communicate the policy to staff, draft EMS structure, plan, and procedures, review and agree EMS procedures. The draft documentation for the EMS was completed and circulated. The agreement of the procedures was not achieved.

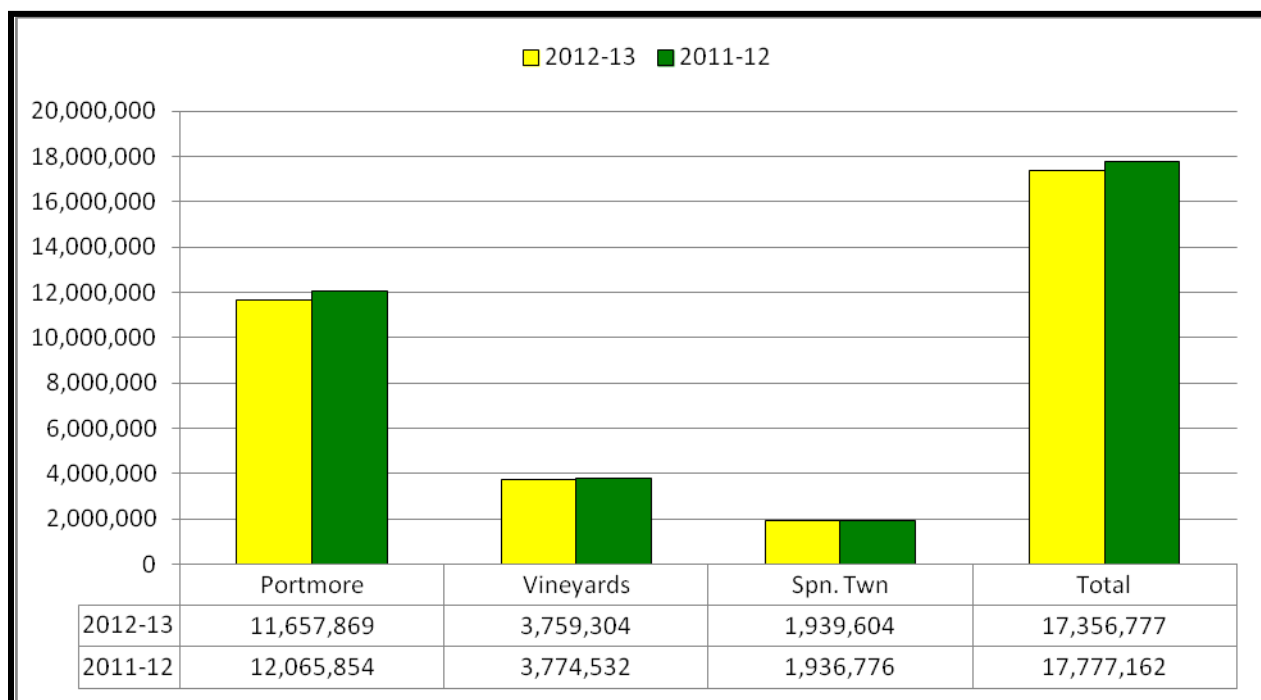
6.2.4. ECONOMIC DEVELOPMENT

The target of collaborating with the Developer of the completed section of Highway 2000 to formulate plans to improve traffic on H2K was achieved. At the monthly H2K project meetings held with the Developer, discussions took place regarding how traffic numbers can be increased. The Developer has finalized the plans to have top up done on-line to increase tag usage. The legal aspects are in



the final stages of discussion. The Developer is also to implement the opening of Westbound Ramp at Old Harbour to increase traffic. The Developer has advertised a discounting scheme for all plazas to attract additional traffic. This is expected to be implemented in April 2013.

Traffic Count on Highway 2000 2011 Apr. - 2012 Mar. versus 2012 Apr. – 2013 Mar.



For 2012-2013 the total traffic volume on the toll roads decreased by 2.4% compared to the 2011-2012 period. The greatest fall in numbers was seen for the Portmore Toll Plaza.

6.2.5. CUSTOMER SERVICE/QUALITY MANAGEMENT SYSTEM

The main thrust of a Quality Management System (QMS) is to continually improve the performance of an organization by focusing on customers while addressing the needs of all stakeholders. An effective QMS will result in improved products and services. NROCC has sought to assure that customers' requirements as defined in the Concession Agreements are met through quarterly audits of the QMS for the Highway 2000 Developers, Operator and Contractors and the Technical Inspection of the Contractor's Design and Project



System. Instances of non-compliances are formally addressed to the relevant entity for corrective measures to be taken and follow-up done to review the effectiveness of the actions taken.

For 2012-2013, the targeted four audits each of the Developer and Toll Operator were achieved. The applicable audits of the Contractor were achieved.

The bi-monthly targeted update of NROCC's H2K Website was achieved for the second and third quarters but not for the first and fourth quarters.

6.2.6. ORGANIZATIONAL DEVELOPMENT AND EFFICIENCY IMPROVEMENT

As a public sector company NROCC is seeking to implement suitable operating measures that will reduce the impact on support from the Government budget allocations. The following elements were targeted for accomplishment over the planning period:

- The certification and maintenance of a quality management system compliant with the requirements of ISO 9001:2008 for the business and operational processes.
- Human Resource Development – conducting or facilitating at least 1 job-related training programme each quarter. For the 2012 April to September nine job-related training sessions were attended by NROCC staff.
- Improving the internal management of utility by putting systems in place to reduce telephone talk time. For 2012 April to September, talk time was reduced on average by 3.5% versus the target of 5%. Telephone talk time decreased by 31% in 2012 October compared with the similar period in 2011 and by 10.3% compared with 2012 September.
- Monitoring the reduction in expenditure for consumables, specifically copy paper and ink. For 2012 April to September an average reduction of 2% was achieved.

6.2.6.1. IMPLEMENTATION AND CERTIFICATION OF ISO 9001 QUALITY MANAGEMENT SYSTEM (QMS)

ISO 9001 is a management system standard for fulfilling the minimum quality system requirements for organizational processes. The three main benefits of implementing an ISO 9001-based QMS are, increased customer satisfaction, decreased complaints, and decrease in product/service nonconformities.



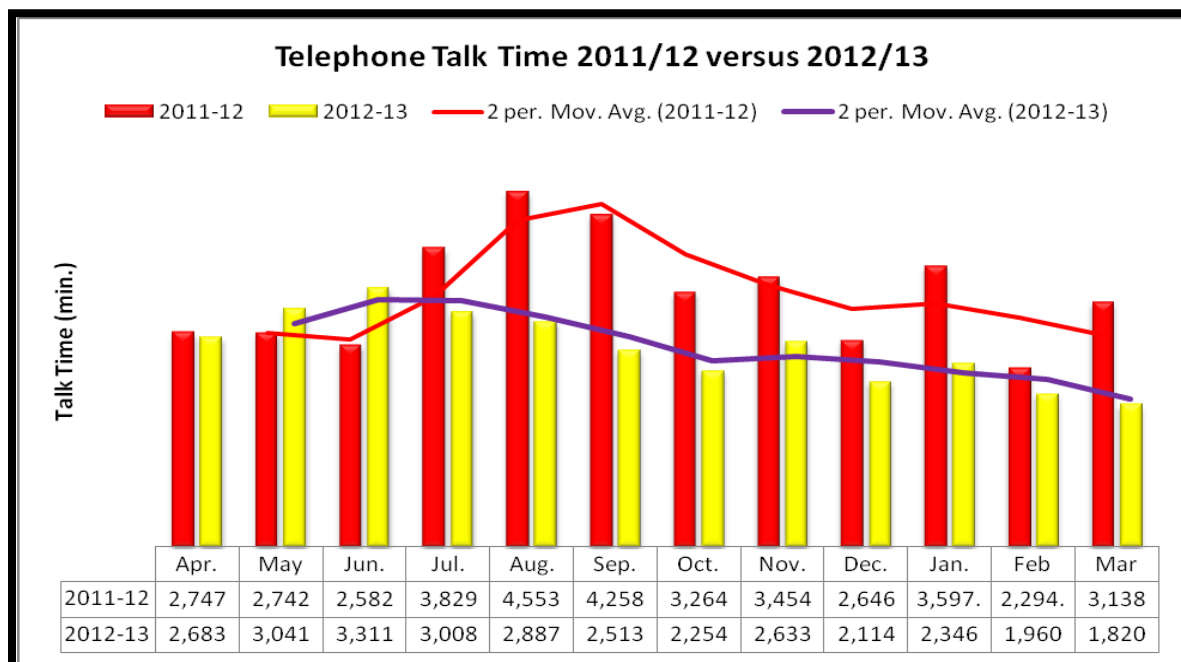
For 2012-2013 NROCC's target was to achieve ISO 9001:2008 certification of its QMS. The Stage 1 audit was conducted on 2012 Oct. 30, the Stage 2 certification audit was done on 2013 February 4 – 6 and NROCC received certification of its QMS officially on 2013 March 15.

6.2.6.2. TRAINING

For the 2012-2013 year, the target was surpassed. Eleven job-related training sessions versus the targeted four trainings were attended by NROCC staff. The external sessions were: Valuation Administration and Management of Commercial Properties, Audit Commission Conference, Effective Talent Management in Finance, Customer Service, ISO 9001 Lead Auditor Training, Records and Information Management, GoJ Procurement Handbook, Human Resource Conference, and Road Safety Audit Management. The internal training sessions were ISO 9001 Internal Auditor Refresher Training, and NROCC's Quality Management System training.

6.2.6.3. OPERATIONAL EXPENSES

During the year NROCC targeted a number of areas to reduce its operational expenses. For 2012-2013 talk time reduction of 26% was achieved compared to the 2011-2012 period.





The system to reduce paper and ink consumption cost (used paper in fax machine, for meeting notes and internal memo, recycled ink bought for fax machine) was implemented during the 2010-11 financial year. There was no net reduction in expenditure compared with the targeted 2% reduction. For the 2012-2013 year there was an increase of 6% in cost of paper and ink compared to the similar period in 2011.

6.2.7. PROJECTIONS

The following are the significant projections for the 2013-2014 financial year:

1. Significant progress towards the Completion of the Mount Rosser section of the North-South Link with completion expected by May 2014.
2. Review the design studies and investigations being carried out for Caymanas to Linstead Bypass and Moneague to Ocho Rios.
3. Continue meeting with the Developer to formulate plans to grow/improve traffic on Highway 2000.
4. Commencement of works on Sections 1 and 3 of the North-South link.
5. Maintain ISO 9001:2008 Quality Management System certification, agree and implement the Environmental Management System in accordance with ISO 14001



7 DIRECTORS' FEES 2012-2013

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	208,000.00	-	-	-	208,000.00
Director 1	106,125.00	-	-	-	106,125.00
Director 2	86,875.00	-	-	-	86,875.00
Director 3	124,125.00	-	-	-	124,125.00
Director 4	125,625.00	-	-	-	125,625.00
Director 5	142,625.00	-	-	-	142,625.00
Managing Director	-	-	-	-	-

8 SENIOR STAFF REMUNERATION FOR 2012-2013

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	@Non-Cash Benefits (\$)	Total (\$)
Managing Director	April 2012- March 2013	9,389,940.36	1,897,416.00	904,573.75	-	*142,697.95	151,221.00	12,343,151.11
Technical Manager (Temp.)	April 2012- Jan. 2013	5,375,006.04	-	975,720.00	-	-	-	6,350,726.04
Director of Technical Services	2013 Feb - Mar.	649,479.90	-	113,253.21	-	-	-	762,733.11
Land Acquisition Manager	April 2012- March 2013	5,375,005.92	-	975,720.00	-	-	151,221.00	6,501,946.92
Quality/Corporate Planning Mgr.	April 2012- March 2013	4,025,000.04	1,006,250.00	975,720.00	-	-	151,221.00	6,158,191.04

@ Health Insurance & Life Insurance

* Pay in lieu of vacation



9 AUDITORS' REPORT & AUDITED FINANCIAL STATEMENTS

NATIONAL ROAD OPERATING AND CONSTRUCTING
COMPANY LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2013





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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
National Road Operating and Constructing Company Limited

Report on the Financial Statements

We have audited the financial statements of National Road Operating and Constructing Company Limited ("the company"), set out on pages 3 to 36, which comprise the statement of financial position as at March 31, 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





To the Members of
National Road Operating and Constructing Company Limited

Report on the Financial Statements, cont'd

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at March 31, 2013, and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

Chartered Accountants
Kingston, Jamaica

August 14, 2013



NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Statement of Comprehensive Income

Year ended March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

	<u>Notes</u>	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
Revenue	7	-	-
Administrative and general expenses	8	(617,237)	(310,235)
Operating loss		(617,237)	(310,235)
Impairment loss	9	(343,302)	-
Gain on disposal of property, plant and equipment		919	-
Gain on sale of bonds	11	-	7,743,850
Miscellaneous income		-	316
Finance income	12	2,398,881	196,479
Finance costs	13	(8,159,214)	(4,310,903)
Inflation compensation on Real Return Convertible Bonds	22(a)	(869,044)	(647,409)
(Loss)/profit, being total comprehensive (loss)/income for the year		<u>(7,588,997)</u>	<u>2,672,098</u>

The accompanying notes form an integral part of the financial statements.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED


Statement of Financial Position

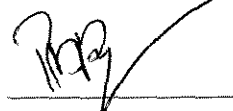
March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

	<u>Notes</u>	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
Non-current assets			
Long term receivable	15	11,812,124	-
Property and equipment	16	2,896,756	12,724,056
Investment securities	17	<u>3,133,930</u>	<u>3,477,232</u>
		<u>17,842,810</u>	<u>16,201,288</u>
Current assets			
Income tax recoverable		71,160	108,638
Other receivables	18	73,667	109,612
Resale agreements	19	2,334,825	2,522,062
Cash and cash equivalents		<u>17,610</u>	<u>5,721</u>
		<u>2,497,262</u>	<u>2,746,033</u>
Total assets		<u>20,340,072</u>	<u>18,947,321</u>
Equity			
Share capital	20	1,000	1,000
Inflation reserve	21	1,220,905	1,220,905
Accumulated deficit		<u>(37,473,251)</u>	<u>(29,884,254)*</u>
Net equity		<u>(36,251,346)</u>	<u>(28,662,349)</u>
Non-current liabilities			
Long-term loans and advances	22	<u>55,182,063</u>	<u>46,337,215*</u>
Current liabilities			
Income tax payable		6,331	6,331
Other payables	23	<u>1,403,024</u>	<u>1,266,124</u>
		<u>1,409,355</u>	<u>1,272,455</u>
Total liabilities		<u>56,591,418</u>	<u>47,609,670</u>
Total equity and liabilities		<u>20,340,072</u>	<u>18,947,321</u>

The financial statements on pages 3 to 36 were approved for issue by the Board of Directors on August 14, 2013 and signed on its behalf by:

 Director

 Director

*Restated [see note 25]

The accompanying notes form an integral part of the financial statements.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Statement of Changes in Equity

Year ended March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

	Share capital \$'000 (Note 20)	Inflation reserve \$'000	Accumulated deficit \$'000	Total \$'000
Balances at March 31, 2011				
As previously reported	1,000	152,066	(31,063,313)	(30,910,247)
Prior period adjustment (note 25)	-	-	(424,200)	(424,200)
As restated	1,000	152,066	(31,487,513)	(31,334,447)
Total comprehensive income:				
Profit for the year	-	-	2,672,098	2,672,098
Transfer (note 21)	-	1,068,839	(1,068,839)	-
Balances at March 31, 2012	<u>1,000</u>	<u>1,220,905</u>	<u>(29,884,254)</u>	<u>(28,662,349)</u>
Balances at March 31, 2012				
As previously reported	1,000	1,220,905	(29,460,054)	(28,238,149)
Prior period adjustment (note 25)	-	-	(424,200)	(424,200)
As restated	1,000	1,220,905	(29,884,254)	(28,662,349)
Total comprehensive loss:				
Loss for the year	-	-	(7,588,997)	(7,588,997)
Balances at March 31, 2013	<u>1,000</u>	<u>1,220,905</u>	<u>(37,473,251)</u>	<u>(36,251,346)</u>

The accompanying notes form an integral part of the financial statements.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Statement of Cash Flows

Year ended March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

	<u>Notes</u>	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
Cash flows from operating activities			
(Loss)/profit for the year		(7,588,997)	2,672,098
Adjustments for:			
Depreciation	16	53,358	52,352
Gain on disposal of property and equipment		(919)	-
Interest income		(150,350)	(89,017)
Interest expense	13	3,371,770	3,098,518
Impairment loss	9	343,302	-
Transfer to Jamaica North South Highway Company Limited	16	10,087,850	-
Write offs	16	225,554	-
Effect of exchange rate movements on foreign currency long-term loans and advances, receivables and payables		2,190,002	1,069,209
Inflation compensation on Real Return Convertible Bonds		<u>869,044</u>	<u>647,409</u>
		9,400,614	7,450,569
Changes in operating assets and liabilities:			
Short-term loan		-	(400)
Other receivables		38,480	1,050
Income tax recoverable		37,478	(20,338)
Other payables		<u>23,325</u>	<u>(270,712)</u>
Cash provided by operating activities		<u>9,499,897</u>	<u>7,160,169</u>
Cash flows from investing activities			
Acquisition of land and construction of roads	16	(201,929)	(494,252)
Purchase of other property and equipment	16	(337,533)	(11,560)
Resale agreements		477,065	(2,586,085)
Investment securities		-	21,349
Long term receivable		(9,792,722)	-
Proceeds of disposal of property and equipment		919	-
Interest received		<u>87,927</u>	<u>84,344</u>
Cash used by investing activities		<u>(9,766,273)</u>	<u>(2,986,204)</u>
Cash flows from financing activities			
Long-term loans and advances received		3,547,656	(1,444,355)
Interest paid		<u>(3,258,195)</u>	<u>(2,723,853)</u>
Cash provided/(used) by financing activities		<u>289,461</u>	<u>(4,168,208)</u>
Increase in cash and cash equivalents		23,085	5,757
Effect of exchange rate movements on cash and cash equivalents		(11,196)	(2,958)
Cash and cash equivalents at beginning of year		<u>5,721</u>	<u>2,922</u>
Cash and cash equivalents at end of year		<u>17,610</u>	<u>5,721</u>

The accompanying notes form an integral part of the financial statements.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

1. Identification and principal activities

- (a) National Road Operating and Constructing Company Limited ("company" or "NROCC") is a public limited company incorporated and domiciled in Jamaica. The company commenced operations in February 2002 and its registered office is located at 11A Oxford Road, Kingston 5, Jamaica. All of the shares in NROCC are beneficially owned by the Government of Jamaica.
- (b) The company was granted a 70-year concession by the Minister of Transport and Works under the Toll Roads Act, 2002, for the establishment, development, financing, operation and maintenance of a tolled highway. The principal business of the company, as holder of the concession, is the arrangement of the construction, operation, maintenance, management and financing of Phase 1 of Highway 2000, Jamaica's first tolled highway, through Transjamaican Highway Limited.
- (c) Subsequent to receipt of the concession per 1(b) above, the company has itself granted two concessions, as follows:
 - (i) Concession No 1
 - The company has entered into a 35-year Concession Agreement (dated November 21, 2001 and expiring November 20, 2036) with Transjamaican Highway Limited ("Concessionaire"), which is a limited liability company, incorporated in Jamaica, and owned by Bouygues Travaux Publics S.A., Autoroutes du Sud de la France, Société de Promotion et de Participation pour la Coopération Economique S.A., all of France, and International Finance Corporation.
 - The company has also entered into an agreement, dated March 12, 2002, to lease to the Concessionaire for a period of 35 years at J\$1 per annum, certain lands upon which Phase 1 of Highway 2000 will be constructed and operated by the Concessionaire. Some of the lands required for the project are owned by the company and others are leased by the Commissioner of Lands to the company for a period of 99 years at J\$1 per annum.
 - (ii) Concession No 2
 - The portion of the above-mentioned 35-year Concession Agreement that related to the construction of the Kingston to Ocho Rios leg of Highway 2000 was terminated. The company then entered into a 50 year Concession Agreement (dated June 21, 2012 and expiring June 20, 2062) with Jamaica North South Highway Company Limited ("Second Concessionaire"), which is a limited liability company, incorporated in Jamaica, and owned by China Harbour Engineering Company Limited, for the completion of the construction of this leg.
 - Under this agreement, the company is required to procure the lands to lease them to the Second Concessionaire who is to then construct and operate this leg of the Highway.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

2. Basis of preparation

(a) Statement of compliance

The financial statements, as of and for the year ended March 31, 2013 ("reporting date"), are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, and comply with the relevant provisions of the Jamaican Companies Act.

New, revised and amended standards and interpretations effective in the current year

Certain new, revised and amended standards and interpretations which were in issue became effective during the current financial year. The company has assessed their relevance and has concluded that their adoption had no significant effect on the financial statements.

New, revised and amended standards and interpretations that are not yet effective

At the date of authorisation of these financial statements, certain new, revised and amended standards and interpretations which have been issued were not yet effective and had not been early-adopted by the company. The company has assessed their relevance and has determined that the following may be relevant to the company when they become effective:

- IAS 1, *Presentation of Financial Statements*, has been amended by the issue of a document entitled *Presentation of Items of Other Comprehensive Income*, effective for annual reporting periods beginning on or after July 1, 2012, to require a reporting entity to present separately the items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently, an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these sections. The existing option to present the profit or loss and other comprehensive income in two statements has not changed. The title of the statement has changed from '*Statement of Comprehensive Income*' to '*Statement of Profit or Loss and Other Comprehensive Income*'. However, an entity is still allowed to use other titles.
- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2015, retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It also includes guidance on classification and measurement of financial liabilities designated as at fair value through profit or loss and incorporates certain existing requirements of IAS 39, *Financial Instruments: Recognition and Measurement*, on the recognition and de-recognition of financial assets and financial liabilities.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

New, revised and amended standards and interpretations that are not yet effective (continued)

- IFRS 13, *Fair Value Measurement*, which is effective for annual reporting periods beginning on or after January 1, 2013, defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value and is applicable to assets, liabilities and an entity's own equity instruments that, under other IFRS, are required or permitted to be measured at fair value or when disclosure of fair values is provided. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The company is assessing the impact the new, revised and amended standards and interpretations may have on its financial statements when they become effective.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, modified for the inclusion of available-for-sale securities at fair value.

(c) Functional and presentation currency

The financial statements are presented in Jamaican dollars, which is the functional currency of the company, unless otherwise indicated.

(d) Assumptions, estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(e) Going concern basis

The financial statements have been prepared on the going concern basis, notwithstanding that the company, although reporting a loss for the year under review, with operating losses in preceding years, had a significant accumulated deficit as at the reporting date. The appropriateness of this basis is, therefore dependent on the ability of the company to obtain continued financing and, ultimately, on future profitable operations. The Government of Jamaica has indicated that it will continue to provide such financial assistance as the company may require to meet its obligations for the foreseeable future. Management, therefore, is of the opinion that the preparation of the financial statements on the going concern basis continues to be appropriate.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

3. Summary of significant accounting policies

(a) Revenue recognition

Revenue, which arises from road tolls as described in note 7, are recognised on the accrual basis.

(b) Finance income and finance costs

(i) Finance income

Finance income comprises interest income and foreign currency gains.

Interest income is recognised in profit or loss for all interest-earning instruments on the accrual basis, using the effective yield method. Interest income includes coupons earned on fixed income investments and amortisation of discount on instruments brought at other than par.

(ii) Finance costs

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss on the accrual basis, using the effective interest method.

(c) Employee benefits

Employee benefits are all forms of consideration given by the company in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions and vacation leave; as well as long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Long-term benefits are not considered material and are charged off when incurred.

(d) Foreign currency translation

Foreign currency transactions are converted at the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

3. Summary of significant accounting policies (continued)

(e) Income taxes

Income tax expense comprises current and deferred tax charges.

Current income tax charges or credits are based on taxable profit for the year, which differs from the profit or loss before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted as at the reporting date.

Deferred income tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(f) Property and equipment

Recognition

Property and equipment are stated at historical cost, less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of replaced parts is derecognised. All other repair and maintenance expenditure is charged to profit or loss when the expenditure is incurred. Improvement expenditure is included in the cost of the related asset or in leasehold improvement, as appropriate.

Grantor variations, as determined in the Concession Agreement, dated November 21, 2001, are capitalised and recorded at cost, less any reimbursements received.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to write down their costs to their estimated residual values over their expected useful lives, as follows:

Roads and leasehold improvements	2½%
Office furniture, fixtures and equipment	10%
Computer equipment	25%
Motor vehicles	20%

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013*(Expressed in Jamaican dollars unless otherwise indicated)***3. Summary of significant accounting policies (continued)****(f) Property and equipment (continued)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Impairment

The carrying amount of the company's property and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. An asset's carrying amount is written down immediately to its recoverable amount, if the carrying amount is greater than its estimated recoverable amount. The recoverable amount is assessed when there is an indication of impairment.

Disposals

Gains and losses arising on the disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

(g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The company classifies its financial assets in the following categories: loans and receivables, held-to-maturity, and available-for-sale. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost, using the effective interest method, less any impairment losses.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

3. Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

Held to maturity financial assets

Held-to-maturity investments are those with fixed or determinable payment and fixed maturity and which the company has the positive intent and ability to hold to maturity. These investments are measured initially at cost and subsequently at amortised cost, less impairment losses.

Held-to-maturity investments are recognised/derecognised on the day they are transferred to/by the company. Gains and losses arising from disposal of investments are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise preference shares.

Financial liabilities

The company's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. These liabilities are classified as 'short-term' and 'long-term' loans and are included in current liabilities and non-current liabilities, respectively, in the statement of financial position.

(h) Cash and cash equivalents

Cash comprises cash in hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. These include instruments maturing within 90 days of the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

3. Summary of significant accounting policies (continued)

(i) Other receivables

Other receivables are stated at amortised costs, less, if any, impairment losses.

(j) Resale agreements

Resale agreements are short-term contracts under which the company buys securities and simultaneously agrees to resell them on a specified date and at a specified price. Resale agreements are accounted for as short-term collateralised lending – i.e., the securities purchased are reported not as securities but as receivables, and are carried in the statement of financial position at amortised cost.

The difference between the purchase and resale considerations is recognised on the accrual basis over the period of the agreements, using the effective interest method, and is included in interest income.

(k) Other payables

Payables are stated at cost.

(l) Borrowings

Borrowings are recognised initially at cost, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method.

Where convertible bonds are issued, the fair value of the liability portion of the proceeds of issue is determined, using a market interest rate for an equivalent bond without the conversion feature. This amount is recorded as a non-current liability on the amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds of issue is allocated to the conversion option which is included in equity. The carrying value of the conversion option is not changed in subsequent periods. Where the fair value of the liability portion cannot be reliably determined and separated from the value of the conversion component, the full amount of the bond is recorded as a non-current liability.

(m) Share capital

Ordinary shares are classified as equity and carried at cost.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

4. Key sources of estimation uncertainty and critical accounting judgements

Judgements, assumptions and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Uncertainties arising from significant assumptions and estimates

(i) Residual value and expected useful life of property and equipment

The residual value and the expected useful life of an asset are reviewed at least at each reporting date, and if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the company.

(ii) Allowances for credit losses

Financial assets, accounted for at amortised cost, are evaluated for impairment on a pre-established basis.

The total allowance for impairment is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about the counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are individually approved by management.

(iii) Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 6. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of estimation depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

It is reasonably probable, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in these financial statements.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

4. Key sources of estimation uncertainty and critical accounting judgements (continued)

(b) Critical accounting judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management has not made any critical accounting judgements.

5. Financial risk management

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk, and other price risk). The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

The Board of Directors is ultimately responsible for the establishment and oversight of the company's risk management framework. The Board is assisted by Development Bank of Jamaica Limited (DBJ) which, under the terms of a financial management agreement, implements and monitors risk management policies and makes decisions on financial matters on a daily basis.

The main financial risks to which the company is exposed are credit, liquidity and market risks, which are described, measured and managed as follows:

(a) Credit risk

The company takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss to the company by failing to discharge their contractual obligations. Credit risk is the most important risk for the company's business; management, therefore, carefully manages its exposure to credit risk. Credit exposures arise principally from the company's receivables and investment activities.

Maximum exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of the financial assets shown on the statement of financial position.

Management manages the credit risk to which it is exposed as follows:

(i) Receivables

The company's main exposure to credit risk lies in its lending activities to the Second Concessionaire and advances to or on behalf of the Ministry of Transport and Works (MTW). Exposure to this credit risk is managed through monitoring of the Second Concessionaire's ability to meet interest payments and principal repayments in accordance with the terms and conditions of the transfer agreement, and follow up of amounts due from MTW and other debtors. The company does not obtain collateral for its receivables.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

5. Financial risk management (continued)

(a) Credit risk (continued)

Maximum exposure to credit risk (continued)

(ii) Investment securities

Because of the objectives the company is pursuing at this time and the nature of its operations, it has only a very limited holding of securities exposing it to credit risk. Investment securities comprise a non-equity investment in the form of a preference share. Such limited investments is subject to prior review and approval by the Board of Directors. Accordingly, management does not expect any counterparty to fail to meet its obligations.

(iii) Cash and cash equivalents and resale agreements

Cash and cash equivalents, and resale agreements are restricted to high credit quality financial institutions.

The only financial asset in respect of which an impairment charge has been made is the preference share in TransJamaican Highway Limited (note 17).

During the year, there was no change in the nature of the company's exposure to credit risk or the manner in which it measures and manages this risk.

(b) Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

The company's liquidity management process, as carried out within the company by Development Bank of Jamaica Limited, and monitored by the Board of Directors, includes:

- (i) Monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows;
- (ii) Optimising cash returns on investments; and
- (iii) Maintaining committed lines of credit.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

5. Financial risk management (continued)

(b) Liquidity risk (continued)

Liquidity risk management process (continued)

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the company and its exposure to changes in interest and exchange rates.

Financial liabilities cash flows

The tables below summarise the maturity profile of the company's financial liabilities as at reporting date, based on contractual undiscounted payments.

	On Demand or Subject to Notice \$'000	1 to 3 Months \$'000	4 to 12 Months \$'000	2 to 5 Years \$'000	Over 5 Years \$'000	Total cash flows \$'000	Carrying amount \$'000
2013							
Long-term loans	-	1,363,613	1,665,677	12,605,623	54,394,086	70,028,999	34,041,098
Other long term loans*	9,878,607	-	-	-	11,262,358	21,140,965	21,140,965
Other payables	-	1,403,024	-	-	-	1,403,024	1,403,024
Total financial liabilities	<u>9,878,607</u>	<u>2,766,637</u>	<u>1,665,677</u>	<u>12,605,623</u>	<u>65,656,444</u>	<u>92,572,988</u>	<u>56,585,087</u>
2012							
Long-term loans	261,900	-	-	-	46,075,315	46,337,215	46,337,215
Other payables	-	1,266,124	-	-	-	1,266,124	1,266,124
Total financial liabilities	<u>261,900</u>	<u>1,266,124</u>	<u>-</u>	<u>-</u>	<u>46,075,315</u>	<u>47,603,339</u>	<u>47,603,339</u>

* Interest to be paid has not been included in expected cash outflows as it cannot be practicably estimated.

During the year, there was no change in the nature of the company's exposure to liquidity risk or the manner in which it measures and manages this risk.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

5. Financial risk management (continued)

(c) Market risks

The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise mainly from changes in foreign currency exchange rates and interest rates. Market risk is monitored by DBJ, based on guidelines set by the Board of Directors, which carries out research and monitors the price movement of financial assets on the local and international markets.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company is exposed to foreign currency risk on transactions that are denominated in currencies other than the Jamaican dollar. The main currency giving rise to this risk is the US Dollar. The company has significant exposure to foreign currency risk.

At the reporting date, the net foreign currency assets/(liabilities), in nominal amounts, were as follows:

	<u>2013</u>
	<u>US\$</u>
	<u>\$'000</u>
Assets	
Long term receivable	120,612
Investment securities	32,000
Resale agreements	23,726
Cash and cash equivalents	<u>150</u>
Total financial assets	<u>176,488</u>
Liabilities	
Long-term loans	454,843
Other payables	<u>13,398</u>
Total financial liabilities	<u>468,241</u>
Net foreign currency position	<u>(291,753)</u>

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

5. Financial risk management (continued)

(c) Market risks (continued)

(i) Foreign currency risk (continued)

	<u>2012</u>
	US\$
	\$'000
Assets	
Investment securities	40,000
Resale agreements	29,012
Cash and cash equivalents	<u>42</u>
Total financial assets	<u>69,054</u>
Liabilities	
Long-term loans	431,021
Other payables	<u>13,629</u>
Total financial liabilities	<u>444,650</u>
Net foreign currency position	<u>(375,596)</u>

Sensitivity to movement in foreign exchange rates

A 1 percent strengthening (2012: 2 percent) and a 10 percent weakening (2012: 2 percent) of the Jamaican dollar against the United States dollar at March 31 would have (decreased)/increased the (loss)/profit by the amounts shown in the table below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2012.

	<u>2013</u>		<u>2012</u>	
	% Change in exchange rate	Effect on loss \$'000	% Change in exchange rate	Effect on profit \$'000
Change in rate of exchange of J\$ for:				
USD -				
Revaluation	1	287,117	2	654,402
Devaluation	10	<u>(2,871,170)</u>	2	<u>(654,402)</u>

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

5. Financial risk management (continued)

(c) Market risks (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Variable rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The company's interest rate risk mainly arises from its investment securities and loans payable. This risk is managed by analysing the economic environment and, as far as practicable, obtaining fixed rate loans where interest rates are expected to rise. The company is exposed to interest rate risk to the extent that the duration of its interest-bearing liabilities is longer than the duration of interest-earning financial assets.

At March 31, 2013 and 2012, the company's loans payable were fixed rate instruments.

During the year, there was no change in the nature of the company's exposure to market risks or the manner in which it measures and manages these risks.

(d) Capital management

The company is not a regulated entity and, therefore, has no externally imposed capital requirements. However, the company seeks to maintain a minimum capital to safeguard its ability to continue as a going concern, so that it can continue to provide benefits to its stakeholders and support the development of its business. The company defines its capital base as share capital, capital and other reserves and retained earnings (or minus accumulated deficit). The Board's determination of what constitutes a sound capital position is informed by the mission of the company (see note 1) and the fact of its government ownership. The Board's policy is to maintain a balance between a sound capital position, the shareholders' demand for dividends, and the risks associated with borrowing to finance its activities. The policies in respect of capital management are reviewed from time to time by the Board of Directors.

The company has negative equity and obtains long-term financing from various financial institutions and the Government of Jamaica.

There were no changes to the company's approach to capital management during the year.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

6. Fair Value Estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The appropriate quoted market price to be used for financial instruments is the bid price at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments or discounted present value are used for long-term debt. The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

- (a) The amounts included in the financial statements for cash and bank balances, resale agreements, other payables and short-term loans are assumed to reflect their approximate fair value because of the short-term maturity of these instruments.
- (b) The fair value of substantially all of other receivables cannot practicably be determined because of the nature of these amounts.
- (c) As explained in note 22(a), the fair value of the convertible bonds cannot be reliably determined. The fair value of the long-term bond (9.375% Amortizing Notes due 2024) is determined by reference to prices quoted on the Luxembourg Stock Exchange. As at the reporting date, the fair value was \$30,006,360,000 (2012: \$30,006,360,000). The fair value of loan payable to the PetroCaribe Development Fund and the Advance from the Ministry of Finance and Planning cannot be reliably estimated because they have terms and conditions for which similar terms and conditions are not available in the market.
- (d) The fair value of investment securities is estimated by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques. The projected financial information used to determine the fair value of the preference share held in Transjamaican Highway Limited (TJH) is derived from a financial model developed by a related party, Bouygues Travaux Publics S.A. [see note 1(c)(i)].

The classification of the fair value of financial instruments according to levels of reliability is based on the source of inputs used to derive the fair value. The classification uses the following three-level hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted process included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie directly from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There are no financial instruments classified in Levels 1 and 2.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

6. Fair Value Estimation (continued)

(d) (Continued)

Although the company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing any one of the assumptions used to reasonably possible alternative assumption at the reporting date would, in the case of its investment security, i.e., the preference share in TJH, have the following effects:

	<u>2013</u>	
	Change in probability achievement of cash flows	Effect on profit or loss \$'000
Increase (percentage points)	2.5	308,104
Decrease (percentage points)	<u>2.5</u>	<u>(267,755)</u>
	<u>2012</u>	
	Change in discount rate	Effect on profit or loss \$'000
Increase (percentage points)	1.5	(475,385)
Decrease (percentage points)	<u>1.5</u>	<u>583,970</u>

The favourable and unfavourable effects of using reasonably possible alternative assumptions have been calculated by recalibrating the model values using expected cash flows and risk-adjusted discount rates. Key inputs and assumptions used in the model at March 31, 2013 include:

Discount rate

The discount rate applied to the cash flows of TJH operations is based on the risk free rate for the 10 year US Dollar bond issued by the United States Government, adjusted for an equity market risk premium and other risks.

Traffic volume and toll rates

Projected total annual toll revenue is based on an initial twenty-five year projection of total annual vehicle traffic provided by management. Toll rates are set within a certain range, with an established ceiling, which rates cannot exceed without authorisation by Government of Jamaica.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

7. Revenue

Per clause 22 of the Concession Agreement [see note 1(c)(i)], the Concessionaire has sole rights to revenues arising out of the collection of tolls during the concession period. However, under the terms of the Loan Conversion Agreement (and specified in more detail in Schedule 18 to the Concession Agreement) toll revenues are to be shared as follows:

- (a) The Concessionaire is entitled to apply cash collected in the following order of priority:
 - (i) capital expenditure which is due and payable;
 - (ii) operating expenditure, including heavy maintenance expenditure, and taxes (if any) which is due and payable;
 - (iii) interest, principal and other amounts under the Financing Agreements which is due and payable;
 - (iv) amounts required to fund or to restore the required balance of any debt services reserve and maintenance reserve under the Financing Agreement which is due and payable; and
 - (v) capital expenditure incurred with respect to Expansion Schemes which is due and payable.

Any cash left over after the foregoing payments ("free cash flows") is to be shared equally between the Concessionaire and the company. As stated in note 17, the company owns one preference share in the Concessionaire. The company's 50% share of the free cash flows is to be distributed to the company as a dividend on the preference share.

- (b) Of the 50% of the free cash flows distributed to the Concessionaire, any amount in excess of a specified level (ie, that which provides the Concessionaire with a specified rate of return) shall be shared with the company. The amount to which the company will be entitled depends on the amount of the excess above the specified revenue threshold in prescribed bands, and ranges from 50% of the distributions of such excess by the Concessionaire at the lowest band up to 100% at the highest.

The payments under both (a) and (b) above are to be made contemporaneously. For the year under review there were no distributions (of free cash flows or of excess cash over stipulated returns) by the Concessionaire, and, accordingly, no revenue from the toll road operation was recognized by the company.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

8. Administrative and general expenses

	<u>2013</u> \$'000	<u>2012</u> \$'000
Advertising and public relations	635	744
Auditors' remuneration	3,186	5,115
Depreciation (note 16)	53,358	52,352
Donations and subscriptions	240	176
Legal and other professional fees	231,743	63,510
Repairs and maintenance	1,032	1,100
Resettlement expenses:		
Compensation for crops – Mount Rosser project	12,605	1,515
Relocation expenses	112,210	32,045
Legal and other professional fees	1,060	223
Staff costs (note 10)	62,396	59,055
Technical fees	59,365	51,311
Rent	5,747	5,372
Utilities	2,570	570
Commitment fees	1,096	30,640
Write offs – withholding taxes	59,895	-
Other operating expenses	<u>10,099</u>	<u>6,507</u>
	<u>617,237</u>	<u>310,235</u>

9. Impairment loss

This represents net impairment loss recognized on investment securities (note 17), broken out as follows:

	<u>2013</u> \$'000	<u>2012</u> \$'000
Effect of exchange rate depreciation	352,144	-
Impairment loss	<u>(695,446)</u>	<u>-</u>
	<u>(343,302)</u>	<u>-</u>

10. Staff costs

	<u>2013</u> \$'000	<u>2012</u> \$'000
Salaries and wages	57,370	54,082
Statutory payroll contributions	3,250	3,131
Other	<u>1,776</u>	<u>1,842</u>
Total (note 8)	<u>62,396</u>	<u>59,055</u>

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

11. Gain on sale of bonds

This represented gain on settlement at full value of long-term loan payable to Development Bank of Jamaica ("DBJ") with DBJ bonds acquired at a discount during the prior period.

12. Finance income

	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
Foreign exchange gains on financial investments:		
Unrealised gains on translation of foreign currency balances	1,959,514	9,156
Realised gains on settlement of foreign currency balances	289,017	98,306
Interest income:		
Investment securities and short term deposits	90,462	88,987
Long-term receivables	<u>59,888</u>	<u>30</u>
	<u>2,398,881</u>	<u>196,479</u>

13. Finance costs

	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
Net foreign exchange losses on financial liabilities:		
Unrealised losses on translation of foreign currency balances	2,573,901	562,456
Realised losses on settlement of foreign currency balances	1,864,632	614,215
Interest on loans	3,371,770	3,098,518
Other	<u>348,911</u>	<u>35,714</u>
	<u>8,159,214</u>	<u>4,310,903</u>

14. Income tax

- (a) The income tax on profit /(loss) as reported differs from the amount expected from applying the statutory rate of 33⅓%, as follows:

	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
(Loss)/profit before income tax	(7,588,997)	2,672,098
Income tax calculated at the statutory rate of 30% (2012: 33⅓%)	(2,276,699)	890,699
Adjusted for the tax effect of:		
Inflation compensation on real return convertible bonds	260,713	215,803
Disallowed expenses	31,767,589	1,500,817
Income tax charge before remission	29,751,603	2,607,319
Income tax charge remitted [note 14(b)]	<u>(29,751,603)</u>	<u>(2,607,319)</u>

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

14. Income tax (continued)

- (b) By the Income Tax (National Road Operating and Constructing Company Limited) (Remission) Notice, 2011, the Minister of Finance and the Public Service, with effect from February 8, 2011, has remitted the whole of the income tax which may be charged or chargeable on any income, gains, or profits derived by the company in connection with or arrangement of the establishment, development, financing, operation or maintenance of tolled highways in Jamaica, including any investment income or gains derived in the ordinary course of conducting such activities.

15. Long-term receivable

	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
Due from Jamaica North South Highway Company Limited:		
Purchase price	11,752,236	-
Interest receivable	<u>59,888</u>	<u>-</u>
	<u>11,812,124</u>	<u>-</u>

This represents the purchase price, amounting to US\$120,000,000, of assets transferred to Jamaica North South Highway Company Limited ("JNSHCL") ("Second Concessionaire") (note 16), under the terms and conditions of the Mt. Rosser Asset Transfer Agreement, dated December 14, 2012, between the company and the Second Concessionaire (note 1). All of the rights, title and interest in and to the Mount Rosser Assets, as well as certain rights relating to the Mount Rosser Bypass, including the right to complete its construction and to operate and maintain it as part of the Toll Road, in accordance with the terms of the Concession Agreement, were transferred.

- (a) During the period, from the effective date (i.e., January 28, 2013) to the date falling on the 20th anniversary of the final handover date (the "First Repayment Date"):
- i) No part of the purchase price shall be payable by the Second Concessionaire; and
 - ii) Interest shall accrue on the purchase price at a rate equal to 3% per annum. Such interest shall be added to the purchase price (but not compounded), being the adjusted purchase price.
- (b) On the first repayment date, and on each date falling on an anniversary of the first repayment date, the Second Concessionaire shall pay to NROCC the aggregate of:
- i) one-thirtieth of the adjusted purchase price; and
 - ii) (other than on the first repayment date) interest on the outstanding balance of the adjusted purchase price for the twelve month period immediately preceding such repayment date at a rate per annum equal to 6.5% per annum.
- (c) The purchase price and/or the amount of interest thereon shall be adjusted following any prepayment of any part of the purchase price or the adjusted purchase price or any deduction pursuant to the agreement.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

16. Property and equipment

	<u>Land</u> <u>[see note (i)]</u>	<u>Roads</u> <u>[see note (ii)]</u>	<u>Leasehold</u> <u>Improvements</u>	<u>Office</u> <u>Furniture,</u> <u>Fixtures &</u> <u>Equipment</u>	<u>Computer</u> <u>Equipment</u>	<u>Motor</u> <u>Vehicles</u>	<u>Construction</u> <u>In Progress</u> <u>[see note (iii)]</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cost:								
March 31, 2011	804,115	2,011,856	5,734	4,364	7,649	3,459	9,776,054	12,613,231
Additions	<u>-</u>	<u>2,000</u>	<u>248</u>	<u>1,847</u>	<u>577</u>	<u>6,888</u>	<u>494,252</u>	<u>505,812</u>
March 31, 2012	804,115	2,013,856	5,982	6,211	8,226	10,347	10,270,306	13,119,043
Additions	328,805	-	-	103	451	8,174	201,929	539,462
Write offs [see note (iv)]	-	-	-	-	-	-	(225,554)	(225,554)
Disposal	-	-	-	-	-	(1,198)	-	(1,198)
Transfer to JNSHCL (see note 15)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,087,850)</u>	<u>(10,087,850)</u>
March 31, 2013	<u>1,132,920</u>	<u>2,013,856</u>	<u>5,982</u>	<u>6,314</u>	<u>8,677</u>	<u>17,323</u>	<u>158,831</u>	<u>3,343,903</u>
Depreciation:								
March 31, 2011	-	328,250	961	3,281	6,684	3,459	-	342,635
Charge for the year	<u>-</u>	<u>50,836</u>	<u>156</u>	<u>471</u>	<u>773</u>	<u>116</u>	<u>-</u>	<u>52,352</u>
March 31, 2012	-	379,086	1,117	3,752	7,457	3,575	-	394,987
Eliminated on disposal/ write off	-	-	-	-	-	(1,198)	-	(1,198)
Charge for the year	<u>-</u>	<u>50,878</u>	<u>150</u>	<u>308</u>	<u>237</u>	<u>1,785</u>	<u>-</u>	<u>53,358</u>
March 31, 2013	<u>-</u>	<u>429,964</u>	<u>1,267</u>	<u>4,060</u>	<u>7,694</u>	<u>4,162</u>	<u>-</u>	<u>447,147</u>
Net Book Value:								
March 31, 2013	<u>1,132,920</u>	<u>1,583,892</u>	<u>4,715</u>	<u>2,254</u>	<u>983</u>	<u>13,161</u>	<u>158,831</u>	<u>2,896,756</u>
March 31, 2012	<u>804,115</u>	<u>1,634,770</u>	<u>4,865</u>	<u>2,459</u>	<u>769</u>	<u>6,772</u>	<u>10,270,306</u>	<u>12,724,056</u>
March 31, 2011	<u>804,115</u>	<u>1,683,606</u>	<u>4,773</u>	<u>1,083</u>	<u>965</u>	<u>-</u>	<u>9,776,054</u>	<u>12,270,596</u>

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

16. Property and equipment (continued)

Notes:

- (i) This represents costs incurred by the company for the acquisition of lands which are to be used in the construction of the highway.
- (ii) This represents costs incurred by the company for variations to the contracted core requirements of the construction of Phase 1A, as specified in the concessionaire agreement.
Roads are constructed and operated by the concessionaires [see note 1(c)] for the period of the concession in accordance with the concession specifications. At the end of the concession period, they will be transferred to the company.
- (iii) The balance at the reporting date represents the cost of acquisition of lands the titles for which had not passed to the company at that date.
- (iv) Included in amounts written off during the period are \$104,828,829 for legal and other professional fees and \$120,725,190 for resettlement expenses; these amounts are now included in administrative and general expenses (note 8).

17. Investment securities

	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>
Available-for-sale:		
Preference share	<u>3,133,930</u>	<u>3,477,232</u>

Investment securities were re-valued at the reporting date [see note 6(d) for estimates used in the calculation].

The rights and restrictions attaching to the preference share include the following:

- (a) 50% of the dividend declared and paid during the period commencing on Financial Close 1B (i.e., February 18, 2011) and ending upon termination of the concession agreement [note 1(c)] (the "participation period"), such payment to be made contemporaneously with the payment of the remaining 50% [note 7(a)];
- (b) No entitlement to attend or vote at meetings of the members of TJH;
- (c) Entitlement to attend (but without participation in certain discussions or access to certain documents), but not to vote at, meetings of the directors of TJH;
- (d) Not to have the share redeemed during the participation period, except with the company's prior written consent. The share may be redeemed after the participation period on payment of US\$1 if all accumulated dividends have been paid;
- (e) Entitlement to receive annual budget of TJH and to require explanations for over-expenditure of in excess of 10%, and in certain situations to have oversight of annual budget approvals;
- (f) Transfer of the preference share only to an acceptable transferee and only after prior written consent of TJH and certain lenders to TJH; and
- (g) No share in any surplus on a winding up of TJH other than accrued and unpaid dividends.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

18. Other receivables

	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
Receivable from Ministry of Transport and Works:		
- Road rehabilitation work*	50,072	50,072
Interest receivable	7,701	5,165
Other* ¹	15,894	54,375
	<u>73,667</u>	<u>109,612</u>

* The company acted as facilitator in respect of rehabilitation of roads adjoining the Tolloed Highway on behalf of the Ministry of Transport and Works and the balance receivable represents cash advanced for project expenses in excess of funds received.

*¹ Included in other receivables are deposits totaling \$12,878,000 (2011: \$28,887,000) in respect of land acquisition for Phase 1A which is from Kingston to Sandy Bay. The titles have not been received as at March 31, 2013.

19. Resale agreements

Under collateralised resale agreements, the company obtains securities on terms which permit it to repledge or resell them to others under repurchase agreements. At March 31, 2013, securities with such permission that the company held had a fair value of \$2,465,601,000 (2012: \$3,270,832,998).

20. Share capital

	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
Authorised and issued:		
1,000,000 ordinary shares of no par value	<u>1,000</u>	<u>1,000</u>

The settlement for the shares issued is still pending as at the reporting date.

Each ordinary share entitles the holder to such dividend per share as is declared from time to time and entitles the holder to attend and vote at meetings of the company, in accordance with the Articles of Incorporation.

21. Inflation reserve

The company transfers a minimum of 40% of profit for year to this reserve, which has been established to ensure that payments to bondholders are made in accordance with the terms of the bond issue [note 22(a)].

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

22. Long-term loans and advances

	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
(a) Real Return Convertible Bonds (face value J\$3,552,000,000 due February 6, 2032)	11,262,358	10,391,132
(b) PetroCaribe Development Fund US\$80,744,552 (2012 – US\$77,434,889)	7,984,546	6,760,067
(c) Ministry of Finance and Planning		
Advances - (i) Interest paid on behalf of company	9,581,948	6,622,812*
- (ii) Portmore Causeway	296,659	261,900
(d) Long-term bond (face value US\$294,180,000 due 2024)	<u>26,056,552</u>	<u>22,301,304</u>
	<u>55,182,063</u>	<u>46,337,215</u>

- (a) This represents 4.5% convertible bonds issued by the company on February 7, 2002. The aggregate proceeds received from subscribers totalled \$3,552,000,000.

The bonds were issued at par and will be redeemed at the greater of par or par as adjusted for inflation or deflation based on changes in the all Jamaica “All Group” revised Consumer Price Index. However, bondholders have been given the option to convert some or all of the redemption monies for the bonds at redemption date into the company’s ordinary shares, at a share price of 80% of the value of the shares at that date.

Coupon interest on the bonds will accrue at the rate of 4.5% per annum, adjusted for inflation or deflation, and is payable semi-annually in arrears on February 7 and August 7 of each year until maturity. Interest and inflation compensation are exempt from income tax.

The payment of principal and interest on the bonds is guaranteed by the Government of Jamaica and the bonds will rank *pari passu* with all similar future unsecured indebtedness of the company.

The net proceeds of the bond issue have been on-lent to the Concessionaire to provide part financing of the construction costs of Phase 1 of Highway 2000, in accordance with the terms of the GPD Loan Agreement between the company and the Concessionaire but that loan was, in substance, replaced in 2011 by one preference share in Trans Jamaica Highway (note 17).

*Restated [see note 25]

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

22. Long-term loans and advances (continued)

The fair value of the liability component of the bonds cannot be reliably determined because the bonds are not being traded and there are no similar instruments in the market. However, there is no evidence to suggest that the liability component is less than proceeds. Also, given that the conversion option is so far into the future, no value has been assigned to the equity conversion component of the bond.

The convertible bonds are recognised in the statement of financial position as follows:

	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
Face value of bonds, being proceeds of issue	3,552,000	3,552,000
Inflation compensation - at beginning of year	6,882,364	6,234,955
- amount for year	869,044	647,409
- at end of year	7,751,408	6,882,364
	11,303,408	10,434,364
Less: Unamortised transaction costs	(41,050)	(43,232)
	<u>11,262,358</u>	<u>10,391,132</u>

- (b) This represents a loan facility totalling US\$70,600,000 negotiated with the PetroCaribe Development Fund to provide working capital to the company. In particular, the facility was negotiated to complete the Mount Rosser leg of the Highway 2000 project. The loan is supported by promissory notes issued by the company.

	<u>2013</u> <u>US\$</u>	<u>2012</u> <u>US\$</u>
Loan amount outstanding at beginning of period	77,434,889	70,600,000
Interest capitalized during the period	3,309,663	6,834,889
Loan amount outstanding at end of period	<u>80,744,552</u>	<u>77,434,889</u>

The principal amount is repayable in semi-annual instalments, the first of which is due and payable on December 30, 2013, with final repayment due on December 30, 2028. The interest rate is 5% per annum and shall be paid semi-annually in arrears on the last day of each interest period, commencing December 30, 2011. The loan is guaranteed by hypothecation of the expected inflows of toll revenues from the Linstead to Moneague leg of Highway 2000.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

22. Long-term loans and advances (continued)

- (c) (i) This represents interest payments made by the Ministry of Finance and Planning on behalf of the company. There is no agreement in place and the interest rate, repayment date and other terms of the advances have not yet been determined.
- (ii) An amount of US\$3,000,000 was received from the Ministry of Finance and Planning during 2006 to assist in the financing of the Portmore Causeway. There is no agreement in place and the interest rate, repayment date and other terms of the advances have not yet been determined.

These amounts have been classified as non-current or subject to notice because management is of the view that, when agreed with the Ministry of Finance and Planning, the repayment dates will be more than a year after the reporting date.

- (d) This represents 9.375% Amortizing Notes due 2024 issued by the company on November 10, 2011. The aggregate proceeds received from subscribers totalled US\$294,180,000.

The payment of principal and interest on the bonds will be in United States dollars and is guaranteed by the Government of Jamaica. The bonds will rank *pari passu* with all similar future unsecured indebtedness of the company.

The principal amount is repayable in two equal instalments, the first of which is due and payable on November 10, 2023, with final repayment due on November 10, 2024. The interest is payable semi-annually in arrears on May 10 and November 10 of each year, which commenced on May 10, 2012.

23. Other payables

	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
Accrued expenses	9,050	4,011
Due to Halcrow	23,540	4,045
Due to Development Bank of Jamaica Limited	177,571	181,466
Interest payable	1,191,344	1,073,769
Other	<u>1,519</u>	<u>2,833</u>
	<u>1,403,024</u>	<u>1,266,124</u>

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

24. Related party balances and transactions

- (A) A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures*, as the “reporting entity”, in this case, the company).
- (a) A person or a close member of that person’s family is related to the company if that person:
- (i) has control or joint control over the company;
 - (ii) has significant influence over the company; or
 - (iii) is a member of the key management personnel of the company or of a parent of the company.
- (b) An entity is related to a company if any of the following conditions applies:
- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
 - (vi) The entity is controlled, or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Related parties include Government-related entities and Ministries, and key management personnel.

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

24. Related party balances and transactions (continued)

(B) The statement of financial position includes balances with related parties, as follows:

	<u>2013</u> \$'000	<u>2012</u> \$'000
Receivable from related parties:		
Ministry of Transports and Works		
- Road rehabilitation (note 18)	<u>50,072</u>	<u>50,072</u>
Payable to related parties:		
Development Bank of Jamaica Limited		
- Payables (note 23)	<u>177,571</u>	<u>181,466</u>
Ministry of Finance and Planning		
- Long-term loan (note 22)	9,581,948	6,622,812
- Short-term loan (note 22)	<u>296,659</u>	<u>261,900</u>

(C) The statement of comprehensive income includes income earned from, and expenses incurred in, transactions with related parties, as follows:

	<u>2013</u> \$'000	<u>2012</u> \$'000
Development Bank of Jamaica Limited		
Expenses:		
Interest	-	16,487
Professional fees	5,600	5,640
Rent	<u>5,747</u>	<u>5,373</u>

(D) Key management personnel compensation:

	<u>2013</u> \$'000	<u>2012</u> \$'000
Salaries and other short-term employee benefits [including salaries of directors who are executives (see below)]	12,985	14,605
Statutory payroll contributions	<u>28</u>	<u>25</u>
	<u>13,013</u>	<u>14,630</u>
	<u>2013</u> \$'000	<u>2012</u> \$'000
Directors' emoluments:		
Fees	793	619
Management remuneration	<u>12,985</u>	<u>13,190</u>
	<u>13,778</u>	<u>13,809</u>

NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

Notes to the Financial Statements (continued)

March 31, 2013

(Expressed in Jamaican dollars unless otherwise indicated)

25. Prior period adjustment

New information provided by the Ministry of Finance and Planning ("MOFP") has confirmed that, in some prior years, certain foreign currency payments advanced to the company by way of payments on its behalf by the MOFP (note 22) were translated and recorded by the company using exchange rates and currencies that differed from those used by the Ministry of Finance and Planning. On the basis of this information, the company has corrected its records. The correction has been accounted for as a prior period adjustment and the comparative figures have been restated accordingly, as follows:

	<u>Accumulated deficit</u>		
	<u>As previously reported</u>	<u>Prior period adjustment</u>	<u>As restated</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balances as at March 31, 2011	(31,063,313)	(424,200)	(31,487,513)
Total comprehensive income:			
Profit for the year	2,672,098	-	2,672,098
Transfer (note 21)	(1,068,839)	-	(1,068,839)
Balance as at March 31, 2012	(29,460,054)	(424,200)	(29,884,254)

	<u>Long-term loans and advances</u>		
	<u>As previously reported</u>	<u>Prior period adjustment</u>	<u>As restated</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balances as at March 31, 2011	<u>45,672,180</u>	<u>424,200</u>	<u>46,096,380</u>
Balances as at March 31, 2012	<u>45,913,015</u>	<u>424,200</u>	<u>46,337,215</u>