NATIONAL ROAD OPERATING AND CONSTRUCTING COMPANY LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2013

KPMG
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.

KPMG

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.

KPMG

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)

	Notes	2013 $'000	2012 $'000
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		(7,588,997)	2,672,098

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)

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

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	1,000	1,220,905	(29,884,254)	(28,662,349)
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	1,000	1,220,905	(37,473,251)	(36,251,346)

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)

	Notes	2013 $'000	2012 $'000
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		869,044	647,409
		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		23,325	(270,712)
Cash provided by operating activities		9,499,897	7,160,169
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		87,927	84,344
Cash used by investing activities		(9,766,273)	(2,986,204)
Cash flows from financing activities			
Long-term loans and advances received		3,547,656	(1,444,355)
Interest paid		(3,258,195)	(2,723,853)
Cash provided/(used) by financing activities		289,461	(4,168,208)
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		5,721	2,922
Cash and cash equivalents at end of year		17,610	5,721

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

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.

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.

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.

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.

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%

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.

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.

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.

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.

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.

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.

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	9,878,607	2,766,637	1,665,677	12,605,623	65,656,444	92,572,988	56,585,087
				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	261,900	1,266,124	-	-	46,075,315	47,603,339	47,603,339

* 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.

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:

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

5. Financial risk management (continued)

(c) Market risks (continued)

(i) Foreign currency risk (continued)

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

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.

	2013		2012	
	% 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	(2,871,170)	2	(654,402)

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.

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.

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:

	2013	
	Change in probability achievement of cash flows	**Effect on profit or loss $'000**
Increase (percentage points)	2.5	308,104
Decrease (percentage points)	2.5	(267,755)

	2012	
	Change in discount rate	**Effect on profit or loss $'000**
Increase (percentage points)	1.5	(475,385)
Decrease (percentage points)	1.5	583,970

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.

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.

8. Administrative and general expenses

	2013 $'000	2012 $'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	10,099	6,507
	617,237	310,235

9. Impairment loss

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

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

10. Staff costs

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

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

	2013 $'000	2012 $'000
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	59,888	30
	2,398,881	196,479

13. Finance costs

	2013 $'000	2012 $'000
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	348,911	35,714
	8,159,214	4,310,903

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:

	2013 $'000	2012 $'000
(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)]	(29,751,603)	(2,607,319)
	-	-

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

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

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.

16. Property and equipment

	Land [see note (i)]	Roads [see note (ii)]	Leasehold Improvements	Office Furniture, Fixtures & Equipment	Computer Equipment	Motor Vehicles	Construction In Progress [see note (iii)]	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:								
March 31, 2011	804,115	2,011,856	5,734	4,364	7,649	3,459	9,776,054	12,613,231
Additions	-	2,000	248	1,847	577	6,888	494,252	505,812
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)	-	-	-	-	-	-	(10,087,850)	(10,087,850)
March 31, 2013	1,132,920	2,013,856	5,982	6,314	8,677	17,323	158,831	3,343,903
Depreciation:								
March 31, 2011	-	328,250	961	3,281	6,684	3,459	-	342,635
Charge for the year	-	50,836	156	471	773	116	-	52,352
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	-	50,878	150	308	237	1,785	-	53,358
March 31, 2013	-	429,964	1,267	4,060	7,694	4,162	-	447,147
Net Book Value:								
March 31, 2013	1,132,920	1,583,892	4,715	2,254	983	13,161	158,831	2,896,756
March 31, 2012	804,115	1,634,770	4,865	2,459	769	6,772	10,270,306	12,724,056
March 31, 2011	804,115	1,683,606	4,773	1,083	965	-	9,776,054	12,270,596

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

	2013 $'000	2012 $'000
Available-for-sale:		
Preference share	3,133,930	3,477,232

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.

18. Other receivables

	2013 $'000	2012 $'000
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
	73,667	109,612

* The company acted as facilitator in respect of rehabilitation of roads adjoining the Tolled 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

	2013 $'000	2012 $'000
Authorised and issued:		
1,000,000 ordinary shares of no par value	1,000	1,000

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)].

22. Long-term loans and advances

		2013 $'000	2012 $'000
(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)	26,056,552	22,301,304
		55,182,063	46,337,215

(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]

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:

		2013 $'000	2012 $'000
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)
		11,262,358	10,391,132

(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.

	2013 US$	2012 US$
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	80,744,552	77,434,889

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.

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

	2013 **$'000**	**2012** **$'000**
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	1,519	2,833
	1,403,024	1,266,124

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.

24. Related party balances and transactions (continued)

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

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

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

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

(D) Key management personnel compensation:

	2013 $'000	2012 $'000
Salaries and other short-term employee benefits [including salaries of directors who are executives (see below)]	12,985	14,605
Statutory payroll contributions	28	25
	13,013	14,630

	2013 $'000	2012 $'000
Directors' emoluments:		
Fees	793	619
Management remuneration	12,985	13,190
	13,778	13,809

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:

	Accumulated deficit		
	As previously reported $'000	Prior period adjustment $'000	As restated $'000
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)

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