



NATIONAL IRRIGATION
COMMISSION LIMITED

MISSION STATEMENT

Our mission is:

“To use the available resources
to develop irrigation systems
and to provide the most
efficient and effective
service possible to the
agricultural community.”

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National Irrigation Commission Limited

The Company

REGISTERED OFFICE

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Kingston 6, Jamaica
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E-Mail Address: nic@cwjamaica.com
Web-Site: www.nicjamaica.com

AUDITORS

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6 Duke Street, Kingston
Jamaica

The Operation Centre

15 Barrett Street
Spanish Town
St. Catherine
Tel: 984-0625/5792
Fax: 984-0532

Attorneys-at-Law

DunnCox
48 Duke Street
Kingston

District Offices

St. Catherine Irrigation District

Rio Cobre Office
17 Barrett Street, Spanish Town
Tel: 984-2334/4022
Fax: 984-8401

Mid-Clarendon Irrigation District

Osbourne Store, May Pen
Tel: 987-3259/3667
Fax: 987-3139

St. Elizabeth Irrigation & Drainage District

Watchwell P. A
St. Elizabeth
Tel: 965-0714
Fax: 965-0232

St. Dorothy Office

Bodles, Old Harbour
Tel: 983-2712/2742
Fax: 983-2712

Yallahs District

Yallahs, St. Thomas
Tel: 706-3159

Braco Irrigation District

Duncans, Trelawny
Tel: 954-2147
Fax: 954-2295

Board Members



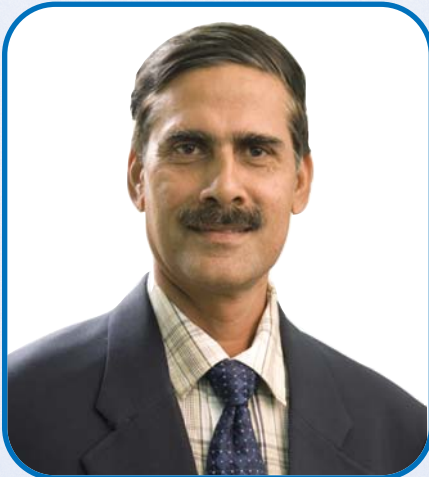
**Mr. Oliver Nembhard -
Chairman/Businessman**



**Mr. Basil Fernandez - WRA
Managing Director**



**Mr. Robert Martin - Rep. Ministry of
Finance & the Public Service**



**Mr. Horace Charoo - Medical
Doctor/Farmer**



Mr. Dwight Clacken - Businessman



Mr. Winston Lewis - Businessman



Mr. Rudolph Brown - Farmer



His Worship, Mayor Keith Hinds

Board Members



Mr. Basil Perriel - Farmer



Mr. Ludgar Gregory Parish - Farmer



Mr. Rupert Williams - Farmer



**Ms. Genille Attalla
Businesswoman**



**Mr. Anthony Masters
Businessman**



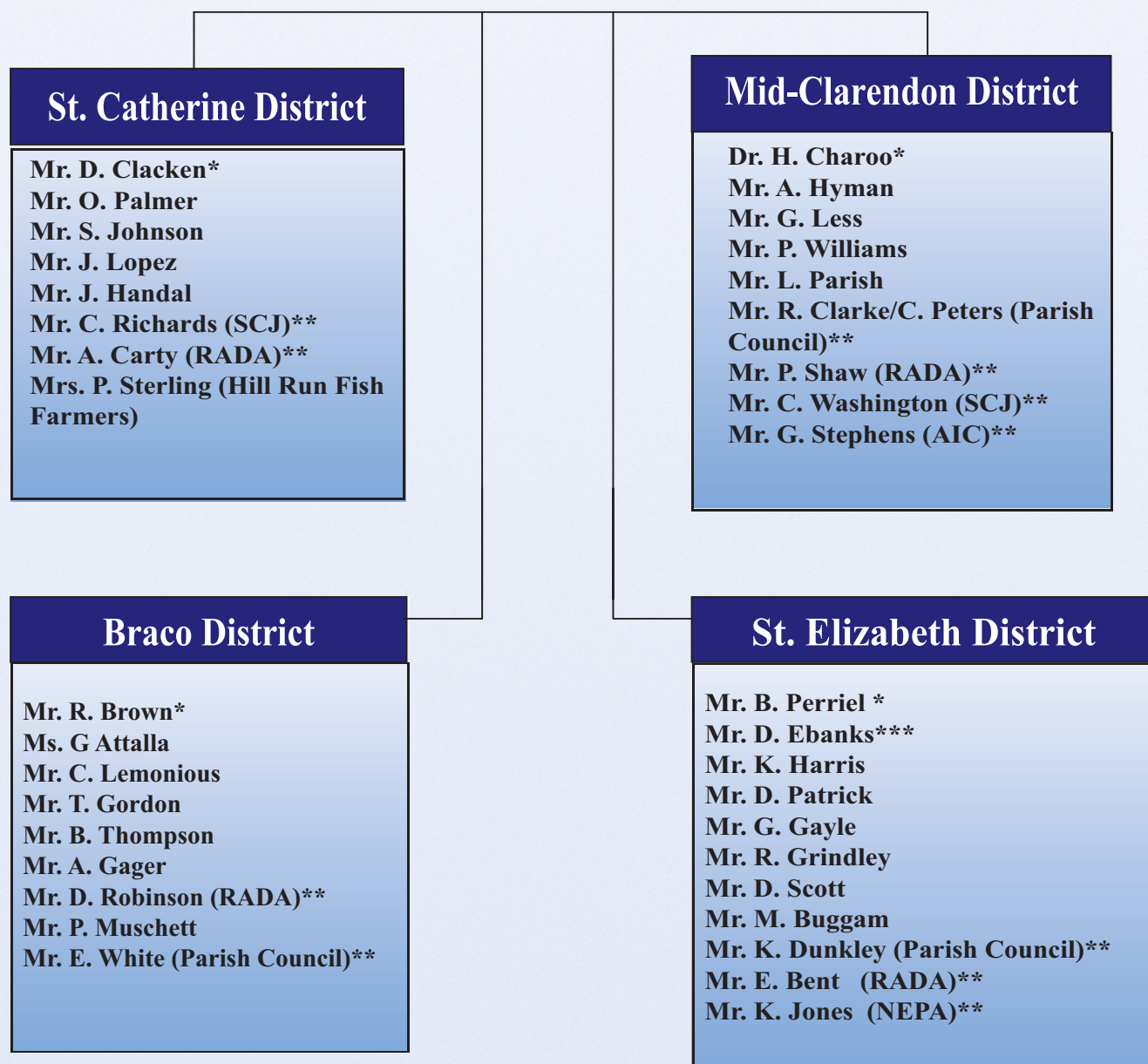
**Mr. George Thompson
Consultant, On-Farm Water
Management**



**Mr. Robert Evans
Professional Civil Engineer**



NATIONAL IRRIGATION COMMISSION LIMITED DISTRICT ADVISORY AND MONITORING COMMITTEES



* Denotes Chairman for each committee and member of the Board of Directors

** Ex-officio members

*** Deceased

Executive Directorate



Mrs. Vanica Cranston
Director of Commercial Operations



Mr. Tafari Burry
Director, Finance & Corporate Planning (Acting)



Mr. Horace Reid
Director of Operation (Acting)



Mr. Milton Henry
Programme Director (Acting)

Minister's Message



Notwithstanding, the NIC was able to show notably achievements for the period under review by:

- Continuing construction of the Colbeck Irrigation System which is far advanced with the supply and installation of pipe works, that is, 100 ha of pressurized pipe system, and pumping equipment. The commissioning of the Colbeck Irrigation System is imminent.
- Completing construction of two Water Users Associations' Offices in Colbeck, St. Catherine and Yallahs in St. Thomas.
- Issuing more than 62 titles in Colbeck this year, in the Land Regularization Programme under the National Irrigation Development Programme.
- Launching the Arable Lands Irrigated and Growing for the Nations (ALIGN) programme with the Ministry of Agriculture & Fisheries in February 2010 in an effort to optimize all under and unutilized agricultural lands in areas where irrigation infrastructure exist. Meetings were held in four Districts; namely, St. Catherine, Clarendon, St. Elizabeth and Braco speaking to over 489 farmers.

*T*he management and staff of the National Irrigation Commission Limited (NIC) have once again proven themselves as able stewards of the irrigation sector despite the many challenges which confronted them this year. Notwithstanding, they were able to approach their problems with such strong resolve that in the end, they came out victorious.

During the period under review, the country experienced a very severe drought which adversely affected the agricultural sector; it was the worst in over fifty years. This created serious challenges for the NIC. However, through creativity, technical competence and commitment, the workers were able to avert what was turning into a national crisis and meet all the irrigation needs by implementing a system of rotation and deficit irrigation. Additionally, the NIC was also dogged with vandalism of some of its pumping facilities which cost millions of dollars.

To date, lands totaling 5,153 acres which were previously idle are being targeted for production. The NIC which has been spear-heading this initiative has held subsequent meetings with interested farmers and stakeholders such as, the Agri Investment Corporation (AIC), Rural Agricultural Development Authority (RADA) and financial institutions to facilitate the process of improving agricultural production in Jamaica.

Funds are available through the Financial Access for Responsible Members (FARM) programme. The lending agencies involved are Nation Growth Microfinance Limited, Jamaica National Small Business Loans Limited, People's Cooperative Bank, National Commercial Bank, Scotia Bank Jamaica Limited and the Jamaica Credit Union League. This programme is expected to increase agricultural production in Jamaica in the next financial year.

- Undertaking extensive canal lining in Mid Clarendon, despite limited funding, in order to improve conveyance of irrigation water and meet the increased demand for the resource due to a renewed interest in agricultural production in the area.
- The NIC continues to experience growth in the new project areas. In Beacon and Little Park, St. Elizabeth, area under production has increased to 263.05 hectares an overall increase of 26%. There is also an impressive increase in Seven Rivers, St. James.
- Achieving a collection rate of 90% of invoice amount; additionally, NIC has collected 43% from arrears as a result of legal action.
- Establishing a Research Station in Hounslow, St. Elizabeth on six acres of land for conducting research on the different methods of pressurized irrigation systems.

The research demonstration plot is located in the centre of the St. Elizabeth Irrigation Systems to assess the growing conditions.

The NIC will be investigating the use of fertigation through the irrigation system and training farmers in best irrigation practice. Findings from the research will be shared with the farmers. Additionally, researchers at the station will focus on technology and water use

efficiency which will be imparted to the farmers. There is also a green house at the station for propagating seedlings.

I wish to commend the Board of Directors for a year of extremely hard work and dedication. The Board continues to be a good steward over the affairs of the NIC.

To the management and staff, I salute you and look forward to another year of great performance. I charge you to give your all in ensuring that the ALIGN programme will be successful. We must all join forces and work together with all the stakeholders and the financial institutions to bring all the potential farmers into agricultural production. Agriculture is the beacon of hope for Jamaica right now; the farmers need you, the country needs you, so let us move forward together to build Jamaica, land we love.

To the farmers, I encourage you to make use of all the opportunities that now exist. This is your time to shine; we have given you the tools and the financial institutions are ready to help, so make haste while the sun shines. This country is depending on agriculture, we are depending on you.

Once again, thank you all for a year of dedication and hard work and let us recommit to building the Agriculture Sector with even greater determination.

The future of this country is depending on us. Let us hope that Mother Nature will be kind to us and allow us to grow from strength to strength.

God bless you all!


Dr. The Hon. Christopher Tufton, MP
Minister of Agriculture & Fisheries

Chairman's Message



We have survived another challenging year—drought, high operating costs, operational challenges and an attack on our irrigation infrastructure. Despite these challenges, and with shrewd management and commitment from my colleague Board Directors, as well as the staff of the NIC, we were able to surmount each difficulty.

As Chairman of the Project Steering Committee, National Irrigation Development Programme (NIDP), I am pleased to report that the Committee made progress in completing the programme for infrastructure works and the Agricultural Technical Services. In addition, the 2007 Water Users Associations' accounts are near finalization allowing for the holding of Annual General Meetings.

I would like to use this medium to outline several notably achievements of the Board:

- Re-engineered staff to optimize the effectiveness of human resources
- Closely monitored the National Irrigation Development Programme in order to return the projects on schedule

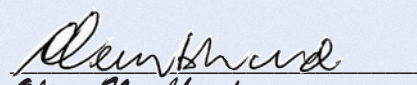
- Exposed Board of Directors, Management and Staff to training on the Government of Jamaica's Public Sector Procurement Guidelines
- Better monitored the operations of the NIC with the assistance of the Finance, Audit and General Purposes (FAGPC), Projects and Technical and Energy Cost Reduction Committees
- Fulfilled oversight responsibilities for the financial operations of the NIC with the support of the FAGPC
- Implemented measures such as signing limits for senior officers in order to have greater control over finances.

The Board was able to resolve most of NIC's challenges, and wish to commend the Management and Staff for their unwavering support and commitment. We could not have done it alone.

We are highly appreciative of the support and drive of the Honourable Minister of Agriculture and Fisheries to improve accessibility of irrigation services to farmers. We are committed to provide irrigation services to support agricultural development.

We must express our gratitude for the invaluable support received from our stakeholders, the team at the Ministry of Agriculture and Fisheries, Ministry of Finance and the Public Service, Rural Agricultural Development Authority (RADA), Agri Investment Corporation (AIC), our development partners; IDB, CDB, and our farmers.

To our farmers and users, I thank you for the opportunity to serve you, but I especially thank you for supporting us through this difficult period. I look forward to continue serving you as we all strive to build our nation.


Oliver Nembhard
Chairman

Chief Executive Officer's Message



The past year in the Commission was particularly demanding given the economic difficulties and environmental issues that impacted the organization. The Government of Jamaica faced the most challenging economic environment in light of the global recession which resulted in cuts in expenditure. Of significance also was the prolonged drought which affected irrigation supply to our customers.

As a result of the drought, pumping hours had to be extended in the irrigation districts to adequately respond to critical needs of the customers. The drought conditions brought into sharp focus plans to strengthen mitigation measures and to examine suitable options in renewable energy sources to reduce increasing energy costs.

The Commission suffered significant losses of approximately \$6 million from the vandalism of its Port Henderson pumping

station in St. Catherine by scrap metal vandals. Service to the Bernard Lodge Sugar Estate and other agricultural customers was disrupted and alternative measures had to be implemented to restore supplies to these customers.

Nevertheless, the Commission performed commendably and made good progress in several areas. The efforts yielded the following results:

- The second phase of the NIDP-IDB's irrigation projects is on-going with the Colbeck Irrigation System near completion. Construction work is progressing on the New Forest/Duff House and Yallahs Irrigation Systems.
- One Hundred (100) farmers in Beacon/Little Park and Hounslow benefitted from the provision of agricultural technical services and on-farm equipment funded by CDB through the NIDP Programme.
- The Commission, through the Ministry of Agriculture and Fisheries, spear-headed the Arable Lands Irrigated and Growing for the Nation (ALIGN) initiative which is to engage land owners of prime agricultural lands which are either unutilized or under-utilized to return these lands to production. The initiative aims to fully utilize the available resources which are lying idle in areas where the irrigation infrastructure exists.
- The continued support to the Ministry of Agriculture and Fisheries in its drive to increase agricultural production through the Production and Productivity programme in areas such as; Ebony Park, the 'Blocks' in Bernard Lodge, Amity Hall and Brampton Farms.
- The Commission was instrumental in rehabilitating the Hope Bay and Rio Nuevo Fishing Beaches, and continued its drive to improve On-farm Water Management and Water Use Efficiency.

The Commission partnered with Global Water Partnership - Caribbean in presenting a workshop on Water Use Efficiency. The workshop was attended by farmers, Extension Officers at the Rural Agricultural Development Authority (RADA), representatives of the Banana Industry, Sugar Industry and the Commission. Presentations were made by personnel from the Ministry of Agriculture and Fisheries, RADA, and the Commission.

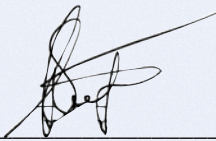
The 2009/2010 financial year showed a deficit of \$113M. Water Sales increased by 42% or \$58.9M due to an increase in agricultural activities and increased demand for irrigation water during the drought conditions.

I wish to thank our Board of Directors for their continued support throughout the financial year. The Commission is deeply appreciative of your contribution in achieving its objectives.

To the Management and Staff, thank you for your dedication and support. You were able to develop creative solutions in response to customers demands.

The Commission wishes to implore farmers and potential farmers with unutilized and under-utilized lands in irrigated areas to return these lands to agricultural production and in so doing, contribute to increasing the food security of our nation.

Finally, I wish to thank you, our customers, for your support and cooperation over the last year. We remain fully committed to providing irrigation water for increased agricultural production and supporting agricultural development.



Stanley Rampair
Chief Executive Officer

Administration & Human Resources

CORPORATE OBJECTIVES

- *To develop a cadre of professionals through an appropriate and dynamic Human Resources programme and to enhance the sustainable delivery of service to our customers, and*
- *To implement and monitor the administrative systems, procedures and policies of the Commission and to ensure the protection of its assets and legal rights and to provide an efficient support system through general office services.*

The year under review was a challenging one for the Department because of restrictions caused by the existing economic climate and high inflation rate. Despite the signing of the Memorandum of Understanding 3, the Government implemented a salary freeze for public sector employees. Consequently, the employees did not receive the seven percent (7%) increase which had been negotiated as part of MOU 3.

There were a number of changes namely; the appointment of a new Chairman and Chief Executive Officer. Mr. Oliver Nembhard was appointed as the Commission's Chairman while Mr. Stanley Rampair was appointed Chief Executive Officer.

The current staff complement is one hundred and ninety-three (193) inclusive of permanent, contracted and temporary workers.

UNION

The wage freeze during the period under review meant that there were no reason for union negotiations. It is envisaged that there will be a change in the next financial year.

TRAINING

Despite budgetary constraints, the Commission continues to train its staff in an effort to improve productivity. During the period, some 50 staff members attended technical and administrative courses both locally and internationally. Mr. Tashley Baugh, Works Superintendent from the Braco Office was the recipient of a scholarship from the Government of China to attend a course in Rainwater Harvesting and Utilization in Beijing.

Additionally, the Commission continues to give financial support to staff members as they pursue professional courses.

Congratulations to the following staff members who successfully completed their studies in the year under review:



Mrs. Patricia Tyrell Chong
MA Degree in Communication for
Social & Behaviour Change



Mr. Rohan Stewart
MSc. Degree in Engineering Management



Mr. Richard Cox
Diploma in Construction Management



Mr. Huygens Gordon
Associate Degree in Engineering



Mr. Joseph Gyles
MSc. Degree in Engineering Management



Dwayne Howell
Associate Degree in Engineering Technology

SECONDARY SCHOOL /TERTIARY SCHOLARSHIP AWARDS

It has now been a decade since the NIC implemented its Scholarship Awards Programme which is intended to assist employees in meeting the cost of education for their children and to encourage academic excellence.

Two tertiary and four secondary scholarships were awarded this year. One recipient, Kenya Thomas received one of the secondary scholarship awards for a second time.

Guest speaker at the ceremony, Mrs. Pat Eves-McKenzie delivered an inspiring and encouraging presentation to the awardees and their parents. The Chairman, Mr. Oliver Nembhard and CEO, Mr. Stanley Rampair presented the scholarships to the awardees.

The awardees were as follows:

Secondary Award

Awardee

Mikhail McDowell
Shanice Brown
Mikkayla Roberts
Kenyata Thomas

Parent

Mr. Lyndon McDowell
Ms. Tricia Bambury
Mr. Andrew Roberts
Mr. Michael Thomas

District

St. Catherine
Head Office
St. Catherine
Mid-Clarendon

Tertiary Award

Awardee

Dorsette Kennedy
Claudine Bailey

Parent

Mr. Jeremiah Kennedy
Mrs. Christine Moore

District

St. Elizabeth
St. Catherine



SCHOLARSHIP AWARDS CEREMONY: Front Row-From left, Mikhail McDowell, Kenya Thomas, Shanice Brown, Mikkayla Roberts, Claudine Bailey, Mrs. Pat Eves -McKenzie (guest speaker).

Back Row: Mr. Aston Johnson, (UAWU), Mrs Judith Maloney- Principal Director MINAGF, Mr. Oliver Nembhard- Chairman, Miss Dorsette Kennedy, Mr. Stanley Rampair- CEO and Mr Lynton Weir, Provisional Principal, Old Harbour High School.

STAFF INCENTIVE AWARDS

The Commission implemented a Staff Incentive Awards Programme to encourage excellence among the members of staff as well as to increase productivity. Four categories of awards were created:

- Employee of the Quarter
- Employee of the Year
- Most Outstanding Employees of the year (by category)
- Most Improved Employee of the Year.

A total of thirty-seven employees were nominated for awards over the period under review. We wish to congratulate all our hardworking staff especially those who were selected for awards.

First Quarter

Administration	-	Mrs. Gloria Howell, Eastern Region
Operations	-	Mr. Herbert Hunter, Eastern Region
Supervisory/Managerial	-	Mrs. Andrea Munroe, Eastern Region

Second Quarter

Administration	-	Mrs. Cheryl Jones, Head Office
Operations	-	Mr. Oneil Edwards, Central Region
Supervisory/Managerial	-	Mr. Winston Lopez, Central Region

Third Quarter

Administration	-	Mrs. Gloria Howell, Eastern Region Mrs. Rubena Powell, Head Office
Operations	-	Mr. Herbert Hunter, Eastern Region
Supervisory/Managerial	-	Mr. Colin Coke, Central Region

Fourth Quarter

Administration	-	Mrs. Gloria Howell, Eastern Region
Operations	-	Mr. Percival Campbell, Eastern Region
Supervisory/Managerial	-	Mrs. Andrea Munroe, Eastern Region

Most Improved Employee of the Year

-	Mr. Herbert Hunter
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Most Outstanding Employees of the Year 2009 (by category)

Administration	-	Mrs. Gloria Howell
Operations	-	Mr. Garry Grindley
Supervisory/Managerial	-	Mrs. Andrea Munroe

Employee of the Year 2009

-	Mrs. Gloria Howell Customer Service & Billing Officer (Eastern Region)
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MILESTONES

We would like to extend our congratulations to newlywed Mrs. Amiel Atkinson, Accounting Officer at the Head Office. Also, we welcome Zachari Smith, son of Mrs. Lillian Smith, Chief Accountant (Acting) into the NIC extended family.

We would also like to express our condolences to the family of Mr. Richard Smith who died during the period under review.

SECURITY

Although the Security Unit experienced successes, it also encountered some serious challenges during the year under review as new and repeated breaches continued to affect our operations with the newest being the vandalism of the pump houses. The Unit has embarked on putting new strategies in place to combat these breaches.

ILLEGAL ACTIVITIES

Blockages and Pilfering

While blocking of our canals persisted, the number of reported cases declined during the period. This reduction was noted both in terms of blocking for pilfering as well as, blocking for other activities such as; swimming, bathing, washing, and "Canal Splash" entertainment events.

This improvement is largely due to the security patrols maintained by the Commission, primarily during the summer months in the most affected areas of St. Catherine and Clarendon. These security patrols served as a deterrent, both for children who blocked the canals and other persons who blocked the canals for illegal extraction of irrigation water. However, towards the latter part of the financial year and at the height of the drought season, the canals were more frequently blocked by bonafide customers of the Commission who were desperate for the scarce resource. This required increased vigilance and patrol by District Operations personnel to curtail the activity.

Last year, concrete slabs were built to cover a section of the Main Canal at the Nine-B location in Spanish Town to curtail the practice of swimming and bathing during "Canal Splash" events. This approach was successful as such practices have ceased since the section was slabbed. Although this was an expensive venture, this strategy was effective and may be replicated in other affected areas as necessary.

The Security Unit has continued to monitor and warn perpetrators who pilfer water from the irrigation systems. There was a reduction in the number of complaints received from the respective regions during this reporting period.

Vandalism of Pumping Stations

In January 2010, we experienced the resurgence of a major problem- vandalism of some of the Commission's pumping stations. This first occurred in the St. Catherine District where thieves broke into the Port Henderson Relift Station, causing damages of approximately \$12 million.



Vandalised pump house in Colbeck

These damages included the dismantling of an area of the fence surrounding the pumping station, removal of the earth cable, 70 feet of cable leading to two motors housed in the station and 30 feet of cable leading to a Jamaica Public Service supply. Additionally, two motor control centres and a variable speed motor used for efficient energy consumption were completely destroyed.

Later in March 2010, the Colbeck pumping station in Old Harbour was also vandalized; the newly installed electrical panel was completely destroyed. Based on preliminary investigations, it appeared that the incidents were related to the spate of scrap metal robbery affecting the country. The NIC has commenced the exploration and implementation of advanced security measures to protect these critical and expensive infrastructure.

SQUATTING

Squatting remains a major concern, primarily in the St. Catherine area. While the Commission has had some amount of success with its strategy of dialoguing with offenders, especially those in the more volatile areas, the tough economic times being experienced by many appears to be exacerbating the problem.

Squatting on the canal reservations causes both operational problems and health risks to offenders as well as staff who traverse these affected areas. A recent report in the Daily Gleaner cited high incidence of E-Coli in sections of the Main Canal, especially where squatters had no proper sanitary conveniences to dispose of their waste. We often observe cases where squatters practice 'parachuting' where faecal content is placed in plastic bags and thrown into the canal.

The Security Unit, along with a private security firm employed by the Commission, continued to patrol the affected areas issuing warnings when necessary.

In the 2010/2011 financial year, we will be intensifying our partnership with the Parish Council and other stakeholders to combat this problem.

Operations

CORPORATE

To implement methods, which will improve efficiencies in procurement, conveyance and delivery of irrigation water to enhance the quality and reliability of service.

OVERVIEW

The period under review was impacted by three main factors, namely, a severe drought, the slow resurgence of the Sugar Cane Industry and an increase in agricultural production.

THE DROUGHT

The drought which began in 2008 continued through to 2010. This prolonged drought lasted through the traditional rainy months of May to June and October where rainfall was extremely low. Notwithstanding, the Commission was able to meet the demand for irrigation water because, despite the drought, all well sources island-wide maintained standard production levels. Supply from the Rio Cobre Dam began to subside in February 2010 when water levels fell below the crest of the Dam and the abstraction rate fell from 10,000 to 9,000 cubic yards per hour.

The severe and prolonged drought conditions experienced during 2009 to 2010, brought back into focus plans for nightly abstraction of 15 mgd of water from the Rio Cobre Diversion Dam by the National Water Commission to satisfy domestic consumption. The implication of this was of great concern to the NIC, as it could affect its ability to adequately meet the expected increase in the demand for irrigation water in sugarcane production, and other farming activities in the St. Catherine area.

It is proposed that tertiary treated sewer water from the Soapberry Treatment Plant in St Catherine be used for

irrigation purposes. This however, must be discussed by all stakeholders involved since there are very serious implications and concerns regarding water quality and standards, the areas targeted to use the water, the areas that should not, as well as, transmission challenges which may arise. Additionally, there will be resistance to the use of treated sewer water as this goes against cultural practices in Jamaica.

THE RESURGENCE OF THE SUGAR CANE INDUSTRY

The divestment of government owned sugar factories is of paramount importance to the NIC because the majority of the customers are from the Sugar Industry. The resurgence in this industry would impact positively irrigation water sales. During the period under review, there was an increase in the demand for irrigation water by the industry in keeping with the performance of the sugar companies in realizing their contracted targets with the Aerobina Company.

Subsequent contractual arrangements with the Tate & Lyle Company to purchase one hundred and twenty thousand (120,000) tons of raw sugar for the period 2010 to 2011 from the government owned sugar factories- Bernard Lodge, Frome and Monymusk, along with the pending sale of the remaining factories, signal a resurgence of the sugar industry. This anticipated divestment has heightened the need to repair the canal systems in Clarendon and St. Catherine in order to improve their conveyance efficiency. With the limited funds available, the NIC has prioritized repairs to these canals.

INCREASE IN AGRICULTURAL PRODUCTION

Lands in Spring Plains and Ebony Park in Clarendon and the Bernard Lodge Block in St. Catherine that were previously dormant are being rehabilitated and brought back into production. There are positive signs of growth in the sector. The Arable Lands Irrigated and Growing for the Nation (ALIGN) programme launched in February 2010 by the Minister of Agriculture & Fisheries to optimize all underutilized and unutilized agricultural lands will also result in increased agricultural production.

WATER PRODUCTION, DISTRIBUTION AND ENERGY MANAGEMENT

The water production data indicates that 124,007,501.38 cubic metres of water was produced during the period. Seventy-nine per cent (79%) of the water produced was invoiced in 2009-2010. However, invoicing of eighty-six per cent (86%) was achieved from the canal flow in the Rio Cobre System. This indicates an improvement in the conveyance efficiency that could be attributed to the lining of 2000 feet of canal the previous year followed by an intensified canal maintenance programme.



Repair to side of the Main Canal in Mid-Clarendon



Canal lining of a section of the Main Canal, Mid-Clarendon

Energy costs continue to threaten the survival of the NIC. Approximately 9,053,135.08 kilowatt hours (kwh.) of energy, costing \$213,151,509.83 was used during the period under review. Although the energy provider, the Jamaica Public Service (JPS) announced a three percent (3%) increase in the energy cost in October 2009, the overall increase to the NIC was larger than this amount.

Discussions were held with the JPS in an effort to develop cost saving measures. The NIC continues to seek alternative energy sources. Several companies were approached by the Energy Reduction Committee to supply alternative energy to the NIC. These companies have since submitted proposals

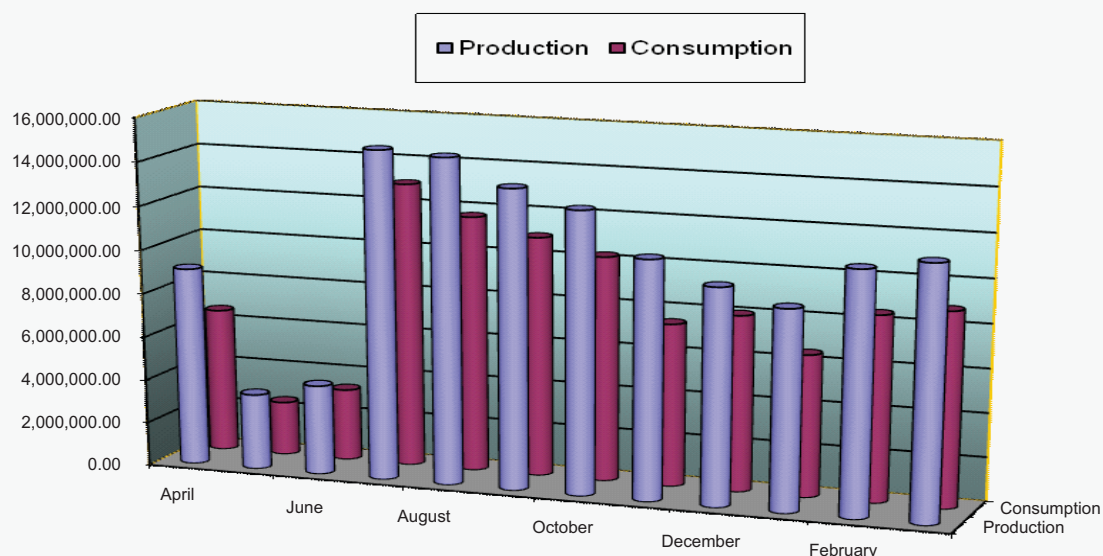
which are being reviewed. The Operations Division is in the process of installing energy saving equipment in the pumping stations.

However, most of these proposals require an initial large expenditure because of the high horse power size of the average NIC pump installation. Given the prevailing economic climate and budgetary constraints, funds continue to be limited. The NIC must therefore identify external funding from the PetroCaribe Fund and/or other sources. Of note, the PetroCaribe Fund only lends Five Million Dollars (\$5,000,000) per loan application.

Tables1: Summary of Water Production data for the period

Water Production Summary April 2009 – March 2010		
	Production	Invoiced
April	9,090,105.10	6,614,583
May	3,466,588.61	2,471,282
June	4,107,076.09	3,296,144
July	14,975,941.75	13,006,093.94
August	14,802,643.58	11,694,552
September	13,612,510.60	10,949,518
October	12,834,089.26	10,264,598
November	10,870,243.95	7,437,000
December	9,849,731.58	8,030,791
January	9,111,408.44	6,485,638
February	11,024,858.93	8,474,254
March	11,482,981.22	8,853,092
Total	125,228,179.11	97,577,546

PRODUCTION vs. CONSUMPTION - APRIL 2009 TO MARCH 2010



	April	May	June	July	August	September	October	November	December	January	February	March
Production	9,090,105	3,466,588	4,107,076	14,975,941	14,802,643	13,612,510	12,834,089	10,870,243	9,849,731	9,111,408	11,024,858	11,482,981
Consumption	6,614,583	2,471,282	3,296,144	13,006,093	11,694,552	10,949,518	10,264,598	7,437,000	8,030,791	6,485,638	8,474,254	8,853,092

J.P.S - April 2009 - March 2010

	Energy Used (Kwh)	Energy Cost
April	627,719	11,510,283.72
May	331,787	6,871,529.55
June	438,904	10,058,519.66
July	732,788	19,058,369.67
August	788,287.70	17,387,496.71
September	619,418.80	16,793,804.36
October	525,815.80	11,265,421.02
November	577,038.40	15,559,143.19
December	1,478,313.78	25,199,083.29
January	765,833.00	19,873,555.91
February	499,570.00	13,017,567.74
March	991,604.00	21,798,851.97
Total	8,377,079.48	188,393,626.79

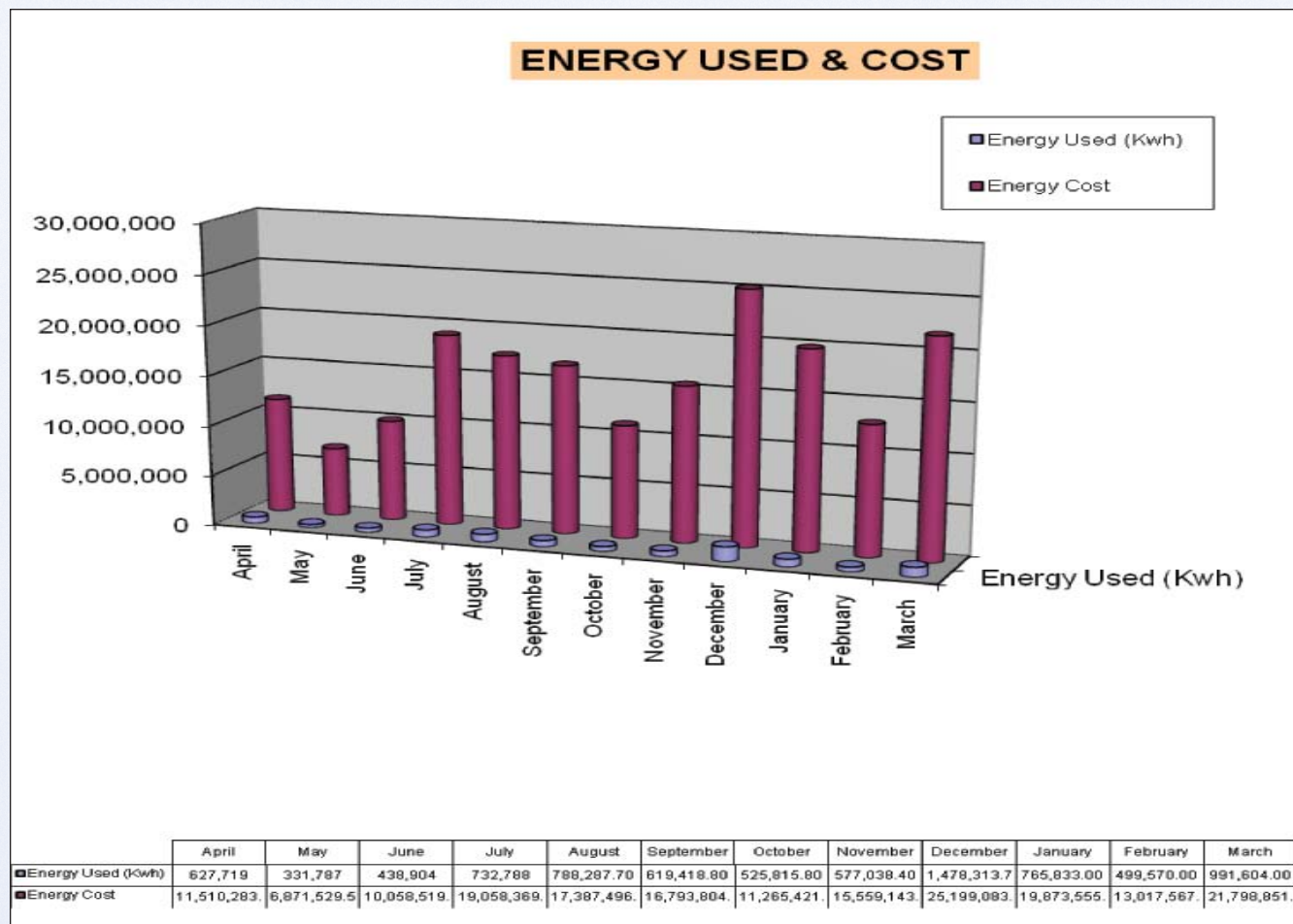


Table 2 summarizes the energy cost incurred for water production during the period.

MAINTENANCE OF ELECTRICAL AND MECHANICAL EQUIPMENT

The prolonged drought conditions necessitated extended pumping hours at the NIC; this resulted in added pressure on the irrigation equipment, which sometimes caused electrical and mechanical failure. This however, was kept to a minimum and confined to minor incidents due to an intensified preventive maintenance programme.

During this period, there were motor failures in Phillipsfield, St Thomas and Milk River No. 2 in Clarendon. Pump failures also occurred in the Port Henderson Relift, Half Way Tree No. 2 and the Clifton No. 5 stations all in St. Catherine. Under the maintenance programme, motors in the Half Way Tree, Clifton Five, Spring Village and South Syndicate were all serviced.

The main challenges of equipment failure have come from the new and rehabilitated flagship projects implemented under the National Irrigation Development Programme in St. Elizabeth. These have been failing frequently. The Operation Division has identified design faults and is working with the contractors and consultants to correct them. The Division has recommended possible upgrading of protective equipment. In the meantime, this problem is being addressed at the highest level.

Failures during the period included the following:

- Hounslow # 1 - Motor failure
- Hounslow # 2 - Motor failure
- Hounslow # 4 - Pump failure
- Beacon E - Pumping concerns
- Little Park F2 - Pump failure

The NIC maintains a small fleet of vehicles island-wide including heavy-duty equipment. A tractor was added to the fleet in St. Elizabeth.



Installation of Valve

CIVIL WORKS CONSTRUCTION AND MAINTENANCE

The maintenance programme which includes repairs to the canal networks, pipelines, meters, and buildings has facilitated the NIC in improving conveyance efficiency to its customers.

During the period, the Civil Works Unit participated in the refurbishing of several Fishing Complexes. They also designed and constructed a Research Development Centre in Hounslow, St. Elizabeth. The operation team was instrumental in the implementation of a temporary water supply system for Jungle West in the Mid-Clarendon area.



Completed Rio Nuevo Fishing Beach Vending Area

Table 3: Projects undertaken by the Unit

PROJECT	LOCATION	TYPE	MAIN CROP
Amity Hall	St. Catherine	Pipeline	Rice
Brampton Farms	St. Catherine	Pipeline	Shrimp
Block A	St. Catherine	Pipeline	Vegetable

EASTERN REGION - ST.CATHERINE AND ST.THOMAS

The main farming areas in St Catherine are Bernard Lodge, Innswood, Hartland, Bushy Park, Hill Run and St. Dorothy. They consist of vast acreages of land, some of which were previously used for sugar cultivation. These areas are served mainly from the Rio Cobre River via a canal network along with several wells located in the Bernard Lodge (Blocks), Thetford, Spring Village, Sandy Bay and Freetown.

Approximately seventy (70) acres of land were put into production of vegetables, fruits and sugar-cane as well as fish ponds. One thousand, eight hundred feet (1800) of pipelines were laid in Block A while others were repaired.

Representatives from the Hill Run Fish Farmers Group met with personnel from the NIC to highlight the difficulties being experienced in the absence of a formal and reliable water supply. Some farmers were receiving water intermittently from the town gully and runoff from the Bernard Lodge Sugar Estate. They have recommended that the NIC extend the Turner Pen canal to the quarry, which currently terminates at Mr Howard Hill's property.

Additionally, they have suggested that the NIC partners with the National Land Agency to identify lands which could be used to build a micro dam to serve farmers at the lower end of Hill Run. Fish farmers in Bushy Park have developed an additional twelve acres of fish ponds.

Minor repairs have been done on sections of the Bushy Park canal. However, major work is needed to improve the efficiency of this canal. There continue to be many complaints from customers and residents in the area about leakages. During the drought period, a rotation system was employed to ensure that all customers received water, thus preventing destruction to crops. Deficit irrigation was also encouraged, that is, applying adequate water to sustain the crop.

One thousand feet (1000) of six-inch pipes were installed on the Amity Hall lands located adjacent to Highway 2000 between Spanish Town and Old Harbour. These lands are currently operated by Agro-Investment Corporation. The installation of the pipeline on seventy (70) acres of land will allow the NIC to provide water for onion production. The NIC will also be increasing the water supply from 60yds³ to 140yds³ per hr to satisfy the current demand.

The Brompton Shrimp Project also benefited from a partnership between the NIC and the Caribbean Aquaculture Company Limited. NIC extended the current conveyance infrastructure by five thousand two hundred and eighty (5280) feet of eight-inch pipes. This will allow the further development of one hundred and fifty (150) acres of fish and shrimp farms.

The Phillipsfield farming community in Yallahs, St. Thomas has remained dormant over this period. The well in the area is deteriorating and will need to be replaced.

The NIC held discussions with the National Water Commission to supply one million gallons (1,000,000) of water daily from the Yallahs River to the Easington and West Albion areas. They have responded favourably.

CENTRAL REGION - CLARENDON

Of the three regions, Clarendon has the largest irrigation infrastructure. It is served by thirty-three (33) deep wells that supply a network of approximately 142 km of canals, which transport irrigation water to the farmers.

The 2009/2010 period ushered a renewed interest in farming on large acres of prime agricultural lands, which have been dormant in the recent past. An additional ninety (90) acres have been put into production in Ebony Park. The NIC has taken over the operation of the diesel pump, which supplies a section of Ebony Park from the Milk River.

Land preparation in Spring Plains continued under an AIC/NIC project. The NIC repaired 3,500 feet of ten-inch pipelines to supply eighty (80) acres of land. This is to be extended by another 2,700 feet to serve an additional seventy (70) acres of land. The Spring Plain well, which was vandalised earlier this year and which caused the pump turbine to be lodged in the well was inspected by experts from the Water Resources Authority. The turbine has been located and a process for extraction is being devised.

Tenders for the purchase of pumping equipment for the Jungle West well have been completed. This will supply irrigation water to approximately Two hundred ten (210) acres of land.

Plans have been finalized for the NIC to takeover the McGilchrist Palms Irrigation System. Cost of repairs and upgrading of the system is approximately three million dollars (\$3,000,000); this is to be reimbursed by Jamaica Alumina Company (JAMALCO). Concerns of splinter titles for the farmers in Denbigh Kraal, Clarendon are still outstanding and are to be addressed by Jamalco.

WESTERN REGION - HOUNSLOW & BRACO

The St. Elizabeth District has been the beneficiary of the most innovative activity in this period with the establishment of a Research Development and Training Centre in Hounslow.

The main objectives of this station are to train farmers in proper irrigation techniques and farming practices. It is a joint venture between the NIC and the Ministry of Agriculture & Fisheries. The Research Centre, constructed on approximately five acres of land, is equipped with a meeting area, office, living quarters, sanitary conveniences and a green house for propagating seedlings.

The tractor which has been acquired is used to assist farmers in land preparation at a competitive rate. This has helped to increase the lands under production to approximately one thousand (1000) acres.

The NIC has extended the pipeline in Beacon/Little Park in order to supply water to the National Water Commission at nights.

Additionally, the NIC also operates four trucks to supply irrigation water to farmers mainly, participants in the Black Tank Project, outside of the normal irrigation area.

Efforts are being made to increase farming in Seven Rivers, St. James. In Braco, the old relift station was upgraded to a meeting area. A demonstration plot was established and onions planted. A second lift pump was installed at the Braco station to accommodate new developments including the announced Harmony Cove Project.



Irish potatoes being irrigated at the Research Station



Potatoes reaped from demonstration plot are being sorted

DRAINAGE MAINTENANCE

The Black River Lower Morass area is one of three Ramsar Sites in Jamaica and is the largest freshwater wetland eco-system in the Caribbean. The site includes mangrove swamps, permanent rivers and streams, freshwater swamps, forests and peat lands.

The NIC is responsible for drainage in the Black River Upper and Lower Morass in St. Elizabeth. Approximately sixteen million dollars (\$16,000,000) was spent in this financial year on its drainage programme. The NIC uses heavy-duty equipment as well as manual labour to clean the drains.

The drainage programme includes dredging of the rivers and drains, desilting the rivers, removal of debris and or aquatic weeds which crosses the river, as well as upgrading the rivers. This increases the carrying capacity of the rivers by widening and deepening their basins. Work carried out will reduce the possibility of flooding in the area during the rainy season. However, in periods of above average rainfall, flooding could still occur.

A drainage office was established in Braes River to facilitate the collection of drainage fees.



An area of the Black River Lower Morass in need of cleaning



Cleaning of the Lower Morass

WORKSHOP AND STORES OPERATION

The St. Dorothy's workshop and stores provide support to all other departments within the NIC.
The workshop accomplished the following:

- Fabrication of fifty-one (51) sluice gates
- Fabrication of twenty-five (25) parshall flumes
- Fabrication of 200 flanges, nipples and risers
- Build and installed staircase for the Head Office
- Build and installed roofing for the Research Station
- Effected general repairs and servicing of pumps, motor control centres and pipelines.

Table 4: Pipe repairs along with metre and hydrant installations

Location	Blocks	Spring Village	Thetford	Bowers	Sandy Bay	Mid Clarendon	Yallahs
Infrastructure							
Hydrants & Valves	29	5	10	4	1	70	5
Pipeline	36	24	10	6	7	117	5
Meter	12	16	4	4	7	42	8
TOTALS	77	45	24	14	15	229	18

Table 5 : Repair to Pressurized Infrastructure

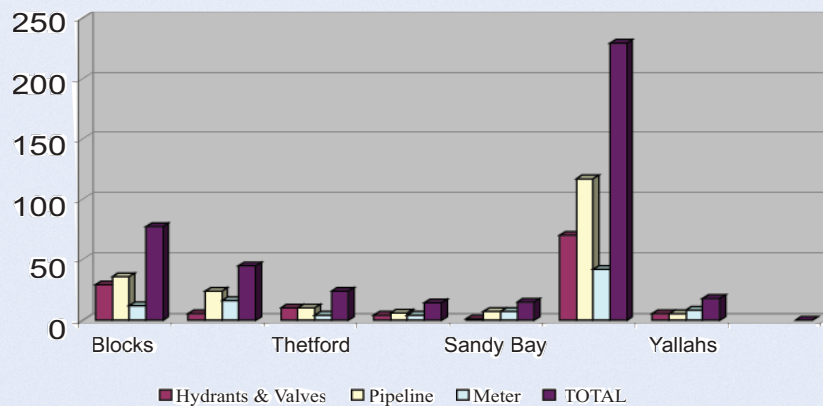


Table 5: Repair to Pressurized Infrastructure

GOALS FOR 2010

The following goals are planned for the 2010-11 financial year:

- Complete rehabilitation of Marine Park replacement well.
- Complete installation of pipeline and supply to Caribbean Broilers Project
- Complete the rehabilitation of Thetford seed farm well.
- Complete 90% of installation of energy saving electrical equipment in stations
- Complete rehabilitation of Jungle West.

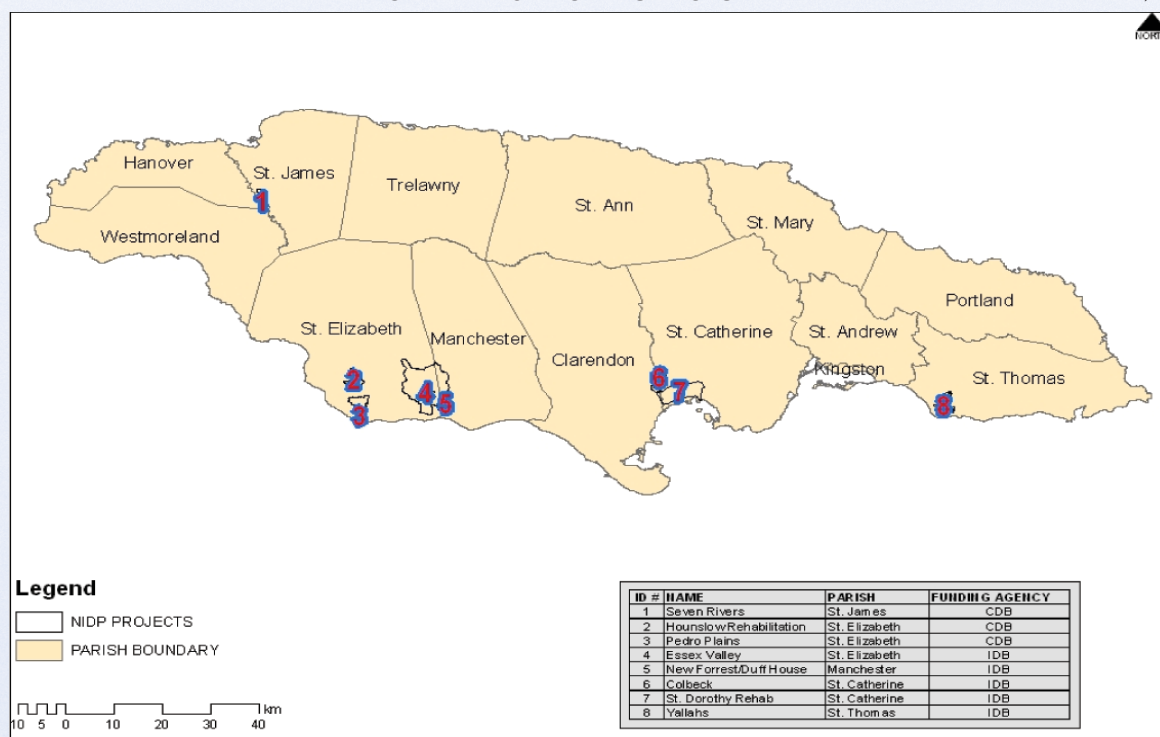
National Irrigation Development Programme (NIDP)

CORPORATE

To increase agricultural production and farmers' income as a result of improved irrigation management practices in the irrigable areas prioritized in the NIDP.

NATIONAL IRRIGATION DISTRICTS

SCALE 1:900,000



PROGRAMME BACKGROUND

The National Irrigation Commission Limited (NIC) completed the National Irrigation Development Plan in 1998. Under this plan, a total of fifty-one (51) priority projects, valued at US\$106M, were identified. The implementation of these projects will result in more productive use of agricultural lands, resulting in significantly increased crop production levels in the project areas. From this initial plan, the NIC has now developed a National Irrigation Development Programme (NIDP).

The objective of the NIDP is to identify and prioritize irrigation projects for implementation with long-term goals as follows:

- increase irrigated acreage
- to increase farmers' income and
- increase rural employment

The NIDP is expected to complement the Government of Jamaica (GOJ's) long term agricultural development plan to Year 2015, and further the Government's effort to increase farmer participation in irrigation while ensuring the sustainability of the NIC.

Additionally, the NIC is coordinating with other government agencies including Rural Agricultural Development Authority (RADA), to ensure that agricultural support services such as marketing and extension will also be provided to farmers.

The implementation of the programme will result in the delivery of several benefits including:

- increased crop production and productivity levels
- greater crop diversity
- farmer participation in irrigation management through the establishment of Water Users Associations to manage and operate the schemes
- sustainable irrigation systems.

In addition to GOJ funding, the NIDP has also received financial support from the Caribbean Development Bank (CDB) for a US\$12 million programme along with a US\$21 million programme from the Inter-American Development Bank (IDB).

Institutional Development

Water Users' Associations (WUAs) have been established in all 6 schemes developed under the NIDP since 2007, and work is continuing to ensure their sustainability. During the year, consultations continued with the farmers on the price for the irrigation water being supplied. To date, farmers in Beacon/Little Park are paying the full Operation and Maintenance (O&M) costs of the scheme while the rates for Hounslow are being finalized. The approach to the recovery of full O&M costs from beneficiaries marks a major step in NICs effort to ensure the sustainability of the systems.

The Project Steering Committee (PSC), has been established; it comprises beneficiaries, representatives from the relevant Government Ministries while the Planning Institute of Jamaica (PIOJ) continues to oversee and monitor the implementation of the NIDP projects.

During the year, the PSC met twice and the major issues discussed included:

- Finalization of the 2007 WUA accounts, allowing for the holding of Annual General Meetings
- Progress of Programme for completing infrastructure works and Agricultural Technical Services (ATS)
- Status of work being done through the Memoranda of Understanding (MOUs) with Agricultural Support Services Project (ASSP), Land Administration Management Project (LAMP) and National Land Agency (NLA).

All three WUAs under the CDB programme held their annual general meetings (AGMs) where officers were elected. Two new presidents were elected as follows:

1. Beacon/Little Park WUA: Mr. Junior Ebanks replacing Mr. Seymour Simpson
2. Hounslow WUA: Ms. Edith Chedda replacing Mr. Alvin Murray

IDB funded projects, both New Forest/Duff House and Yallahs Irrigation Specially Authorized Society (ISAS) also held their AGMs.

The NIC wishes to express heartiest congratulations to all the newly elected executives and thank those who have so dutifully served.

Table 1: Water User's Association Membership as at March 30, 2010

Location	Funding Agency	No of Members	President
Colbeck	IDB	80	A. O'Sullivan
Yallahs	IDB	30	I. Brown
New Forest/Duff House	IDB	160	S. Supersad
Beacon/Little Park	CDB	140	J. Ebanks
Hounslow	CDB	40	E. Chedda
Seven Rivers	CDB	13	A. Tomlinson

Achievements Under CDB's Funded Pilot Projects

As shown in the Table 2, the GOJ and the CDB funded three 'Flagship' Projects. They received a total of US\$12 million to fund three irrigation schemes benefiting 812 farmers on 1018 ha. of land as follows:

- Hounslow Rehab. - St. Elizabeth
- Beacon/Little Park - St. Elizabeth
- Seven Rivers - St. James.

The infrastructure on these projects has been substantially completed and the project is expected to be concluded during the next financial year. Beneficiaries are producing vegetables and cash crops to meet market demand. The main crops being grown on the project area include peppers, thyme, escallion, carrots and water melon.

Pedro Plains (Beacon & Little Park) - St. Elizabeth

The scheme comprises 32 km of pipelines and three (3) deep wells providing 2.68 Million cubic meters of water per year. To date, a total of 150 farmers have signed contracts with the NIC for irrigation water. This number is expected to grow with the

land regularization programme being undertaken under LAMP. The WUA has been duly registered with members having regular meetings. Attendance levels at meetings have not been as high as expected. The NIC will continue to work with the WUA to mobilize farmers to use the system.

Seven Rivers - St. James

This is a gravity flow scheme consisting of 5.5 km of pipeline which has been installed to provide 0.13 Million cubic meters per year of surface water to benefit 32 hectares of land. During the year, the NIC extended the irrigation network in order to serve additional farmers in the project area. So far, 13 farmers have signed irrigation contracts with the NIC and are producing a range of crops including peppers and vegetables. A WUA has been registered and farmers currently meet fortnightly.



Tomato cultivation using drip irrigation in Pedro Plains, St. Elizabeth.

Table 2: Flagship Projects Funded by the Caribbean Development Bank (CDB)

Funding Source	Sum (US\$)	Schemes	Parish	Land Area (ha)	No. of Farmers
CDB/GOJ	12,000,000	Seven Rivers	St. James	32	32
		Beacon/Little Pk	St. Elizabeth	500	360
		Hounslow Rehab	St. Elizabeth	486	420
TOTAL	12,000,000			1018	812

Hounslow Rehabilitation - St. Elizabeth



Refurbished Pump House in Hunslow, St. Elizabeth

The Hounslow Irrigation system required extensive overhauling for improvements in distribution and efficiency. The rehabilitation work included:

- The complete rehabilitation of five production (5) wells to supply 3.47 Million cubic meters of water per year
- Replacement of 17 km of pipeline to include one-third of the old pipe network at a cost of US\$ 3.123 Million.

At the end of the financial year, rehabilitation work was 98% completed with the main outstanding items being the completion of some connections from the existing sections to the new pipelines.

Provision of On-farm Equipment and Technical Services

One critical component of the project involves the provision of Agricultural Technical Services (ATS) and on-farm equipment to the beneficiaries. This is to ensure improved farm productivity and irrigation efficiency. Farmers are being provided with one (1) acre of drip system under a credit facility that forms part of the project funding arrangements. To date, 44 systems have been distributed. An additional 100 systems have been procured and these will be distributed during the ensuing financial year.



Mr. Junior Ebanks, President of Pedro Plains WUA (right) receiving drip tape from NIC's CEO, Mr. Stanley Rampair (left). Acting Project Director Mr. Milton Henry looks on.

Besides equipment provided under the NIDP, some farmers also benefited from on-farm equipment supplied under the Government Production and Productivity Programme. Several farmers have also purchased and installed additional drip and sprinkler systems on their farms. It is hoped that all farmers under the CDB programme will receive the benefit of on-farm equipment during the 2010-11 financial year.



Mr. Keith Perkins, Extension Officer (RADA) conducting use of Irrigation Equipment at training session.

As part of the ATS provision, the NIDP has partnered with RADA, to provide training in the proper installation and use of irrigation equipment. Additionally, the NIC is finalizing the services of a Consultant Agronomist to serve the farmers, thus ensuring best practices in Agricultural Production. This consultant is expected to be engaged shortly.

IDB FUNDED PROJECTS

Overview of the IDB Funded Projects

The IDB funded programme was signed on May 27, 2005, with the NIC being the Executing Agency. The full project cost is US\$21 million, of which the IDB will contribute 80 % and the Government of Jamaica (GOJ) 20 %. The main outcome indicators of the successful completion of this programme are the incremental increases in irrigated area of high-valued crop production of approximately 1,700 hectares benefiting

about 1,000 farmers along with the establishment of Water Users Associations to operate and maintain those schemes. The project will increase in farming income as a result of the introduction of new crops, increases in yield and crop intensity.

The following are to be achieved with the project implementation:

- Irrigation systems are to be operated and maintained by fully autonomous, self sustained and viable Water Users Associations
- Farmers will benefit from effective production and marketing information
- Improvement in environmental management in the designated schemes
- Majority of the farmers have registered land titles or leases that will grant them WUA's membership and also access to credit financing
- Re-define the role of NIC towards the roles of planning, regulating and monitoring. This includes the development of estimated fees for services on the basis of marginal costs.

Due to the delay in project commencement, and the need for the full 5-year execution period, the project disbursement period has been extended by 18 months. The current date for the final disbursement is now November 27, 2011.

During the 2009/10 Financial Year, the NIDP received approximately J\$206 million as capital input. This was significantly below the amount required for the project to keep pace with the schedule. It has resulted in further delay for the project implementation.

Successful project delivery is dependent on implementing effectively four (4) components, namely, Institutional Strengthening of the NIC, Promotion and Formation of WUAs,

Farmer Technical Assistance and Training and the Provision of Irrigation Infrastructure on the 5 irrigation projects. The projects are located in five designated areas islandwide -Yallahs (St Thomas), Colbeck (St Catherine), New Forest/Duff House (Manchester), Essex Valley (St Elizabeth) and St. Dorothy (St. Catherine).

A contract valued at US\$162,500 was awarded to Fujitsu Ja. Ltd, for the supply of computer hardware for the NIC. The hardware has been successfully deployed to NIC systems throughout the island. The successful implementation of this contract has significantly improved computing capabilities at the Commission.

Table 3: Funding for IDB Projects

Funding Source	Sum (US\$)	Schemes	Parish	Land Area (ha)	No.of Farmers
IDB/GOJ	21,000,000	Colbeck	St. Catherine	110	99
		New Forest	Manchester	368	375
		Yallahs	St. Thomas	374	265
		Essex Valley	St. Elizabeth	900	400
		St. Dorothy	St. Catherine	500	100
TOTAL	21,000,000			3217	1918

Achievement

The remainder of the report details the achievements during the financial year under the different components

COMPONENT 1

Institutional Strengthening

The objective of this component is to strengthen NIC's capacity for Irrigation Management as well as, to facilitate the re-organization of the NIC to focus on planning and monitoring within the irrigation sub-sector.

During the year, the Project Implementation Unit (PIU) completed the evaluation of proposals from consultants to undertake the preparation of the NIC 5-year Business Plan. However, implementation of this project is on hold due to fiscal constraints.

Contract valued at US\$149,000 was awarded to Infotech Caribbean for constructing an integrated Customer Relationship Management System (CRMS). This project is now being implemented by the NIC's Information System (IS) Department and, when completed will facilitate an improved service to our customers.

The NIDP aims to complete the CRMS contract and develop the 5-year Business Strategy Consultancy under this component during the next financial year.

COMPONENT 2

Promotion and Formation of Water Users Associations (WUAs)

This component aims to establish WUAs for each NIDP system and eventually to transfer built assets to them. A WUA Support and Regulations Unit will also be established. Since October 2007, Water Users Associations in Colbeck, New Forest/Duff House and Yallahs have been registered under the Friendly Societies Act as Irrigation Specially Authorized Societies (ISAS).

Achievements during the year included the following:

- Both Yallahs and New Forest ISAS held their annual general meetings; executive members were elected and reports presented. In both instances, the incumbent presidents have been returned to office
- A Memorandum of Understanding (MOU) has been signed between the NIC and the Colbeck WUA, which includes the future operation and maintenance for that scheme. A similar draft agreement has been presented to the New Forest/Duff House WUA
- Construction of the Water User's Association buildings in Yallahs and Colbeck were substantially completed during the year. These buildings will soon be occupied by the respective WUA members
- Developing of Institutional Evaluation of the WUAs. The evaluations indicated weaknesses in several areas including financial management. These will be addressed in subsequent training and monitoring programmes

- Conducted a two-day seminar in Ocho Rios for all 6 WUAs to examine several policies including Financial, Operation and Maintenance as well as Procurement.

The full establishment of WUAs continues to represent a major challenge for both NIC and the farmers. It was expected that the Water Users Support Unit would have been established during the Financial Year but this did not materialize. The PIU will focus on training and capacity building within the WUAs to ensure that they continue to develop during the 2010-11 financial year.



Water Users Association Meeting at New Forest /Duff House in Manchester.

COMPONENT 3

Farmers' Technical Assistance and Training

The aim of this component is to support farmers' economic activities through training in the correct use of agricultural and marketing techniques.

The main outcomes under this component include:

- Provision of Agribusiness Services through a MOU with the ASSP (AIC)
- Training and certification of 30 trainers in Modern & Effective Extension Methodology

- Development of an annual Training Programme to include training of 200 lead farmers as well as to provide Technical Assistance to 1000 farmers.

The ASSP has now come to an end and the NIC is currently discussing a new MOU with RADA to supply the training and technical assistance services previously offered by them. During the year, the NIDP increased focus on this component.

Some of the activities were:

- Hiring a Training Specialist to develop the Training and Technical Assistance Programme to satisfy the components' objectives. This specialist has drafted a training programme which is currently being discussed for approval by the IDB
- Re-energized the WUA Ad Hoc training committees to better decide on appropriate training programmes to meet the farmers' needs
- Conducted several training programmes including Leadership Development and Financial Management.

During the 2010/11 financial year, the NIDP will concentrate on the Training Programme in order to develop both the technical, administrative and institutional capacity of the farmers and WUA executives. The MOU with RADA should also be finalized.

COMPONENT 4

Provision of Irrigation Infrastructure

The objective of this component is to develop the irrigation infrastructure, construct and/or rehabilitate 5 irrigation projects as well as, complete the required Pre-investment Studies and Land Regularization programmes.

The following are to be undertaken:

- The construction of 5 projects, including feasibility at Essex Valley & St. Dorothy
- Feasibility Studies on Mid-Clarendon & Rio Cobre
- Execution of MOUs with NLA and LAMP for Land Regularization.



Water found in Rows Corner Well, New Forest.

During the financial year, the NIDP made progress on the construction works in Colbeck, New Forest/Duff House and Yallahs.

Some of the major achievements are described below:

- Two contracts valued at J\$100,599,844.06 to Jamaica Wells for the drilling of 5 production wells in New Forest/Duff House, Manchester. Water was found in four of the wells, resulting in total water flows of 1062 L/s (6098 US gallons). However, none was found in the fifth well at Duff House because of unfavourable lithology.
- A contract valued at J\$37,423,822.23 was awarded to Jamaica Wells to develop 3 wells in Yallahs, St. Thomas. Two wells in Heartease and West Albion were successfully commissioned into service. A third well was not drilled due to concerns with the location in West Albion.

During the year, work advanced significantly in Colbeck with the supply and installation of pipe works along with the installation of pumping equipment at the Colbeck well.

Contracts under implementation included the following:

- The completion of a J\$21,449,899.00 contract for the supply of pipes in Colbeck by Jamaica Drip Irrigation.
- Commencement of an installation contract for \$11,388,372 awarded to Y.P. Seaton and Associates. This contract is approximately 80% completed
- Installation of the pumping equipment by Jamaica Drip. Unfortunately, this equipment was vandalized ostensibly by scrap metal thieves; all the materials to repair the equipment will become available during the first quarter of 2009, after which the installation will take place.

Irrigation designs were completed for New Forest/Duff House and detailed Bill of Quantities has been prepared. Preliminary designs have been prepared for Yallahs; these will be finalized subsequent to well licensing and Cadastral Mapping. However, finalization of these designs can only be completed whenever the licensed yields have been determined from the well drilling exercise. LAMP has also continued working in New Forest and Yallahs on a weekly basis.

Land Regularization Programme

To date, 62 titles have been issued in Colbeck. However, the NIDP has identified errors in the original boundary survey commissioned initially by the Colbeck WUA. These are currently being corrected by the land surveyor. The NIDP has made several advances with the land regularization component during the year.



Colbeck Pumping Station in St. Catherine

Cadastral mapping contracts commenced in Yallahs and New Forest/Duff House through contracts awarded to Llewelyn Allen & Associates as follows:

- Cadastral surveys have been completed on 499 lots in New Forest/Duff House under a contract for J\$8,369,600
- Work has commenced on cadastral mapping in Yallahs through a contract for \$15,699,575 to survey 351 lots. To date, this contract is 60% completed.

The next phase will involve the development of subdivision and eventual titling of the lots surveyed as part of the MOU with LAMP and NLA.



Contract Signing for Cadastral Mapping for New Forrest/Duff House and Yallahs.

Standing L-R: Mr. Milton Henry, Acting Project Director, Mr. Stanley Rampair, CEO and Mrs. Patricia Tyrrell Chong, Public Relations Specialist, all of the NIC.

Seated L to R: Mr. Llewelyn Allen of Allen Llewelyn and Associates and Mr. Oliver Nembhard, Chairman of the NIC.

Information Systems

CORPORATE OBJECTIVES

“To use Information and Communication Technology (ICT) to enable improvements in NIC’s business processes and provide support services to achieve corporate goals.”

The objectives of the Department for the period under review were to:

- Continue the transition from the use of manual systems to Computer Based Information (CBI) Systems
- Deliver timely, efficient and cost effective CBI systems to reduce operational cost through improved efficiencies
- Ensure the coordination of NIC's business activities through the integration of the CBI Systems
- Enhance customer service through the provision and availability of relevant information
- Ensure the continuity of business at the NIC by implementing a disaster recovery plan for the security and recovery of mission critical data.

The following were the plans for the 2009-10 period:

- Strengthen computer hardware infrastructure
- Develop the new Customer Relationship Management System (CRMS)
- Expand the Corporate data network
- Further develop, maintain and improve access to GIS
- Manage corporate e-mail and high availability.

ACCOMPLISHMENTS

During the period under review, the Department focused on personnel, processes and technology to equip the other divisions in delivering improved services to NIC customers.

Strengthened Computer Hardware and Software Infrastructure

The IS Department realized its plan to strengthen the corporate information systems by acquiring and deploying the following:

- 15 Servers
- 2 Server Racks and accessories
- 1 Backup Solution
- 40 Desktops
- 17 Notebooks (laptops)



Server rack and server installation at Head Office

The benefit of the deployment was immediately felt in the Commission as it increased the processing power of key strategic areas 10 times faster and reduced hardware complaints by eighty percent (80 %).

Printer hardware upgrade, also planned for the period, was delayed because of financial constraints. However, the Department reassessed the existing environment and rehabilitated some key printing units in order to meet increasing demand for printing efficiency and availability.

The Department promoted the use of corporate e-mail and digital filing in an effort to reduce the demand for printing hardware.

Overall software upgrade for the operational desktop use was also delayed because of financial constraint.



**Information Systems Administrator -
Mrs. Leonie Walker configuring new server**



**Information Systems Officer -Ms. Jeniffer Chambers making
connections on the server rack.**

Developed Customer Relationship Management System (CRMS)

Under the NIDP, the new CRMS is a customized software that will replace the existing Billing / Customer Information System.

The CRMS contains the following modules:

- Customer Billing System
- Customer Information System
- Water Production Information System
- Customer Application Tracking System
- Drainage System



**Assistant Network Administrator - Miss Grace Thompson setting up
Server Rack at the Operation Centre (Rio Cobre).**

After the contract signing in March 2009, the financial year started with mobilization in April following a "kick-off" in May 2009.

The activities which followed were:

- Requirements gathering
- Data software acquisition and set-up test environment
- Infrastructure readiness assessment
- Software configuration, ongoing to the end of the period.

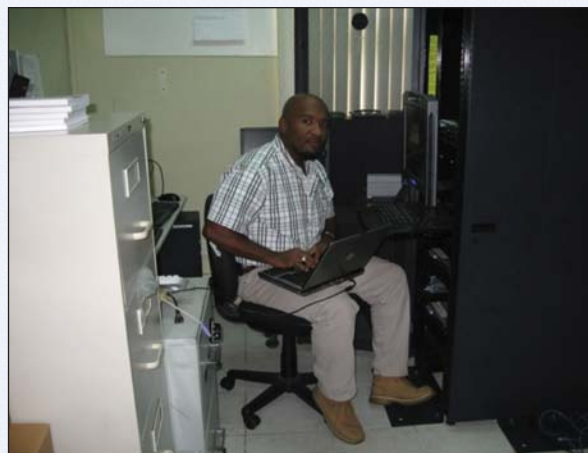
Testing, training and deployment of the new CRMS are proposed for the next period. In addition, benefits accrued due to the amalgamation of the new and the existing Financial System as well as improved operational efficiency and customer service.



Mr. Rolando Williams, Computer Systems Engineer/Analyst, configuring database for the CRMS test environment

Expansion of the Corporate Data Network

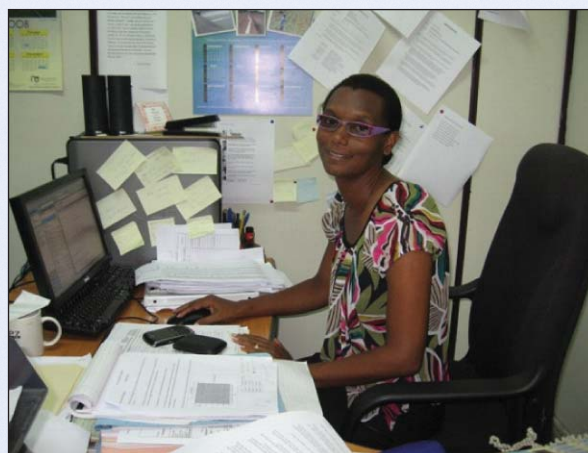
As part of the strategic goal for system integration, the NIDP financed the expansion of the corporate network. The Wide Area Network infrastructure was installed in November 2009 to include the Head Office as well as, the Rio Cobre, St. Dorothy, Mid-Clarendon, Braco and Yallahs offices. This immediately facilitated central network management, monitoring and desktop user support.



Mr. Noel Allen - Senior Assistant Network Administrator -Engineering Technician configuring and testing Wide Area Network connections

Increased Geographic Information Systems (GIS) Capacity

The deployment of two high performing desktops and one server for data storage and access were enhanced to develop and improve GIS capacity in the Commission.



Mrs. Lorraine Geddes-McDonald - Commercial Manager using computer system equipped with increased processing power.

Corporate E-mail Management and High Availability

Microsoft Exchange Server, Microsoft Outlook and Internet technologies including Blackberry services continue to be the favoured systems. They provide reliable and efficient transfer of messages and electronic documents throughout the Commission.

During the period, the challenge of security was addressed by the installation of a McAfee E-mail and Web Security Appliance in November 2009. This resulted in a Ninety-five percent (95%) reduction of junk e-mail being distributed through the corporate e-mail.



**Mr. Rohan Stewart - Regional Systems Manager - Eastern Region,
using computer system equipped with increased processing power.**

Commercial

CORPORATE OBJECTIVES

To expand the customer base, maximize the collection of revenue and to ensure continued customer satisfaction.

Water Sales and Drainage

Water sales and drainage charges for the year under review increased by approximately 42% or \$58.9M from \$140.5M to \$199.3M.

This increase can be attributed to:-

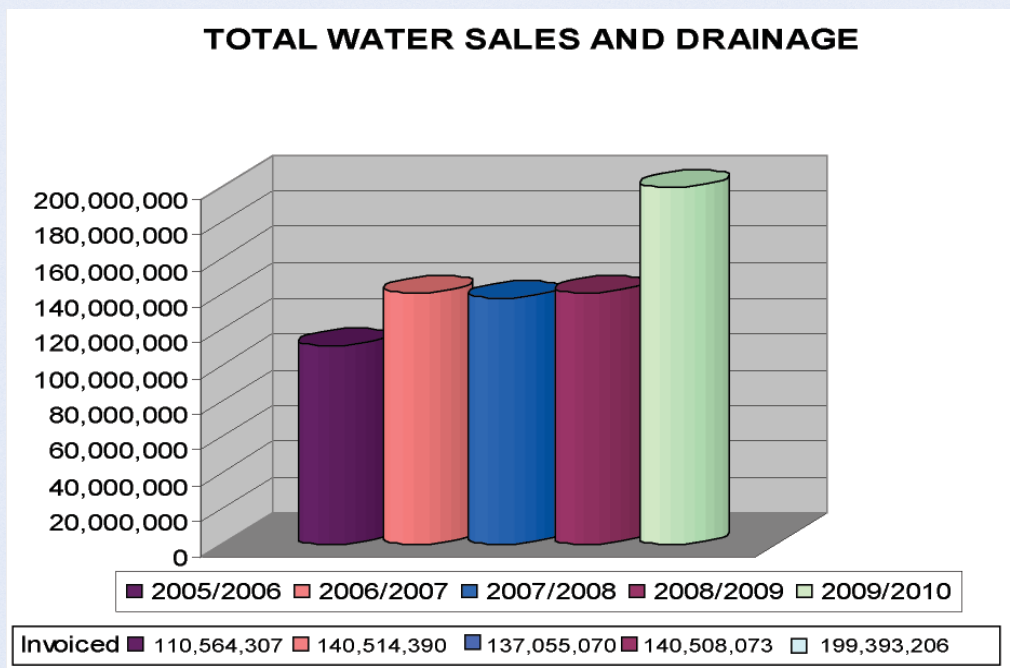
- (a) Increased agricultural activities as a result of the National Irrigation Commission Limited (NIC) partnering with the Ministry of Agriculture and Fisheries (MINAGF) through the Production and Productivity Programme and the Arable Lands Irrigated and Growing for the Nation (ALIGN) initiative

- (b) The persistent drought conditions throughout the period resulting in increased demand for irrigation water.

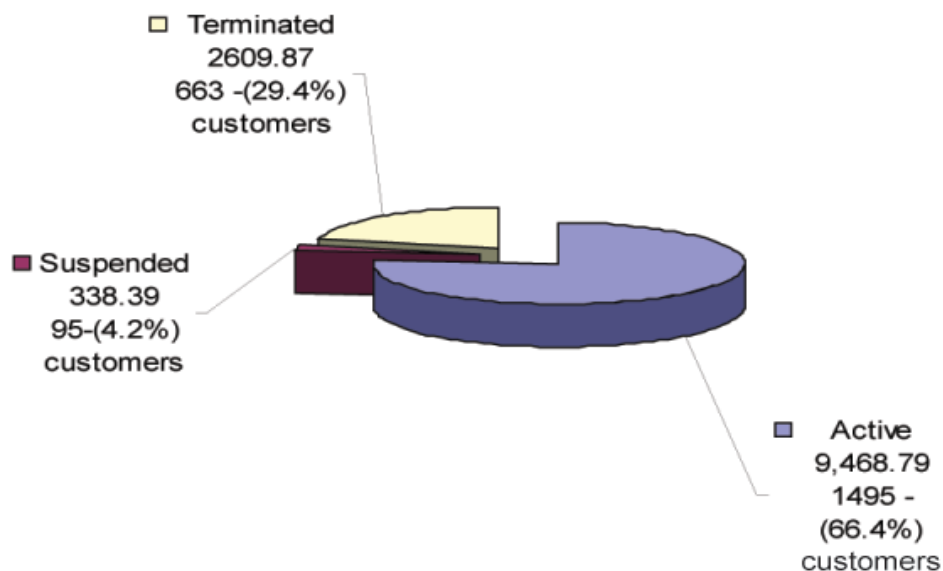
The percentage rate of collection remained in the high nineties.

The Commission continues to accommodate its credit challenged customers through its payment arrangement facility as well as other collection strategies that have been implemented, aimed at increased revenue collection.

The Commission's levels of invoicing for the financial years 2005/2006 to 2009/2010 are outlined below: -



Analysis of Distribution of Irrigation Lands Among Active, Suspended and Terminated Customers



Customer Service

Our number one priority is to enhance the efficiency with which we deliver our services to our customers and as such the Commission has continued its focus on customer satisfaction. The Commission continues to provide the relevant on-going training of all its personnel as it continues to provide good Customer Service.

Customer Status

The pie chart above depicts the distribution of irrigated lands among customers classified as active, suspended and terminated. With a total customer base of 2,253, occupying 12,417.05 hectares of land, 66.4% or 1,495 on 9,468.79 hectares were active, 4.2% or 95 on 338.39

The number of active customers increased from 1,358 in the previous year to 1,495, reflecting a 10% increase.

INITIATIVES

As the Commission continues to develop strategies geared towards increasing the demand for irrigation services to those lands that have fallen out of production, we partnered with the MINAGF in two programmes. These were the Production and Productivity Programme and the ALIGN initiative. This partnership resulted in increased production

especially in Hounslow, Beacon Little Park and Mid-Clarendon thereby creating increased demand for irrigation services as well as the re-engaging of idle lands.



Potential farmers at ALIGN meeting in Clarendon

Complaints

During the year under review, fifteen (15) major complaints were received in the Eastern Regions, all were resolved. Twenty (20) major complaints were received in the Western Region, sixteen (16) of which were resolved at the district level, one (1) was resolved at Head Office while the other three (3) are awaiting further investigations.

IRRIGATION WATER APPLICATIONS

New Project Areas

The new project areas Beacon/Little Park in St. Elizabeth and Seven Rivers in St. James continue to experience growth in the number of customers as well as hectares (acreage) under production. At the end of March 2010, Beacon/Little Park Irrigation System had 188 customers with 263.05 hectares of land, an overall increase of 35% and 26% respectively. The Seven Rivers Irrigation System now has 13 customers with 11.94 hectares of land, an increase of 6% and 81% respectively. An additional 2 applications are now being processed for Beacon/Little Park Irrigation System.



Sweet potato cultivation under sprinkler irrigation in Beacon/Little Park, St. Elizabeth

Eastern Region (St. Catherine, Yallahs)

Applications for the year under review increased by 60% from 63 to 101 and have been categorized as follows:-

1. Eighty-six (86) were approved;
2. Fifteen (15) are awaiting approval.

These applications received during the period accounted for 228.97 hectares of land.

Western Region (Mid-Clarendon, Hounslow, Braco)

Applications received increased by 39% from 128 to 178 and were categorized as follows:-

1. One hundred and thirty-seven (137) were approved;
2. Forty-one (41) are awaiting approval.

The One Hundred and Seventyeight (178) applications received during the period, accounted for 282.43 hectares of land.

Finance & Corporate Planning

CORPORATE OBJECTIVES

To continue development of financial management systems to provide accurate, reliable, timely and relevant information for decision-making to ensure that financial resources are optimally developed to drive service delivery.

Financial Summary

The Commission incurred a deficit of \$113M for the 2010 financial year. This deficit represented a \$71M or 169% increase on the deficit of \$42M incurred in the prior year. Revenue from our core business (water sales and drainage charges) increased significantly by \$59M or 42% when compared to the prior year. Increased revenue was driven primarily by increased demand for irrigation water due to a significant drought that affected the country during the financial year.

The Government of Jamaica (GOJ) reduced its subvention to the Commission by 9% or \$43M when compared to the prior year. This decrease in the GOJ subvention combined with a sharp increase in operating costs resulted in a 90% or \$96M decline in operating income.

Operating costs increased by 18% or \$96M; driven primarily by a \$76M or 50% increase in pump electricity costs when compared to the prior year. Consequent to the drought that affected the Country during the financial year, the Commission was compelled to supply significantly higher volumes of water, than is normal, to its customers (primarily farmers) in order to mitigate the effects of the drought thereby incurring significantly higher pump electricity costs than are typical.

Total costs grew modestly by 12% or \$88M and reflects

management's efforts to ensure that all areas of operations were driven by a least-cost approach, given the significant impact of increased electricity costs during the period.

Total assets increased marginally by \$35M or 3% when compared to the prior year. This increase was mainly due to a \$36M or 16% increase in current assets arising primarily as a result of a \$40M gift of irrigation pipes from the Chinese Government that is included in inventories.

There was a build up of accounts payables attributable primarily to amounts payable to the Jamaica Public Service Company Limited, mainly for pump electricity charges incurred during the period that resulted in current liabilities increasing significantly by \$116M or 64%. This less than ideal position was brought about due, notably, to less than adequate disbursements by the GOJ in support of the Commission's annual electricity budget for pump electricity charges.

Consequently, the Commission's current assets ratio deteriorated from 1.23:1 in the prior year to 0.87:1 in the current year.

As a result of the deficit incurred from operations during the financial year, Shareholders' Equity declined by 20% from \$577M to \$464M.

Highlights of International Financial Reporting Standards (IFRS)

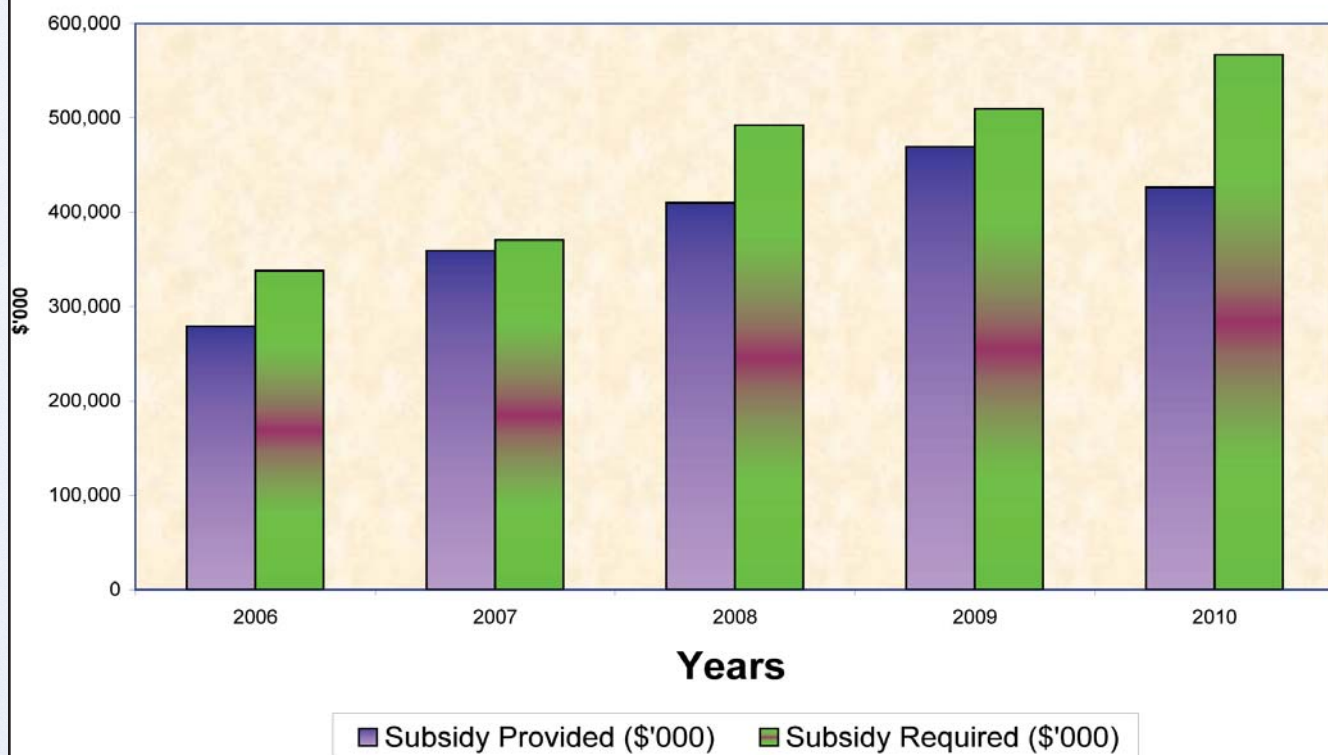
For the year ended March 31, 2010, certain new IFRS and interpretations of and amendments to, existing standards were in issue but are not yet effective and have not been early-adopted by the Commission.

Consequently, these new standards had no effect on the Company's financial position or operating results.

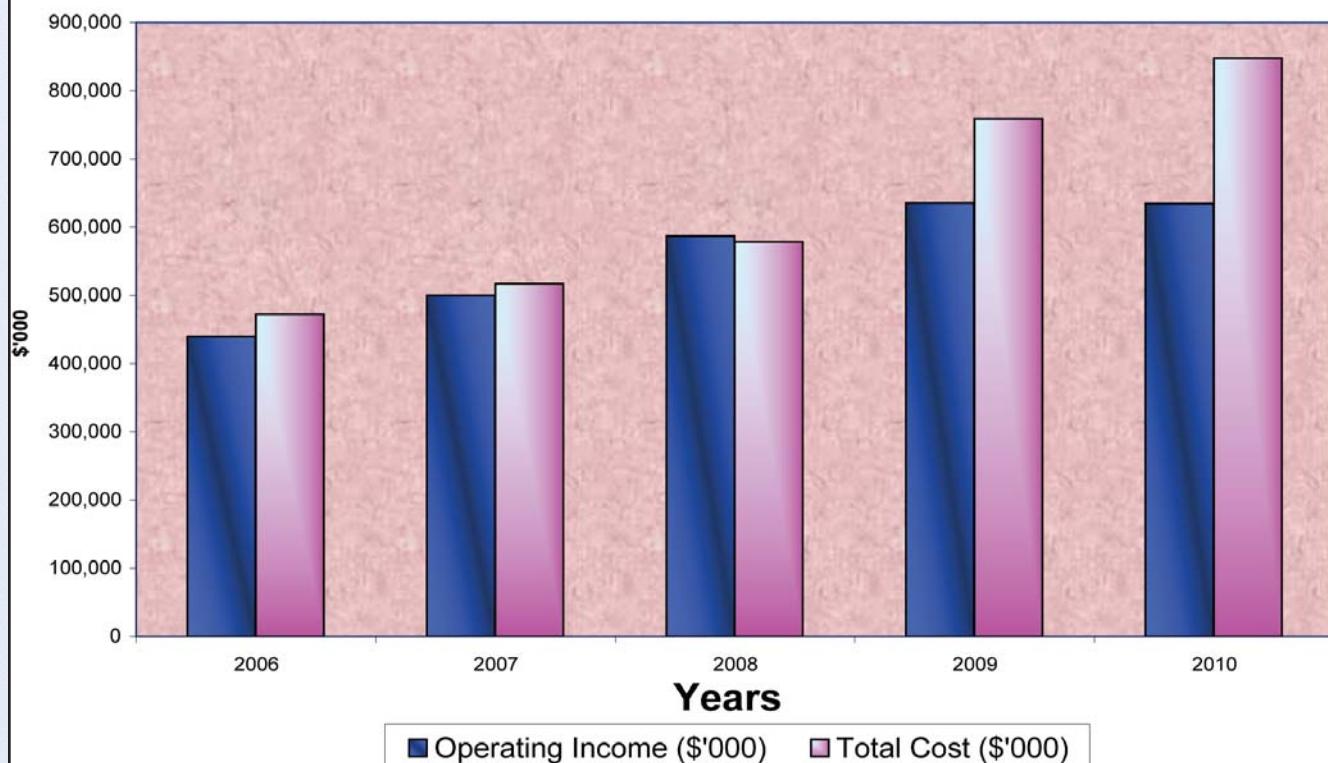
National Irrigation Commission Limited Five Year Statistics

SIGNIFICANT METRICS	\$'000	\$'000	\$'000	\$'000	\$'000
	2010	2009	2008	2007	2006
Shareholders Equity	463,834	576,922	618,993	557,662	523,039
% Inc./(decr.) compared to prior year	-19.60%	-6.80%	11.00%	6.62%	4.38%
PROFIT AND LOSS ACCOUNT					
Operating Revenue	634,806	635,076	587,265	499,885	439,265
(% Dec.)/% Inc. compared to prior year	-0.04%	8.14%	17.48%	13.80%	6.65%
Accumulated Surplus/(Deficit)	55,704	168,791	210,863	149,531	114,909
(% Decr.)/% Inc. compared to prior year	-67%	-20%	41%	30%	24%
IMPORTANT RATIOS					
Admin. Exp. as a % of Total Costs	26.32%	30.41%	26.87%	24.27%	21.93%
Operating Exp. as a % of Total Costs	73.67%	69.59%	73.15%	75.73%	78.05%
Electricity Exp. as a % of Total Costs	26.87%	20.02%	20.51%	21.54%	18.68%
Electricity Exp. as a % of Operating Costs	36.48%	28.77%	28.04%	28.45%	23.93%
Rates as a % of Total Costs	23.59%	18.51%	24.07%	27.94%	23.42%
Rates as a % of Operating Costs	32.02%	26.60%	32.90%	36.90%	30.01%
GOJ Subsidy as a % of Total Costs	50.34%	61.82%	71.98%	71.46%	59.13%
GOJ Subsidy as a % of Operating Costs	68.33%	88.84%	98.40%	94.37%	75.76%

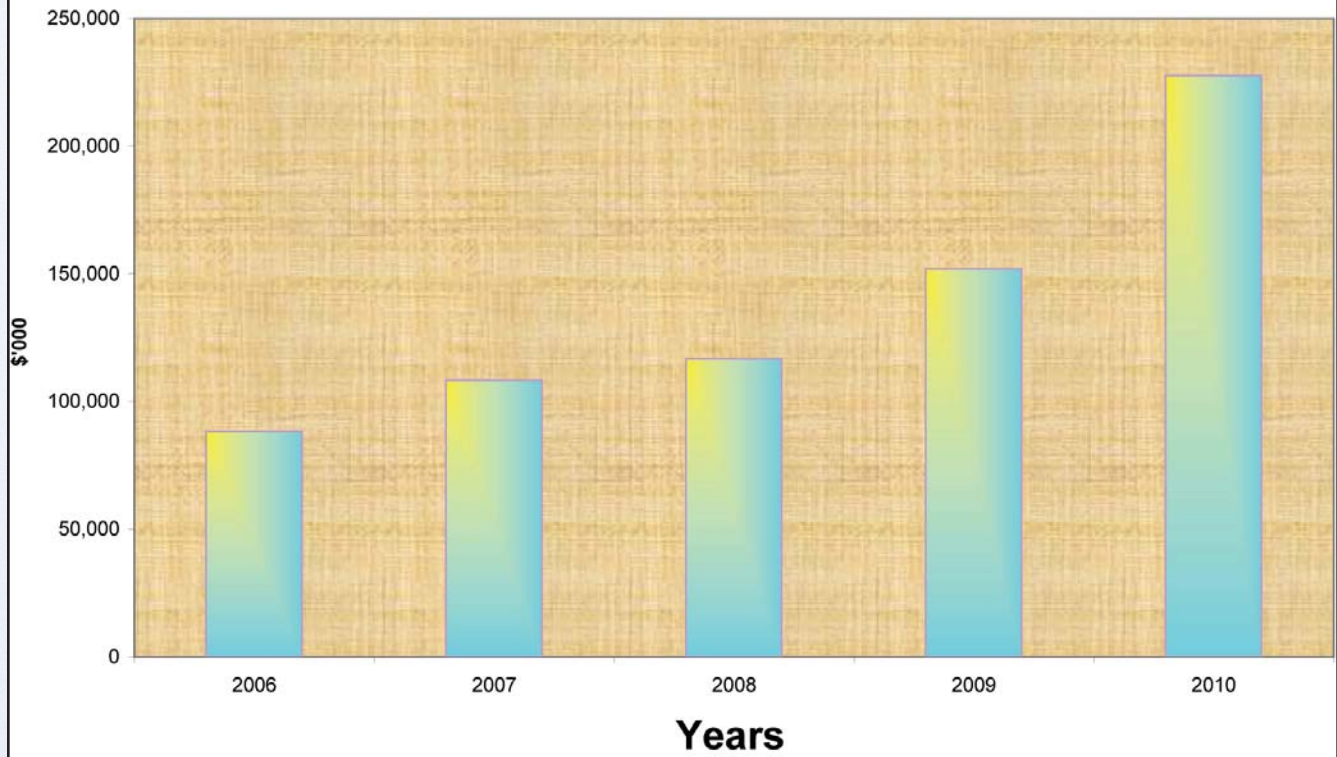
Government of Jamaica Subsidy on behalf of Farmers



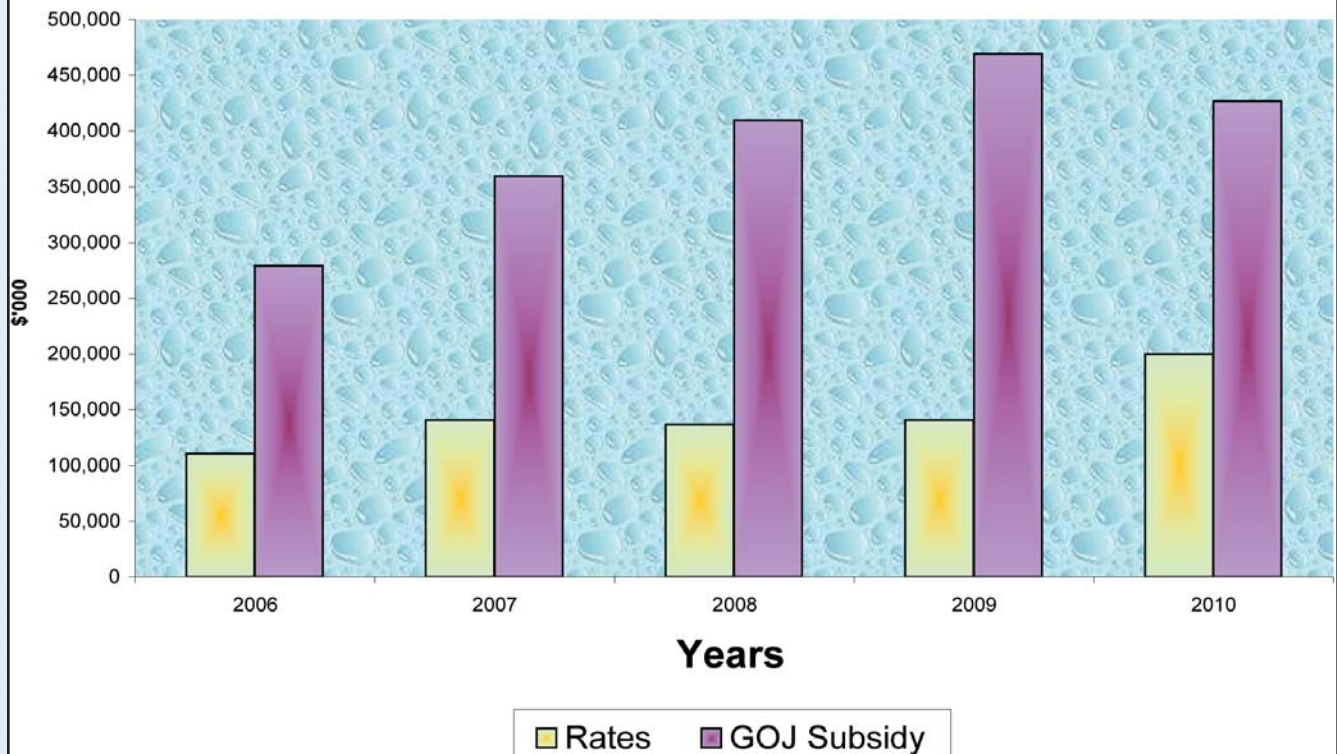
Operating Income vs Expenditure



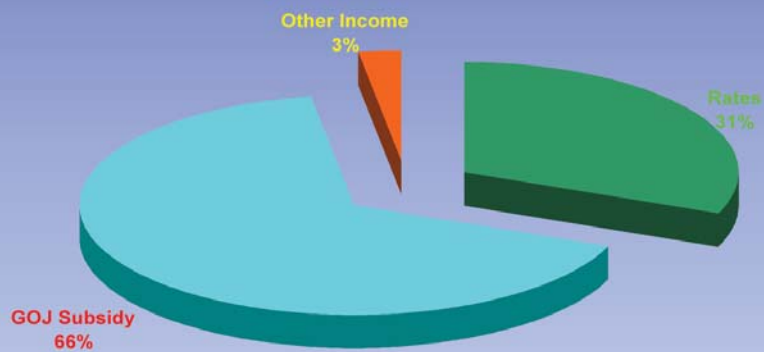
Electricity Cost



Rates vs GOJ Subsidy



Distribution of Income for the year 2010





Financial Statements

March 31, 2010



KPMG
Chartered Accountants
The Victoria Mutual Building
6 Duke Street
Kingston
Jamaica, W.I.

P.O. Box 76
Kingston
Jamaica, W.I.
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INDEPENDENT AUDITORS' REPORT

To the Members of
NATIONAL IRRIGATION COMMISSION LIMITED

Report on the Financial Statements

We have audited the financial statements of National Irrigation Commission Limited (company), set out on pages 54 to 83, which comprise the balance sheet as at March 31, 2010, statements of comprehensive income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error selecting and consistently applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. 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, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative

Elizabeth A. Jones
Caryl A. Fenton
R. Tarun Handa
Patrick A. Chin
Patricia C. Dailey-Smith

Linroy J. Marshall
Cynthia L. Lawrence
Rajan Trenan
Norman O. Rainford
Nigel R. Chambers



To the Members of
NATIONAL IRRIGATION COMMISSION 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, 2010, 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.

Additional reporting requirements of 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 and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner so required.



Chartered Accountants
Kingston, Jamaica

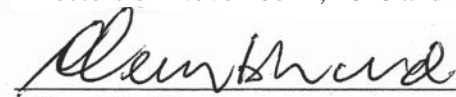
November 2, 2010

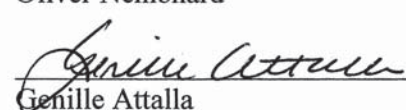
NATIONAL IRRIGATION COMMISSION LIMITED

Balance Sheet
March 31, 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
CURRENT ASSETS			
Cash and cash equivalents	4	86,381,297	67,364,724
Resale agreements	5	33,104,868	58,552,169
Accounts receivable	6	75,264,088	76,290,933
Inventories	7	50,516,765	10,423,363
Current portion of long-term receivables	9	9,798,631	8,470,249
Income tax recoverable		<u>6,200,705</u>	<u>4,563,413</u>
Total current assets		<u>261,266,354</u>	<u>225,664,851</u>
NON-CURRENT ASSETS			
Employee benefit asset	8	-	32,304,000
Long-term receivables	9	18,785,352	17,014,309
Property, plant and equipment	10	809,772,824	823,647,611
Deferred tax asset	11	<u>64,114,865</u>	<u>20,318,077</u>
Total non-current assets		<u>892,673,041</u>	<u>893,283,997</u>
Total assets		<u>\$1,153,939,395</u>	<u>1,118,948,848</u>
CURRENT LIABILITIES			
Accounts payable and accrued charges	12	196,503,236	101,957,312
Government of Jamaica project advances	13	<u>103,742,826</u>	<u>81,603,884</u>
Total current liabilities		300,246,062	183,561,196
NON-CURRENT LIABILITIES			
Deferred credit, being total non-current liabilities	14	<u>389,859,044</u>	<u>358,466,029</u>
Total liabilities		<u>690,105,106</u>	<u>542,027,225</u>
EQUITY			
Share capital	15	100	100
Capital reserve	16	408,130,161	408,130,161
Accumulated surplus		<u>55,704,028</u>	<u>168,791,362</u>
Total equity		<u>463,834,289</u>	<u>576,921,623</u>
Total liabilities and equity		<u>\$1,153,939,395</u>	<u>1,118,948,848</u>

The financial statements on pages 54 to 83 were approved for issue by the Board of Directors on November 2, 2010 and signed on its behalf by:

 Chairman
 Oliver Nembhard

 Director
 Genille Attalla

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

NATIONAL IRRIGATION COMMISSION LIMITED

Statement of Comprehensive Income Year ended March 31, 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
Operating revenue:			
Water sales and drainage charges		199,933,806	140,508,074
Government of Jamaica subsidy on behalf of farmers	17	426,616,417	469,307,035
Other funding for non-capital expenditure		<u>8,255,824</u>	<u>25,261,514</u>
		634,806,047	635,076,623
Cost of producing water and distributing it to farm gates		<u>(624,357,827)</u>	<u>(528,263,139)</u>
Gross operating surplus		10,448,220	106,813,484
Amortisation of deferred credit	14	39,335,337	36,261,773
Other income	18	16,483,417	31,094,547
Administration expenses		<u>(223,069,477)</u>	<u>(230,834,916)</u>
Loss before finance costs and taxation		(156,802,503)	(56,665,112)
Finance costs	19	<u>(81,619)</u>	<u>(13,992)</u>
Loss before taxation		(156,884,122)	(56,679,104)
Taxation credit	20	<u>43,796,788</u>	<u>14,607,467</u>
Loss being total comprehensive loss for the year	21	<u>\$(113,087,334)</u>	<u>(42,071,637)</u>

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

NATIONAL IRRIGATION COMMISSION LIMITED

Statement of Changes in Equity Year ended March 31, 2010

	Share <u>capital</u> (Note 15)	Capital <u>reserve</u> (Note 16)	Accumulated <u>surplus</u>	<u>Total</u>
Balances at March 31, 2008	100	408,130,161	210,862,999	618,993,260
Loss, being total comprehensive loss for the year -	-	-	(42,071,637)	(42,071,637)
Balances at March 31, 2009	100	408,130,161	168,791,362	576,921,623
Loss, being total comprehensive loss for the year -	-	-	(113,087,334)	(113,087,334)
Balances at March 31, 2010	<u>\$100</u>	<u>408,130,161</u>	<u>55,704,028</u>	<u>463,834,289</u>

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

NATIONAL IRRIGATION COMMISSION LIMITED

Statement of Cash Flows Year ended March 31, 2010

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Loss for the year	(113,087,334)	(42,071,637)
Adjustments to reconcile loss for the year to net cash provided by operating activities:		
Depreciation	45,956,591	41,164,055
Loss/(gain) on disposal of property, plant and equipment	266,596	(139,163)
Amortisation of deferred credit	(39,335,337)	(36,261,773)
Capital work-in-progress written-off	8,255,824	-
Employee benefit asset	32,304,000	26,753,000
Taxation credit	(43,796,788)	(14,607,467)
Interest income	(5,913,277)	(9,067,629)
Foreign exchange gain	(268,374)	(4,797,364)
	(115,618,099)	(39,027,978)
Decrease/(increase) in current assets:		
Resale agreements	25,447,301	19,605,671
Accounts receivable	2,017,618	(4,964,543)
Inventories	(40,093,402)	(785,225)
Income tax recoverable	(1,637,292)	(2,392,471)
(Decrease)/increase in current liabilities:		
Accounts payable and accrued charges	94,545,924	30,818,494
Government of Jamaica project advances	22,138,942	(67,357,453)
Income taxes paid	-	(27,728,571)
Net cash used by operating activities	(13,199,008)	(91,832,076)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(41,131,224)	(46,923,415)
Proceeds from disposal of property, plant and equipment	527,000	186,000
Interest received	4,922,504	9,169,515
Long-term receivables	(3,099,425)	4,454,361
Net cash used by investing activities	(38,781,145)	(33,113,539)
Cash flows from financing activity:		
Capital grants, being net cash provided by financing activity	70,728,352	44,128,555
Net increase/(decrease) in cash and cash equivalents	18,748,199	(80,817,060)
Cash and cash equivalents at beginning of the year	67,364,724	143,384,420
Effect of exchange rate fluctuations on cash held	268,374	4,797,364
Cash and cash equivalents at end of the year	\$ 86,381,297	67,364,724

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

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements
March 31, 2010

1. Identification

National Irrigation Commission Limited (company) is incorporated and domiciled in Jamaica, and is wholly-owned by the Government of Jamaica through the Accountant General. The company's registered office is located at 191 Old Hope Road, Kingston 6.

The principal activities of the company are:

- (a) The management, operation, maintenance and expansion of existing and future irrigation schemes established by the Government. The principal schemes currently in operation are Black River, Braco, Hounslow, Mid-Clarendon, Rio Cobre, Yallahs, Beacon/Little Park, Seven Rivers and St. Dorothy.
- (b) The identification and designation of the persons who shall be entitled to use the water generated by the irrigation schemes and the fixing and collection of rates or charges for such services rendered.

2. Statement of compliance, basis of preparation and accounting estimates and judgements

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretation, issued by the International Accounting Standards Board ("IASB"), and comply with the provisions of the Jamaican Companies Act.

Standards which became effective during the year:

Certain new standards and interpretations of, and amendments to, existing standards, which were in issue, came into effect for the current financial year. Those which management considers to be relevant to the company are as follows:

- Revised IAS 1 - Presentation of Financial Statements requires presentation of all non-owners changes in equity either in a single statement of comprehensive income, or in an income statement and a statement of comprehensive income. Revised IAS 1 also requires that a statement of financial position be presented at the beginning of the comparative period when the entity restates the comparatives, a disclosure for reclassification adjustments and disclosure of dividends and related per share amounts to be disclosed on the face of the statement of changes in equity or in the notes. The amendments did not have any significant impact on the financial statement and the company has adopted a single statement of comprehensive income.
- Amendments to IFRS 7 Financial Instruments: Disclosures requires enhanced disclosures in respect of two aspects: disclosures over fair value measurement relating to financial instruments specifically in relation to disclosures over the inputs used in valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk to address current diversity in practice. The revisions did not have any significant impact on the company's financial statements.
- IAS 36 (Amendment), Impairment of assets. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. This amendment did not have any impact on the company's financial statements.

2. Statement of compliance, basis of preparation and accounting estimates and judgements (cont'd)

(a) Statement of compliance (cont'd):

Standards and interpretations not yet effective:

At the date of authorisation of the financial statements, certain new standards, and amendments to and interpretations of existing standards were in issue, but were not yet effective and which the company has not early-adopted. The company has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has concluded as follows:

- IFRS 9, Financial Instruments, is effective for annual reporting periods beginning on or after January 1, 2013. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The company is evaluating the impact that the standard will have on the financial statements.
- IAS 19 (Amendment), 'Employee benefits' (effective from 1 July 2009). This amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service give rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets amended to state that plan administration costs be deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. The distinction between short term and long term employee benefits is now based on whether benefits are due to be settled within or after 12 months of employee service being rendered. There is also the deletion of guidance that states IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' requires contingent liabilities to be recognised. The company will apply this amendment from 1 April 2010.

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis, except for the inclusion of certain items of inventory at valuation, and are presented in Jamaica Dollars which is the functional currency of the company.

(c) Accounting estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

2. Statement of compliance, basis of preparation and accounting estimates and judgements (cont'd)

(c) Accounting estimates and judgements (cont'd):

Key sources of estimation uncertainty

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are presented below:

- Pension and other post-employment benefits:

The amounts recognised in the balance sheet and comprehensive income statement for pension and other post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets, and the discount rate used to determine the present value of estimated future cash flows required to settle the pension obligations.

The expected return on plan assets assumed considers the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimate of yield on long-term Government securities that have maturity dates approximating the terms of the company's obligation; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. Any changes in these assumptions would impact the amounts recorded in the financial statements for these obligations.

- Provision for bad debts:

In determining amounts recorded for impairment of accounts receivable in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from accounts receivable, for example, repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired accounts receivable, as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant accounts receivable and total trade accounts receivable with similar characteristics, such as credit risks.

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 amounts reflected in the financial statements.

3. Significant accounting policies

(a) 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.

3. Significant accounting policies (cont'd)

(b) Resale agreements:

The company purchases Government securities and agrees to resell them on a specified date and at a specified price ('resale agreements' or 'reverse repos'). The company, on paying cash to the counterparty, sometimes takes possession of the underlying securities, although title is not formally transferred, unless that counterparty fails to repurchase the securities on the date specified or to honour other conditions.

Resale agreements are accounted for as short-term collateralised lending. Resale agreements are classified as loans and receivables and are carried in the balance sheet at amortised cost. Interest earned on resale agreements is recognised as interest income over the life of each agreement using the effective interest rate method.

(c) Property, plant and equipment and depreciation:

(i) Owned assets

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses [see note 3(h)].

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the company and its cost can be reliably measured.

(ii) Depreciation

Property, plant and equipment are depreciated on the straight-line method at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Building and leasehold improvements	2½%
Utility plant	2-3%
Furniture, fixtures and equipment	10% and 20%
Computer equipment	20%
Motor vehicles	20%

The depreciation rates, useful lives and residual values are reassessed at each reporting date.

(d) Capital grants:

Grants for acquisition of property, plant and equipment and an amount equivalent to the value of property, plant and equipment received as gifts, (including an amount equivalent to the values ascribed to utility plant at the districts, which were taken over by way of gift in 1990), are included in the Deferred Credit account. Annually, an amount equivalent to the depreciation charge for the year on these assets is transferred to income (shown in the statement of comprehensive income).

3. Significant accounting policies (cont'd)

(e) Inventories:

Inventories are carried at the lower of cost, determined on the first-in-first-out basis, and valuation, being substantially salvage values determined by professional valuers.

(f) Projects managed:

Project receipts are deferred as advances. When utilised, they are allocated to Deferred Credit, if expenditure is for property plant and equipment, or to revenue, if expenditure is for period expenses. Costs accumulated in the project expenditure account are likewise appropriately allocated.

(g) Employee benefits:

Employee benefits comprise 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, annual leave; post-employments benefits such as pensions; and other 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. Post-employment benefits are accounted for as described below.

Post-employment employee benefits, comprising pension obligations included in the financial statements, are actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the company's post-employment benefit obligations as computed by the actuary. In carrying out their audit, the auditors rely on the work of the actuary and the actuary's report.

The company's net obligation in respect of defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at balance sheet date on long term Government bonds that have maturity dates approximating the terms of the company's obligation. The calculation is performed by a qualified actuary, using the projected unit credit method.

When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the statement of comprehensive income on the straight-line basis over the average period until the benefits become vested. To the extent that the benefits are vested immediately, the expense is recognised immediately in the statement of comprehensive income.

3. Significant accounting policies (cont'd)

(g) Employee benefits (cont'd):

In calculating the company's obligation in respect of the plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent (10%) of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the statement of comprehensive income over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(h) Impairment:

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

(i) Calculation of recoverable amount:

The recoverable amount of the company's originated securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of an originated security and receivable is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Significant accounting policies (cont'd)

(i) Taxation:

Income tax on the surplus or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable surpluses will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Accounts receivable:

Accounts receivable are stated at their cost, less impairment losses.

(k) Accounts payable and accrued charges:

Accounts payable and accrued charges are stated at their cost.

(l) Foreign currencies:

Foreign currency balances at the reporting date are translated at the rates of exchange ruling on that date.

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in the statement of comprehensive income.

(m) Related parties:

A party is related to an entity if:

- (i) directly, or indirectly through one or more intermediaries, the party:
 - (a) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - (b) has an interest in the entity that gives it significant influence over the entity; or
 - (c) has joint control over the entity;

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd) March 31, 2010

3. Significant accounting policies (cont'd)

(m) Related parties (cont'd):

- (ii) the party is an associate (as defined in IAS 28, *Investments in Associates*) of the entity;
- (iii) the party is a joint venture in which the entity is a venturer (see IAS 31, *Interests in Joint Ventures*);
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party 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.

4. Cash and cash equivalents

	<u>2010</u>	<u>2009</u>
Cash	432,124	263,143
Bank balances	<u>85,949,173</u>	<u>67,101,581</u>
	<u>\$86,381,297</u>	<u>67,364,724</u>

5. Resale agreements

At the balance sheet date, the fair value of underlying securities used as collateral for resale agreements was \$34,898,298 (2009: \$54,753,899).

6. Accounts receivable

	<u>2010</u>	<u>2009</u>
Trade receivables for water sales and drainage charges	53,398,027	55,874,065
Provision for probable losses	<u>(17,270,000)</u>	<u>(22,596,127)</u>
	36,128,027	33,277,938
Other receivables	<u>39,136,061</u>	<u>43,012,995</u>
	<u>\$75,264,088</u>	<u>76,290,933</u>

7. Inventories

	<u>2010</u>	<u>2009</u>
At cost	46,142,709	6,049,307
At valuation	<u>4,374,056</u>	<u>4,374,056</u>
	<u>\$50,516,765</u>	<u>10,423,363</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)

March 31, 2010

7. Inventories (cont'd)

During the year, the company received pipes costing \$41,993,367 as a grant from the Chinese Government. Inventories also consist of pipe fittings and machinery spares which have, in the main, been left over from previous capital projects. The directors are of the view that these items have future usefulness, in some cases, with appropriate modifications and/or enhancements. Inventories at all locations were, therefore, revalued as at March 31, 1995 by Fisher Pryce & Associates, Consulting Engineers, and at St. Dorothy as at March 31, 1999 by Express Traders & Contractors Limited. The surplus arising on revaluation was credited to the Deferred Credit account (note 14).

To the extent that revalued inventories are consumed (and charged to expense), an equivalent amount is transferred from Deferred Credit to income.

8. Employee benefit asset

The company sponsors a defined-benefit contributory pension scheme for all employees who have satisfied certain minimum service requirements. The benefits are computed at 2% of pensionable salary for each year of membership in the plan and on other increments as determined by the pension plan.

Amounts recognised in the financial statements in respect of this benefit are as follows:

(a) Asset recognised in balance sheet:

	<u>2010</u>	<u>2009</u>
Present value of funded obligations	(642,335,000)	(386,301,000)
Fair value of plan assets	<u>551,868,000</u>	<u>418,605,000</u>
Net asset	(90,467,000)	32,304,000
Unrecognised actuarial losses/(gains)	180,773,000	61,167,000
Unrecognised asset due to section 58	(90,306,000)	(61,167,000)
Asset recognised in balance sheet	\$ <u>-</u>	<u>32,304,000</u>

Movement in the net asset recognised in the balance sheet:

	<u>2010</u>	<u>2009</u>
Balance at beginning of year	32,304,000	59,057,000
Contributions paid	15,253,000	17,687,000
Benefit expense	(47,557,000)	(44,440,000)
Balance at end of year	\$ <u>-</u>	<u>32,304,000</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)

March 31, 2010

8. Employee benefit asset (cont'd)

(b) (i) Movements in the liability for defined benefit obligation:

	<u>2010</u>	<u>2009</u>
Present value of obligation as at April 1, 2009	386,301,000	303,589,000
Benefits paid	(4,950,000)	(11,300,000)
Service and interest costs	73,240,000	48,308,000
Contributions	10,895,000	14,601,000
Actuarial loss	<u>176,849,000</u>	<u>31,103,000</u>
Present value of obligation at March 31, 2010	<u>\$642,335,000</u>	<u>386,301,000</u>

(ii) Movement in plan assets:

	<u>2010</u>	<u>2009</u>
Fair value of plan assets as April 1, 2009	418,605,000	421,234,000
Contributions paid	26,429,000	32,288,000
Actual return on plan assets	119,706,000	(18,127,000)
Benefits paid	(12,872,000)	(16,790,000)
Fair value of plan assets at March 31, 2010	<u>\$551,868,000</u>	<u>418,605,000</u>

Plan assets consist of the following:

	<u>2010</u>	<u>2009</u>
Equity Fund	142,850,000	106,178,000
Money Market Fund	81,033,000	41,703,000
Mortgage and Real Estate Fund	56,629,000	67,254,000
Fixed Income Fund	117,983,000	88,898,000
Foreign Currency Fund	153,103,000	111,857,000
Annuity not yet deducted from fund	(2,170,000)	-
Uninvested contributions	<u>2,440,000</u>	<u>2,715,000</u>
Total assets	<u>\$551,868,000</u>	<u>418,605,000</u>

(c) Expense recognised in the statement of comprehensive income:

	<u>2010</u>	<u>2009</u>
Current service costs	17,573,000	14,027,000
Interest on obligation	55,667,000	34,281,000
Expected return on plan assets	(56,029,000)	(56,083,000)
Recognised actuarial gain	1,207,000	(470,000)
Change in unrecognised asset	<u>29,139,000</u>	<u>52,685,000</u>
Recognised in the statement of comprehensive income (see note 22)	<u>\$47,557,000</u>	<u>44,440,000</u>
Actual return on plan assets	<u>26%</u>	<u>(5%)</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)

March 31, 2010

8. Employee benefit asset (cont'd)

(d) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	<u>2010</u>	<u>2009</u>
Discount rate		
	11.5%	16.0%
Expected return		
on plan assets	9.0%	13.0%
Future salary		
increases	7.5%	13.0%
Future pension		
increases	<u>7.5%</u>	<u>6.5%</u>

(e) Historical information:

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
	\$	\$	\$	\$	\$
Present value of defined benefit obligation	(642,335,000)	(386,301,000)	(303,589,000)	(289,236,000)	(205,697,000)
Fair value of plan assets	<u>551,868,000</u>	<u>418,605,000</u>	<u>421,234,000</u>	<u>342,449,000</u>	<u>278,796,000</u>
Deficit/surplus in plan	(<u>90,467,000</u>)	<u>32,304,000</u>	<u>117,645,000</u>	<u>53,213,000</u>	<u>73,099,000</u>
Experience adjustments arising on plan liabilities	<u>176,849,000</u>	<u>31,103,000</u>	<u>32,562,000</u>	(<u>44,324,000</u>)	<u>23,515,000</u>
Experience adjustments arising on plan assets	(<u>56,036,000</u>)	(<u>79,700,000</u>)	<u>19,427,000</u>	<u>8,426,000</u>	(<u>41,517,000</u>)

The company expects to pay \$32,492,000 in contributions to the plan in 2010/2011.

9. Long-term receivables

	<u>2010</u>	<u>2009</u>
Refundable utility deposits	2,575,379	2,575,379
Employee loans	<u>26,008,604</u>	<u>22,909,179</u>
	28,583,983	25,484,558
Less: Current portion	(<u>9,798,631</u>)	(<u>8,470,249</u>)
	<u>\$18,785,352</u>	<u>17,014,309</u>

Employee loans are for the purchase of motor vehicles. The loans are repayable over 4-8 years. The loans are interest-free and are secured by the respective motor vehicles on which the loan are outstanding.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)

March 31, 2010

10. Property, plant and equipment

	<u>Building & leasehold improvements</u>	<u>Utility plant</u>	<u>Furniture, fixtures & equipment</u>	<u>Motor vehicles</u>	<u>Capital work-in- progress</u>	<u>Total</u>
Cost:						
March 31, 2008	41,743,776	1,622,344,119	46,966,927	37,160,016	58,205,502	1,806,420,340
Additions	-	12,984,185	6,273,913	10,321,820	17,343,497	46,923,415
Disposals	-	-	(145,935)	(838,000)	-	(983,935)
Reclassification	-	6,525,228	-	-	(6,525,228)	-
March 31, 2009	41,743,776	1,641,853,532	53,094,905	46,643,836	69,023,771	1,852,359,820
Additions	-	260,960	18,425,692	-	22,444,572	41,131,224
Disposals	-	-	(31,562)	(982,286)	-	(1,013,848)
Reclassification	14,740,647	49,576,181	418,606	-	(64,735,434)	-
Written-off	-	-	-	-	(8,255,824)	(8,255,824)
March 31, 2010	<u>56,484,423</u>	<u>1,691,690,673</u>	<u>71,907,641</u>	<u>45,661,550</u>	<u>18,477,085</u>	<u>1,884,221,372</u>
Depreciation:						
March 31, 2008	9,849,425	939,153,975	30,137,003	9,344,849	-	988,485,252
Charge for the year	1,123,441	31,841,933	4,757,659	3,441,022	-	41,164,055
Eliminated on disposals	-	-	(99,098)	(838,000)	-	(937,098)
March 31, 2009	10,972,866	970,995,908	34,795,564	11,947,871	-	1,028,712,209
Charge for the year	1,123,441	33,497,968	7,281,997	4,053,185	-	45,956,591
Eliminated on disposals	-	-	(23,795)	(196,457)	-	(220,252)
March 31, 2010	<u>12,096,307</u>	<u>1,004,493,876</u>	<u>42,053,766</u>	<u>15,804,599</u>	<u>-</u>	<u>1,074,448,548</u>
Net book values:						
March 31, 2010	<u>\$44,388,116</u>	<u>687,196,797</u>	<u>29,853,875</u>	<u>29,856,951</u>	<u>18,477,085</u>	<u>809,772,824</u>
March 31, 2009	<u>\$30,770,910</u>	<u>670,857,624</u>	<u>18,299,341</u>	<u>34,695,965</u>	<u>69,023,771</u>	<u>823,647,611</u>
March 31, 2008	<u>\$31,894,351</u>	<u>683,190,144</u>	<u>16,829,924</u>	<u>27,815,167</u>	<u>58,205,502</u>	<u>817,935,088</u>

Included in building and leasehold improvements is leasehold improvement of \$39,218,828 (2009: \$24,478,181).

Capital work-in-progress represents internal projects, relating to lining of canals, construction of building and other construction works, funded by the Government of Jamaica, which are undertaken and managed by the company. The estimated cost to complete building expansion at the head office is \$4,516,826. The costs to complete other projects have not been quantified to date. There are currently no contractual commitments related to completion of these projects as they are being carried out by the Commission, as and when funds become available.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)

March 31, 2010

11. Deferred tax (asset)/liability

Deferred tax (asset)/liability is attributable to the following:

	<u>2010</u>	<u>2009</u>
Property, plant and equipment	(22,909,866)	(9,770,112)
Accounts receivable	330,258	407,200
Accounts payable and accrued charges	(11,609,951)	(11,715,561)
Unrealised exchange gains	89,458	1,599,121
Tax losses	(30,014,764)	(11,606,677)
Employee benefit asset	-	<u>10,767,952</u>
	<u>\$(64,114,865)</u>	<u>(20,318,077)</u>

Movement in temporary differences during the year:

	<u>Balance at March 31, 2009</u>	<u>Recognised in income</u> [Note 20 (a) (ii)]	<u>Balance at March 31, 2010</u>
Property, plant and equipment	(9,770,112)	(13,139,754)	(22,909,866)
Accounts receivable	407,200	(76,942)	330,258
Accounts payable and accrued charges	(11,715,561)	105,610	(11,609,951)
Unrealised foreign exchange gain	1,599,121	(1,509,663)	89,458
Tax losses	(11,606,677)	(18,408,087)	(30,014,764)
Employee benefit asset	<u>10,767,952</u>	<u>(10,767,952)</u>	-
	<u>\$(20,318,077)</u>	<u>(43,796,788)</u>	<u>(64,114,865)</u>

12. Accounts payable and accrued charges

	<u>2010</u>	<u>2009</u>
Trade payables	135,362,796	38,584,901
Accrued expenses	3,243,935	12,033,193
Accrued vacation leave	34,829,854	33,150,253
Other payables	<u>23,066,651</u>	<u>18,188,965</u>
	<u>\$196,503,236</u>	<u>101,957,312</u>

13. Government of Jamaica project advances

This balance represents the net unspent portion of funds received from the Government of Jamaica and its agencies for the following projects:

<u>Project</u>	<u>2010</u>	<u>2009</u>
National Irrigation Development Plan (NIDP)		
- Implementation [see below]	75,186,290	46,241,091
Miscellaneous capital projects	8,850,579	4,701,790
Lining of canals	1,863,418	6,304,922
Fishing beach project	<u>17,842,539</u>	<u>24,356,081</u>
	<u>\$103,742,826</u>	<u>81,603,884</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)

March 31, 2010

13. Government of Jamaica project advances (cont'd)

The NIDP involves the implementation of an irrigation plan for Jamaica and is being jointly funded by the Caribbean Development Bank (CDB), Inter-American Development Bank (IDB) and the Government of Jamaica. The project is being administered by the company; however, disbursement of funds is made directly to contractors by the CDB, while the National Irrigation Commission Limited makes direct payments to contractors from the IDB funds.

14. Deferred credit

	<u>Balance</u> <u>2008</u>	<u>Movement</u> <u>during the year</u>	<u>Balance</u> <u>2009</u>	<u>Movement</u> <u>during the year</u>	<u>Balance</u> <u>2010</u>
Grant for acquisition of fixed assets (net of disposals)	77,403,288	29,831,234	107,234,522	64,735,434	171,969,956
Fixed assets gifted by Agro 21 Corp., net, in 1991	1,198,152	-	1,198,152	-	1,198,152
Fixed assets gifted by Ministry of Agriculture	1,203,061	-	1,203,061	-	1,203,061
Fixed assets transferred from NIDP Project	1,896,725	-	1,896,725	-	1,896,725
Fixed assets, other than utility plant, gifted by district irrigation authorities	3,520,295	-	3,520,295	-	3,520,295
Utility plant acquired under CD/I project and utility plant of previously unrecorded irrigation authorities capitalised during 1991	141,941,917	-	141,941,917	-	141,941,917
Utility plant acquired out of project funds	591,096,098	-	591,096,098	-	591,096,098
Revaluation surplus on inventories (note 7)	1,233,211	-	1,233,211	-	1,233,211
Irrigation pipes gifted by Chinese Government	-	-	-	41,993,367	41,993,367
Computers funded by the NIDP Project	-	-	-	14,546,237	14,546,237
Expenditure on contracts-in-progress (net of amounts expensed) (note 10) out of GOJ project advances	<u>54,726,450</u>	<u>14,297,321</u>	<u>69,023,771</u>	<u>(50,546,686)</u>	<u>18,477,085</u>
	874,219,197	44,128,555	918,347,752	70,728,352	989,076,104
Amortisation transferred to statement of comprehensive income	<u>(523,619,950)</u>	<u>(36,261,773)</u>	<u>(559,881,723)</u>	<u>(39,335,337)</u>	<u>(599,217,060)</u>
	<u>\$350,599,247</u>	<u>7,866,782</u>	<u>358,466,029</u>	<u>31,393,015</u>	<u>389,859,044</u>

The net book value of property, plant and equipment, with the cost of which the Deferred Credit account was increased at the date of acquisition, is eliminated from the Deferred Credit account on the disposal of the assets.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)

March 31, 2010

15. Share capital

	<u>2010</u>	<u>2009</u>
Authorised, issued and fully-paid:		
100 ordinary shares at no par value	<u>\$100</u>	<u>100</u>

16. Capital reserve

This represents previously determined revaluation surplus on property, plant and equipment which, on first time adoption of IFRS, was deemed part of the cost of the utility plant.

17. Government of Jamaica subsidy on behalf of farmers

The purpose of this subsidy is to significantly reduce the portion of the cost of providing irrigation water to farmers which would normally be recovered from them as rates. By this means, Government subsidises irrigated agriculture.

In light of the last review conducted by the Office of Utilities Regulation, it is the view of the company's Directors that the subsidy would need to be \$567 million (2009: \$509.5 million) in order for the company to deliver irrigation water as required by farmers, in the context of the schemes mentioned in note 1(a). However, \$426.6 million (2009: \$469.3 million) was approved by Parliament and paid to the company.

18. Other income

	<u>2010</u>	<u>2009</u>
Interest:		
From investments and cash & cash equivalents	5,091,546	8,461,533
Other	821,731	606,096
Amortisation of concessionary loans	4,680,776	3,411,507
Exchange gain	268,374	4,797,364
Service fees	3,087,704	1,783,012
(Loss)/gain on disposal of property, plant and equipment	(266,596)	139,163
Insurance settlements	541,018	379,471
Litigation settlements	-	9,650,000
Miscellaneous	<u>2,258,864</u>	<u>1,866,401</u>
	<u>\$16,483,417</u>	<u>31,094,547</u>

19. Finance costs

This comprises interest on bank overdraft.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)

March 31, 2010

20. Taxation

- (a) The provision for income tax is computed at 33 $\frac{1}{3}$ % of the results for the year, as adjusted for tax purposes, and is made up as follows:

	<u>2010</u>	2009
(i) Current tax charge:		
Provision for charge on current year's profits	-	-
Underprovision/(overprovision) of prior year tax charge	<u>-</u>	<u>2,615,595</u>
	-	2,615,595
(ii) Deferred tax:		
Origination and reversal of temporary differences (note 11)	<u>(43,796,788)</u>	<u>(17,223,062)</u>
Actual tax credit recognised	<u>\$(43,796,788)</u>	<u>(14,607,467)</u>

(B) RECONCILIATION OF EXPECTED TAX CHARGE TO ACTUAL TAX CHARGE

The effective tax rate for 2010 was (28%) (2009: 30%) of \$156,884,122 (2009: \$56,679,104) pre-tax loss, compared to the statutory tax rate of 33 $\frac{1}{3}$ % (2009: 33 $\frac{1}{3}$ %). The actual charge differs from the "expected" tax charge for the year as follows:

	<u>2010</u>	<u>2009</u>
Loss before taxation	<u>\$(156,884,122)</u>	<u>(56,679,104)</u>
Computed "expected" tax (credit)/expense	(52,289,478)	(18,891,193)
Tax effect of treating items differently for financial statements and tax reporting purposes -		
Depreciation charge and capital allowances	(7,131,531)	14,634,332
Accrued vacation leave	(454,265)	(288)
Unrealized gain on foreign exchange	(1,599,112)	(221,825)
Amortisation of deferred credits	(13,110,468)	(12,086,049)
Expenses not allowed for tax purposes	20,831	96,820
(Gain)/loss on disposal of property, plant and equipment	86,268	(46,384)
Employee benefit asset	(1,029)	(891)
Interest on concessionary loans	(1,146,562)	(706,424)
Prior year underprovision/(overprovision)	-	2,615,595
Tax losses c/f	<u>31,828,558</u>	<u>(1,160)</u>
Actual tax credit recognised	<u>\$(43,796,788)</u>	<u>(14,607,467)</u>

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)

March 31, 2010

21. Loss for the year

The following are among the items charged in arriving at loss for the year:

	<u>2010</u>	<u>2009</u>
	\$	\$
Directors' emoluments [note 23(c)]:		
Fees	2,029,500	1,546,125
Travel	1,561,112	1,199,971
Management remuneration	1,401,933	1,265,031
Compensation to former managing director for loss of office	-	5,378,979
Auditors' remuneration	1,900,000	1,512,500
Depreciation	<u>45,956,591</u>	<u>41,164,055</u>

22. Employee numbers and costs

The average number of persons employed by the company during the year was as follows:

	<u>2010</u>	<u>2009</u>
Full-time	144	140
Part-time	10	11
Other	<u>40</u>	<u>36</u>
	<u>194</u>	<u>187</u>

The aggregate payroll costs for these persons were as follows:

	<u>2010</u>	<u>2009</u>
Salaries	257,324,125	261,060,449
Statutory payroll contributions	9,375,358	10,699,365
Pension benefit cost (net of contribution) [note 8(c)]	47,557,000	44,440,000
Travel and subsistence	62,191,992	59,770,408
Gratuities	2,403,917	426,853
Training	3,214,064	7,526,190
Accrued vacation leave	1,679,601	8,016,152
Insurance scheme	22,146,933	18,903,320
Staff welfare	<u>4,450,580</u>	<u>3,798,613</u>
	<u>\$410,343,570</u>	<u>414,641,350*</u>

*After reclassification to conform to 2010 presentation.

NATIONAL IRRIGATION COMMISSION LIMITED

Notes to the Financial Statements (Cont'd)

March 31, 2010

23. Related party balances and transactions

Identity of related parties:

- (a) The company has a related party relationship with its associates and key management personnel, comprising directors and certain senior executives.
- (b) The balance sheet includes balances, arising in the ordinary course of business, with related parties as follows:

	<u>2010</u>	<u>2009</u>
	\$	\$
Accounts receivable:		
Directors	212,830	109,936
Long-term receivables:		
Employee loans - key management personnel	<u>2,272,633</u>	<u>2,417,232</u>

- (c) The statement of revenue and expenses includes transactions with key management personnel in the ordinary course of business, as follows:

	<u>2010</u>	<u>2009</u>
Compensation paid to key management personnel:		
Directors' emoluments (note 21)	4,992,545	9,390,106
Salaries to other key management personnel	24,034,096	26,458,421
Post-employment benefits	<u>4,904,000</u>	<u>4,358,000</u>
	<u>\$33,930,641</u>	<u>40,206,527</u>
Interest income	<u>\$ (258,111)</u>	<u>(275,659)</u>

24. Financial risk management

(a) Overview

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The company does not use derivative instruments as a risk management strategy at this time. Accordingly, exposure to credit, market and liquidity risks arises in the ordinary course of the company's business.

The company's financial instruments comprise cash and cash equivalents, resale agreements accounts receivable, long-term receivables, accounts payable and Government of Jamaica project advances. The items arise or are acquired mainly in connection with the company's operations. Information relating to fair values and risks is summarised below.

24. Financial risk management (cont'd)

(a) Overview (cont'd)

The company has exposure to the following risks from its use of financial instruments and its operations:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has established the Finance, Audit and General Purposes Committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Finance, Audit and General Purposes Committee oversees management's monitoring of compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Finance, Audit and General Purposes Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Finance, Audit and General Purposes Committee.

(b) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade receivables, investment securities and long-term motor vehicle loans to employees.

(i) Cash and cash equivalents and agreements

The company limits its exposure to credit risk by investing only in liquid securities that are backed by the Government of Jamaica through established counterparties that are licensed under the Financial Institutions Act and registered with the Financial Services Commission. Consequently, management does not expect any counterparties to fail to meet their obligations. Collateral is held for resale agreements.

24. Financial risk management (cont'd)

(b) Credit risk (cont'd)**(ii) Long-term receivables**

The company grants loans to its employees to facilitate the purchase of motor vehicles. Loans granted are secured by the registration of a lien on the motor vehicles acquired as well as a Bill of Sale. Loans are repayable over a period of 4-8 years; however, the repayment period may not exceed the expected remaining years to retirement of individual employees. Management does not expect any counterparty to fail to meet their obligations.

(iii) Trade receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The company has a policy under which each customer is analysed before being contracted for the supply of services. Contracted customers are required to make a refundable security deposit that is based on three months projected consumption with regard to the customer's holdings. Customers that fail to meet the company's benchmark for the supply of services may transact with the company on a prepayment basis.

The ten largest customers hold more than 50 percent of the company's trade receivables.

The Director of Commercial Operations has overall responsibility for ensuring the timely collection of outstanding receivables. The Commercial Department reports on the status of collections and receivables to the Finance, Audit and General Purposes Committee monthly.

Allowances for impairment

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables based on pre-determined criteria. The main component of this allowance is a specific loss component that relates to individual exposures.

Impairment losses

The aging of trade receivables (note 6) at balance sheet date was:

	<u>Carrying amount</u>	
	<u>2010</u>	<u>2009</u>
Not Past Due	17,494,059	12,040,772
Past Due 1-30 Days	8,988,183	12,865,337
Past Due 31-60 Days	4,518,564	3,518,533
Past Due 61-90 Days	3,243,450	1,209,982
More Than 90 Days	<u>19,153,771</u>	<u>26,239,441</u>
	<u>\$53,398,027</u>	<u>\$55,874,065</u>

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Notes to the Financial Statements (Cont'd)

March 31, 2010

24. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(iii) **Trade receivables (cont'd)**

The allowance account in respect of trade receivables is used to record impairment losses, unless the company is satisfied that no recovery of the amount owing is possible; at that point, management obtains permission from the Minister of Agriculture and Fisheries to write off the amounts against the receivable balance directly.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	<u>Carrying amount</u>	
	<u>2010</u>	<u>2009</u>
Balance as at April 1, 2009	22,596,127	15,318,759
Written off/(recovered)	(7,640,261)	(1,110,746)
Provision Recognised	<u>2,314,134</u>	<u>8,388,114</u>
Balance as at March 31, 2010	<u>\$17,270,000</u>	<u>22,596,127</u>

(iv) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at balance sheet date was:

	<u>Carrying amount</u>	
	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	86,381,297	67,364,724
Resale agreements	33,104,868	58,552,169
Trade accounts receivable	75,264,088	76,290,933
Long-term receivables:		
Current portion	9,798,631	8,470,249
Long-term portion	<u>18,785,352</u>	<u>17,014,309</u>
	<u>\$223,334,236</u>	<u>227,692,384</u>

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	<u>Carrying amount</u>	
	<u>2010</u>	<u>2009</u>
St. Thomas	143,679	106,146
St. Catherine	26,374,600	32,903,912
Clarendon	13,230,299	11,271,022
St. Elizabeth	12,653,807	10,773,707
Trelawny	846,083	785,030
St. James	<u>149,559</u>	<u>34,248</u>
	<u>\$53,398,027</u>	<u>55,874,065</u>

There has been no change to the company's exposure to credit risk or the manner in which it measures and manages the risk during the year.

24. Financial risk management (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenses.

The contractual outflow for accounts payable and accrued charges is represented by its carrying amount and may require settlement within 12 months of the balance sheet date. Government of Jamaica project advances represents the amounts remaining from Government grants and multilateral financing received to finance the company's capital budget as well as to undertake specific NIDP projects. Funds are received from the Government and multilateral agencies based on an approved budget.

There has been no change to the company's exposure to liquidity risk or the manner in which it measures and manages the risk during the year.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Currency risk

Exposure to currency risk

The company is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the functional currency of the company, primarily the United States Dollar (US\$). The company's net exposure at balance sheet date was:

	<u>2010</u> US\$	<u>2009</u> US\$
Cash and cash equivalents	242,212	327,417
Government of Jamaica project advances	<u>-</u>	<u>(64,322)</u>
Net Exposure	<u>242,212</u>	<u>263,095</u>

Notes to the Financial Statements (Cont'd)
March 31, 2010

24. Financial risk management (cont'd)

(d) Market risk (cont'd)

(i) Currency risk (cont'd)

The average exchange rate for the US dollar in terms of Jamaica dollars, at March 31, 2010 was: J\$89.2324 = US\$1.00 (2009: J\$88.3850).

Sensitivity Analysis:

A 5% (2009: 5%) strengthening/weakening of the Jamaica dollar against the United States dollar at March 31, 2010 would have increased/decreased equity and surplus or loss by \$1,080,658 (2009: \$1,162,683). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2010.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Profile:

At balance sheet date, the interest rate profile of the company's interest-bearing financial instruments was:

	Carrying amount	
	<u>2010</u>	<u>2009</u>
Resale agreements	\$33,104,868	58,552,169

A change of 100 basis points in interest rates would have increased or decreased loss by \$457K (2009: \$1.4M).

There has been no change to the company's exposure to market risk or the manner in which it measures and manages the risk during the year.

(e) Fair values

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Some of the company's financial instruments lack an available trading market.

The fair values of cash and cash equivalents, resale agreements accounts receivable, and accounts payable, balances are assumed to approximate to their carrying value, due to their short-term nature.

Long-term receivables are carried at their fair values.

24. Financial risk management (cont'd)

(e) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall company standards for the management of operational risk, including the following:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with the company's standards is supported by a programme of periodic reviews undertaken by the parent society's internal audit unit. The results of internal audit reviews are discussed with management, with summaries submitted to the Board of Directors, the Audit Committee and senior management, of the company, and action is taken to deal with the matters reported.

(g) Capital management

The company is not subject to any externally imposed capital requirements.

It is the Board's policy to maintain a strong capital base so as to sustain the future development of the company. The Board of Directors monitors the return on capital, which the company defines as total shareholders' equity.

25. Contingent liabilities

- (i) A claim has been made against the company for wrongful dismissal arising from the termination of an employee in December 1991. The company's attorneys are of the opinion that, in the unlikely event that the claim succeeds, damages and costs should not exceed \$200,000.
- (ii) A claim has been made against the company for negligence, costs and interest arising out of an accident on the Sir Alexander Bustamante Highway on the 18th December 1999. The company's attorneys are of the opinion that, in the unlikely event that the suit is pursued, the liability is not expected to exceed \$300,000.
- (iii) A claim has been made against the company for damages in the amount of \$2,254,630 arising from alleged damage to the crops of the plaintiff as a result of alleged disconnection of water supply. The company's attorneys are of the opinion that, in the very unlikely event that the claim succeeds, damages and costs should not exceed \$2,500,000.

Management considers that the company is adequately insured in respect of the above claims and no provision in the financial statements in these regards is considered necessary.

Appendix 1

SENIOR EXECUTIVES' COMPENSATION

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 (\$)
Internal Director 1	2009/2010	5,146,258	-	398,250	-	-	60,000	5,604,508
Internal Director 2	2009/2010	4,339,425	-	817,484	259,377	989,478	-	6,405,764
Internal Director 3	2009/2010	4,339,425	-	796,860	248,776	636,093	-	6,021,154
Internal Director 4	2009/2010	1,764,879	-	357,569	-	-	-	2,122,448
Internal Director 5	2009/2010	3,386,144	-	800,820	174,565	105,156	-	4,466,685
		18,976,131	-	3,170,983	682,718	1,730,727	60,000	24,620,559

Appendix 2

DIRECTORS' COMPENSATION

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including non-Cash Benefits as applicable (\$)	Total (\$)
Statutory Director 1	183,000.00	520,670.00	-	1,401,933.00	2,105,603.00
Statutory Director 2	132,000.00	9,120.00	-	-	141,120.00
Statutory Director 3	125,000.00	232,510.00	-	-	357,510.00
Statutory Director 4	125,500.00	187,690.00	-	-	313,190.00
Statutory Director 5	128,500.00	123,630.00	-	-	252,130.00
Statutory Director 6	112,000.00	100,780.00	-	-	212,780.00
Statutory Director 7	119,000.00	73,412.00	-	-	192,412.00
Statutory Director 8	153,500.00	-	-	-	153,500.00
Statutory Director 9	183,000.00	4,370.00	-	-	187,370.00
Statutory Director 10	155,000.00	-	-	-	155,000.00
Statutory Director 11	130,000.00	65,590.00	-	-	195,590.00
Statutory Director 12	135,000.00	2,520.00	-	-	137,520.00
Statutory Director 13	135,000.00	173,580.00	-	-	308,580.00
Statutory Director 14	111,000.00	-	-	-	111,000.00
Statutory Director 15	102,000.00	67,240.00	-	-	169,240.00
Total	2,029,500.00	1,561,112.00	-	1,401,933.00	4,992,545.00

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