



**KINGSTON WHARVES LIMITED**

**MINUTES OF ANNUAL GENERAL MEETING  
HELD ON THURSDAY, JUNE 23, 2016 AT 10:00 A.M.  
AT THE JAMAICA PEGASUS HOTEL,  
81 KNUTSFORD BOULEVARD, KINGSTON 5**

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**Present were:**

Mr. Jeffrey Hall	-	Chairman
Mr. Grantley Stephenson	-	CEO
Mr. Bruce Brecheisen	-	Director
Mr. Kim Clarke	-	Director
Dr. Marshall Hall	-	Director
Mr. Alvin Henry	-	Director
Mr. Roger Hinds	-	Director
Mr. Charles Johnston	-	Director
Mr. Harriat Maragh	-	Director
Mrs. Kathleen Moss	-	Director
Mr. Robert Scavone	-	Director
Mr. Dorian Valdes	-	Director

**In attendance were:**

Ms. Clover Moodie	-	Group Chief Financial Officer
Mr. Mark Williams	-	Chief Operating Officer
Ms. Anna I. Harry	-	Corporate Secretary/ Legal Counsel
Mr. Leighton McKnight	-	Senior Partner – PriceWaterhouseCoopers (PWC)
Ms. Allison Bernard	-	PriceWaterhouseCoopers (PWC)
Captain George Reynolds	-	MD - Security Administrators Limited
Mr. Lance Hylton	-	Hylton & Hylton – Attorneys-at-Law
Mr. Dean Panton	-	Chief Accountant, KWL
Mrs. Jodenia Ferguson-Bryan	-	Internal Audit Manager, KWL
Ms. Giselle Riley	-	Senior Accountant, KWL
Shareholders	-	See Appendix 1

**Call to order**

The Chairman called the meeting to order at 10:03 a.m. and extended a warm welcome to the shareholders as well as the company's Attorneys, Auditors and Bankers and other invited guests.

**Confirmation of Quorum**

The Secretary confirmed that the required quorum was present and that the meeting could proceed to business.

**Notice**

The Chairman directed the meeting's attention to notice of the meeting found on page 5 of the Annual Report, and he highlighted a typographical error in Resolution 6(ii) of the Notice which needed to be corrected. The meeting noted that the error was minor in nature and did not affect the substance of the Resolution. Accordingly, the following Resolution was passed unanimously, on a motion by Mr. Leon Francique, seconded by Mr. Stephen Bell:

*That the Notice of AGM be amended by deleting the reference to Article 122 in Resolution 6(ii) and replacing it with Article 112.*

### **Submission of Proxies and Corporate Representatives**

Shareholders were reminded that proxies should have been deposited with the company's Registrar and Transfer Agent, Jamaica Central Securities Depository Limited, 40 Harbour Street, Kingston at least 48 hours prior to the date of the meeting. The Chairman also advised shareholders that a list of those proxies was available for inspection.

### **Minutes of 2015 AGM, Articles of Incorporation and Share Register**

The Chairman advised the meeting that the Minutes of the last AGM, the Company's Articles of Incorporation and the shareholders' register were available for inspection. He reminded shareholders that for the purpose of recording the Minutes they were required to state their names, and he informed those in attendance that only registered shareholders or their appointed proxies or corporate representatives were allowed to participate and vote, if necessary.

### **Introduction of Board Members and Senior Management**

Thereafter shareholders were reintroduced to the other members of the Board, as well as to other senior management staff of the KWL group.

### **Auditors' Report**

The report of the Auditors to the members was read by Mr. Leighton McKnight of PriceWaterhouseCoopers (PWC).

### **Directors' Report and CEO's Presentation**

The meeting agreed to take the Directors' Report as read, and the Chairman then invited Mr. Stephenson to make a presentation on the company's performance for the year 2015 and the outlook for 2016.

The CEO's presentation highlighted the following elements of performance:

1. Over the period 2011-2015 Group Operating Profit increased by 145%, with KWL's and Security Administrators Limited's (SAL) Operating Profit increasing by 98% and 29% respectively.
2. While Harbour Cold Stores Limited's (HCS) Operating Profit had declined by 3.5% over the same period, 2015 had seen a 14% increase over 2014, following a restructuring exercise. Similarly, Operating Profit for KWL and SAL increased by 14% and 67% respectively in 2015 when compared to 2014.
3. KWL contributed 87% of the Group's revenues, while SAL and HCS contributed 11% and 2% respectively.
4. KWL's share price increased dramatically in 2015, having remained constant over the period 2011-2014, and earnings per share and dividends paid grew 125% and 686% respectively over the period 2011-2015, and by 49% and 25% respectively in 2015 when compared to 2014.
5. While domestic container volumes had fluctuated over the period, there had been a 23% increase in 2015 over 2014. 2015 had also seen a 7% increase in the number of transshipment motor vehicles handled, and a 5% increase in the number of domestic motor vehicles handled.

Mr. Stephenson also reported that there had been a strategic reorganisation of the Group's business activities into 2 distinct areas- port operations and logistics services (including warehousing,

security and cold storage). He shared that the Group intends to continue its programme of capital improvement in relation to both infrastructure and equipment, and he advised that in 2015 that programme had included the acquisition of a new crane; relocation of on-dock warehousing facilities; and commencement of construction of a new Total Logistics Facility, scheduled to be completed in May 2017.

Members were advised that the pattern of growth had continued into the first quarter of 2016, with Group revenue increasing by 18%; Operating Profit increasing by 46%; container volumes increasing by 3%; domestic tonnage increasing by 9%; and motor vehicle volumes increasing by 35%, when compared to prior year. Mr. Stephenson expressed the view that the Group has made positive advances towards achieving its strategic goals, and that the Group's long-term outlook is positive, notwithstanding looming challenges.

Following the conclusion of Mr. Stephenson's presentation, the Chairman invited questions from the shareholders. The Board and senior management addressed shareholders' concerns on a variety of issues, including strategies for dealing with future competition and challenges to growth; the prospect of increasing the amount KWL stock available in the market such as via an Employee Share Option Scheme, or a stock split, bonus issue or rights issue; KWL's dividend policy; and the accounting policy regarding impairment of receivables and fixed assets. Members were assured that both the Board and management maintain careful oversight over financial and operational affairs with a view to ensuring maximum shareholder value. The Chairman advised that the Board had declared an interim dividend of J\$0.14 per share in a meeting held on June 22, 2016, and he assured shareholders that consideration will be given to their suggestions and concerns.

Thereafter, attention reverted to the formal agenda and the following resolutions were tabled and passed.

**Ordinary Resolution No. 1 – Audited Financial Statements and Director's Reports**

The following resolution was passed unanimously on a motion by Mr. Charles Johnston which was seconded by Mr. Francique:

THAT the Audited Financial Statements for the year ended December 31, 2015 and the reports of Directors and Auditors circulated with the notice convening the meeting be adopted.

**Ordinary Resolution No. 2 – To approve and ratify dividend payments**

The following resolution was passed by majority vote on a motion by Mr. Bell which was seconded by Mr. Garfield Parris:

THAT as recommended by the Directors, the interim dividend of ten (10) cents per share paid on August 11, 2015, and of fifteen (15) cents per share paid on January 20, 2016, be and are hereby declared as final, and no further dividend be paid in respect of the year under review.

Mr. Staple opposed this Resolution.

**Ordinary Resolution No. 3 – Rotation of Directors**

On a motion by Mr. Bell, which was seconded by Mr. Dalphene Jackson, the members unanimously agreed to re-elect the retiring directors en bloc. The resolution to re-elect the directors was also passed unanimously in the following terms on a motion by Mr. Staple which was seconded by Mr. Johnston:

THAT the retiring Directors, Messrs. Jeffrey Hall, Alvin Henry and Bruce Brecheisen, and Mrs. Kathleen Moss be and are hereby re-elected Directors of the Company.

**Ordinary Resolution No. 4 – To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors.**

The following resolution, proposed by Mr. Harriat Maragh and seconded by Mr. Kim Clarke, was passed unanimously:

THAT PriceWaterhouseCoopers, Chartered Accountants, having agreed to continue in office as auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.

Mr. Staple expressed the view that the function of the auditor should be put to tender in 2016 to promote transparency. The Chairman indicated that the Board will explore this suggestion, but he noted that that within the auditing firm, the partner responsible for the Group's audit is rotated periodically to ensure continued objectivity, and the audit fees are reviewed annually to ensure that they are within reasonable limits based on the market. He also expressed the view that the Group benefits from continuity in the expertise and familiarity of the auditors.

**Ordinary Resolution No. 5 – To fix fees of the Directors**

The following resolution, proposed and seconded by Messrs. Staple and Paul Samuels respectively, was also passed unanimously:

THAT the amounts shown in the accounts of the company for the year ended December 31, 2015 as fees paid to the Directors for their services as directors, be and are hereby approved.

**Special Business**

The Chairman highlighted that the notice of the AGM had included 2 items of special business which involved the amendment of the Company's Articles of Incorporation to fix the maximum number of Directors, as well as to delete a duplicated Article. He advised the members that in fulfilling its mandate to review the Company's corporate governance practices to ensure compliance with international best practices, the Board had formed the view that the current structure and size of the board is optimal. He also noted that the Company Secretary had highlighted an Article which appears twice, and the Board supports the suggestion that the duplicate Article be deleted.

The shareholders unanimously approved the following resolution as a Special Resolution on a motion by Mr. Alvin Henry seconded by Mr. Clarke:

“THAT the existing Article 84 of the Articles of Incorporation which reads “*The minimum number of directors shall be three, excluding alternate directors, and there shall be no maximum.*” be deleted in its entirety and replaced with the following:

*The Board of Directors shall consist of a minimum of three (3) and a maximum of twelve (12) directors, excluding alternate directors.*

Mr. Staple suggested that the Board also consider amending the Articles to change to quorum requirements for the AGM, particularly as the majority of the Board members are also shareholders. He recommended that the quorum be determined by the number of shareholders present on the floor of a meeting. The Chairman conceded that the quorum provision has not been revisited since the Articles were first drafted, but he assured the members that the provisions of the Companies Act regarding the calling of meetings protect shareholders and ensure that minority shareholders cannot validly be excluded from members’ meetings.

The shareholders also unanimously approved the following resolution as a Special Resolution on a motion by Mr. Alvin Henry seconded by Mr. Clarke:

“THAT the existing Article 112, which is in effect a duplication of Article 85, be deleted in its entirety, and the succeeding Articles be renumbered accordingly.

#### **Any Other Business**

Mr. Staple sought comments from the auditors regarding impending changes to IFRS 9 as well as to the requirements for the auditor’s report. Mr. McKnight advised that the changes to IFRS 9 are likely to be less impactful to a company such as KWL whose assets are mainly short-term liquid assets. He agreed that impending changes to requirements regarding the presentation of the auditor’s report are likely to make such reports significantly longer, and he advised that the Institute of Chartered Accountants of Jamaica is exploring the prospects for amending the Companies Act to remove the requirement that the auditor’s report be read at the AGM.

#### **Termination**

There being no further business, The Chairman terminated the meeting at 12:30 p.m. and invited those in attendance to partake in light refreshments.

**APPENDIX 1**

**List of non-Director Shareholders in attendance**

1. Stephen Bell
2. Devon V. Wright
3. Streadwick Hewan
4. Leon Francique
5. Jerry Banton
6. Dalphyne E. Jackson
7. Michelle Ellis
8. Garfield Parris
9. Evelyn J. Sangster-Barnes
10. Carol Leslie
11. A. Smith
12. Juliet Crawford
13. Orrette Staple
14. Livingston Young
15. Terrence Hamilton
16. Rohan Waisome
17. Barbara Samuels
18. Clive Bernard
19. Dudley Mclean
20. Everton Sealy
21. Yvonne Williams
22. Carmen Martin Levy
23. Maureen & Maurice Reddish
24. Paul Edmund
25. Jimmy Woolcock
26. Safiya A. Carroll
27. Marcia E.A. Campbell
28. Lepert Ewart
29. Condell Stephens
30. Jamaica Producers Group Limited  
(represented by Paul Samuels/Simone Pearson)
31. Maritime & Transport Services Limited  
(represented by Kim Clarke)
32. A.E. Parnell & Company Limited  
(represented by Kim Clarke)
33. S.B.D. LLC (represented by Bruce Brecheisen)