

## FUTURE ENERGY SOURCE COMPANY LIMITED

**2022 Annual General Meeting**  
*10:30am, Friday, September 23, 2022*  
*The Jamaica Pegasus & The JCSD's E-AGM Platform*

### **MINUTES**

#### **Roll Call**

##### **Present were:**

Mr. Lyden Trevor Heaven	-	Executive Chairman
Mr. Eaton Parkins	-	Lead Independent Director
Mr. Hugh Coore	-	Director
Mrs. Belinda Williams	-	Director (Online via E-AGM Platform)
Mr. Trevor Barnes	-	Director
Mr. Junior Williams	-	Director
Mr. Errol McGaw	-	Director (Online via E-AGM Platform)
Mrs. Gloria DeClou	-	Director
Mr. Harry Campbell	-	Director
Mr. Vernon James	-	Director
Mr. Jeremy Barnes	-	Director/Managing Director
Mrs. Kayola Muirhead	-	Company Secretary

##### **In Attendance:**

Mr. Lissant Mitchell	-	Mentor
Mr. Wayne Strachan	-	Representative of Baker Tilly, Auditors

#### 1. Welcome & Call to Order

The Executive Chairman, Mr. Lyden “Trevor” Heaven welcomed the members of the Company present in-person and on-line to FESCO’s 1<sup>st</sup> annual general meeting as a public company listed on the Junior Market of the Jamaica Stock Exchange.

The Chairman introduced the Company Secretary, Mrs. Kayola Muirhead, who confirmed the required quorum of two (2) members present (in person or online) had been met. There being a quorum, the Meeting was called to order by the Chairman at 10:38am.

#### 2. Prayer

Director, Mr. Trevor Barnes brought a prayer for guidance, wisdom and support for the operation of the Company and the general meeting’s proceedings.

#### 3. Presentation of the Auditors’ Report

Mr. Wayne Strachan of the Firm: Baker Tilly, the Company’s Auditors was invited by the Chairman to read the Auditors’ Report, beginning on page 48 of the Annual Report.

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The Audited Financial Report and the Annual Report inclusive of the Financial Statements and the Reports of the Directors and the Auditors for the year ended March 31, 2022 were earlier made available to all members.

Mr. Strachan indicated to the Members of FESCO that the opinion of the independent auditors was that the financial statements gave a true and fair view of the financial position of the Company as at March 31, 2022 and of the financial performance of the cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the requirements of the Jamaica Companies Act. In addition to the Auditors' independence from the Company, they have fulfilled all ethical responsibilities.

### **4. Introduction of Directors & Staff**

The Chairman stated that the Notice convening the Annual General Meeting, found on page 5 of the 2022 Annual Report, was circulated to members and thereafter moved that the Notice be taken as read. This motion was seconded by Director Eaton Parkins. The Motion passed without dissent.

The Chairman advised that four (4) proxies were exercised at this general meeting having been lodged with the Company, representing 20.58% of the issued shares of the Company. The members were reminded that FESCO's Articles of Incorporation are available for viewing on the Company's website: [www.fescoja.com](http://www.fescoja.com). The record reflected 270 persons registered, of which 150 opted for online attendance.

The Chairman introduced each of the eleven (11) Directors, referring to their profiles on pages 17 – 19 of the 2022 Annual Report. The Chairman also introduced the Company's mentor, Mr. Lissant Mitchell and read his profile found on page 20 of the 2022 Annual Report.

The Chairman introduced members of the Management Team led by Mr. Jeremy Barnes, the Managing Director and expressed gratitude to them for keeping FESCO's "engine" running.

### **5. Presentation of the Directors' Report & the Management Discussion & Analysis**

The Chairman introduced Mr. Jeremy Barnes, the Managing Director. The Managing Director greeted the attendees and thanked the Chairman for his introduction.

Mr. Barnes' presentation emphasized FESCO's objective to continue to grow by expanding the Company's range of products; the Company currently distributes bottle water and lubricants across its network. The presentation highlighted that the financial report as at March 2022 reflected significant growth; net profit increased by 134.5% in comparison to audited financials as at March 2021 and expenses represented 34.8% of gross profits. The Company has recorded solid growth; when compared to the year 2021:

- i) Book value of equity increased from J\$318 million to \$770.6, an increase of 142%; and
- ii) Gross profit was J\$391 million up J\$200 million or 104.2%.

As FESCO looks ahead, the plan is to expand its service station network into other parishes, it currently has 17 branded stations as part of its network including the Company's Beechwood Avenue location. The Company also intends to enter the LPG market, and market additional fuel grades across the island.

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### **6. Questions & Answers**

The Chairman provided instructions for submitting questions online and in-person.

To the question, why are the Company's expenses so high, the response was that as the network expands, advertising costs will too increase, as the Company grows, its staff complement will also grow and as it acquires assets depreciation will follow and that being publicly listed attracts its own fees such as listing and registrar's fees etc. Nevertheless, the Company's profitability increased over 100%.

To the question of why is the ECL so subjective, it was indicated that the standard was indeed a subjective one as to the exposure surrounding credit risk. The auditors look at the history of collectability to determine the percentage expected credit loss.

It was asked whether the Company was still on track to achieving twenty (20) stations and the response was yes.

It was asked whether the Finance income net (\$5 Million loss) on page 45 (note 20), was as a result of the revaluation of the JAD. The response was that there is no foreign exchange risk in the distribution of fuel for the Company.

To the question of whether the Company will be pursuing other options for diversification within the energy space. The response was yes, FESCO looks at various opportunities.

The question of whether there was a share repurchase or stock buy-back being considered right now, the response was no, not at this time.

It was asked what was FESCO's plan for the next 5 years, the response was continued market share increase.

It was asked why page 44 of the Annual Report, line 18, reflects a sudden jump in legal and professional fees. The answer was that a public entity requires professional support that result in connected fees, for example paying a dividend attracts an administrative fee. This increase is a direct relation to being listed.

To the question of why charging stations are not present at most stations in the network the response was that at this point in time there is no evidence of adequate return on investment.

A question was asked about the Company's debt reflected as due in October, note 13 on page 41 (b) and (c). It was indicated that the loans were consolidated and refinanced.

It was asked why monies were due from related parties, it was indicated that because some board members are dealers it is required to be reflected as such, but these sums are trade receivables, not loans.

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### **7. Resolutions for Consideration**

The Chairman gave instructions on how to vote in person and online.

#### **ORDINARY RESOLUTION NO. 1:**

**“THAT the Audited Accounts for the year ended March 31, 2022 AND the Reports of the Directors and the Auditors, circulated with the Notice convening the Meeting, be and are hereby adopted.”**

- Moved by Mr. Eaton Parkins and seconded by Mr. Junior Williams.
- The resolution was carried unanimously.

#### **ORDINARY RESOLUTION NO. 2**

*(a) “THAT the interim dividend for the year ended March 31, 2022 of \$0.01 per share of record date April 22, 2022 and paid June 24, 2022 be and is hereby ratified.”*

- Moved by Mr. Mark Barton and seconded by Mr. Hugh Coore.
- The resolution was carried by majority.

*(b) “THAT as recommended by the Directors a final dividend payment for the year ended March 31, 2022 at \$0.016 per ordinary share of record date October 7, 2022, ex-dividend date October 6, 2022 and payable October 28, 2022 be and is hereby declared.”*

- Moved by Mr. Mark Barton and seconded by Mr. Eaton Parkins.
- The resolution was carried by majority.

#### **ORDINARY RESOLUTION NO. 3**

In accordance with **Article 102** of the Company’s Articles of Incorporation one-third of the Directors (not including the Managing Director – Article 120) are retiring by rotation, and being eligible offer themselves for re-election (Article 104), they are: Mr. Trevor Barnes, Mr. Hugh Coore, Mr. Errol McGaw, and Mr. Junior Williams.

**(a) “THAT Mr. Trevor Barnes, retired by rotation, be and is hereby re-elected a Director”**

- Moved by Mr. Vernon James and seconded by Ms. Gloria DeClou.
- The resolution was carried by majority.

**(b) “THAT Mr. Hugh Coore, retired by rotation, be and is hereby re-elected a Director.”**

- Moved by Ms. Andrea Richards and seconded by Mr. Mark Barton.
- The resolution was carried unanimously.

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(c) ***“THAT Mr. Errol McGaw, retired by rotation, be and is hereby re-elected a Director.”***

- Moved by Ms. Cornelia Walters-Jones and seconded by Mr. Junior Williams.
- The resolution was carried by majority.

(d) ***“THAT Mr. Junior Williams, retired by rotation, be and is hereby re-elected a Director.”***

- Moved by Mr. Harry Campbell and seconded by Mr. Vernon James.
- The resolution was carried unanimously.

### **ORDINARY RESOLUTION NO. 4**

***“THAT the Auditors, Baker Tilly Strachan Lafayette (t/a Bakertilly), having indicated their willingness to continue in office, be and are hereby re-appointed until the conclusion of the next annual general meeting, at a remuneration to be fixed by the Directors.”***

- Moved by Mr. Eaton Parkins and seconded by Mr. Hugh Coore.
- The resolution was carried by majority.

### **ORDINARY RESOLUTION NO. 5**

(a) ***“THAT the Directors be and are hereby empowered to fix the remuneration of the Executive Directors.”***

- Moved by Mr. Mark Barton and seconded by Mr. Lanzel Bloomfield
- The resolution was carried by majority.

(b) ***“THAT the total Director fees for Non-Executive Directors in the sum of \$4,955,000.00 in the Accounts for the year ended March 31, 2022, be and is hereby approved.”***

- Moved by Ms. Cornelia Walters-Jones and seconded by Mr. Junior Williams.
- The resolution was carried by majority.

## 8. Adjournment

The Chairman congratulated all participants in the success of the Company so far and thanked the attendees for joining the meeting and wished them all good health. The Meeting was adjourned 12:50pm.