



## KPMG

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
PORTLAND JSX LIMITED

### *Opinion*

We have audited the financial statements of Portland JSX Limited ("the Company") set out on pages 7 to 30, which comprise the statement of financial position as at February 29, 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Saint Lucia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
PORTRLAND JSX LIMITED

*Key Audit Matter*

The key audit matter is that which, in our professional judgement, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

*Valuation of investment in Portland Caribbean Fund II*

The valuation of the Company's unquoted equity investment in Portland Caribbean Fund II ("the Fund") has been identified as an area of significant risk, given that the measurement of unquoted investments includes significant assumptions and judgments about the performance of the underlying investments of the Fund, market comparables and discounts used in the valuations.

Our audit procedures in this area included the following:

- Understanding and challenging the key assumptions and judgments affecting the Fund's valuation prepared by the Management Company, based on observable data.
- Using our own valuation specialists, assessing the reasonableness of the valuation methodologies employed by the Management Company and the fair value conclusions for the underlying investments in the Fund up to the reporting date. We considered the provisions of IFRS 13 *Fair Value Measurement* and reviewed the sources of data for market comparables, discounts and other assumptions utilised to value the underlying investments.
- Assessing the adequacy and appropriateness of the Company's unquoted investment disclosures, including the valuation techniques and significant inputs in accordance with IFRS 13.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
PORTLAND JSX LIMITED

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
PORTLAND JSX LIMITED

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 5 to 6, forms part of our auditors' report.

The engagement partner on the audit resulting in this independent auditors' report is Lisa Brathwaite.

A handwritten signature of the letters "KPMG" in black ink.

Chartered Accountants  
St. Lucia

June 11, 2020

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
PORTLAND JSX LIMITED

**Appendix to the Independent Auditors' report**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
PORTLAND JSX LIMITED

**Appendix to the Independent Auditors' report (continued)**

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**PORLAND JSX LIMITED**

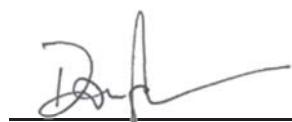
**Statement of Financial Position**

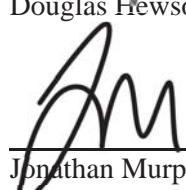
**February 29, 2020**

*(expressed in United States dollars unless otherwise stated)*

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSET</b>			
Financial investment, at fair value through profit or loss	5	<u>28,859,063</u>	<u>23,743,995</u>
<b>CURRENT ASSETS</b>			
Cash and short-term deposits	6	136,760	237,545
Securities purchased under resale agreements	7	266,644	365,473
Receivables	8	40,462	53,962
Taxation recoverable		<u>-</u>	<u>37,280</u>
		<u>443,866</u>	<u>694,260</u>
Total assets		<u>\$29,302,929</u>	<u>24,438,255</u>
<b>CURRENT LIABILITIES</b>			
Other financial liabilities	9	105,691	42,096
Payables	10	<u>119,131</u>	<u>54,895</u>
		<u>224,822</u>	<u>96,991</u>
<b>NON-CURRENT LIABILITY</b>			
Long-term loan	11	<u>3,391,438</u>	<u>-</u>
Total liabilities		<u>3,616,260</u>	<u>96,991</u>
<b>EQUITY</b>			
Share capital	12	25,682,953	25,682,953
Retained earnings/accumulated deficit		<u>3,716</u>	<u>(1,341,689)</u>
Total equity		<u>25,686,669</u>	<u>24,341,264</u>
Total liabilities and equity		<u>\$29,302,929</u>	<u>24,438,255</u>

The financial statements on pages 7 to 30 were approved for issue by the Board of Directors on June 11, 2020 and signed on its behalf by:

  
 \_\_\_\_\_ Chairman  
 Douglas Hewson

  
 \_\_\_\_\_ Director  
 Jonathan Murphy

**PORLAND JSX LIMITED**

**Statement of Profit or Loss and Other Comprehensive Income**  
**Year ended February 29, 2020**  
*(expressed in United States dollars unless otherwise stated)*

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Income and fair value changes:			
Interest income, calculated using the effective interest method		10,280	55,191
Net fair value gains/(losses) on financial investment at fair value through profit or loss		2,309,251	( 665,282)
Distributions of partnership interest income		-	93,108
Foreign exchange gains		<u>17,801</u>	<u>-</u>
Interest expense		2,337,332	( 516,983)
Operating expenses	13	( 163,584)	-
Profit/(loss) before taxation		( 828,343)	( 802,675)
Taxation		<u>-</u>	<u>( 2,249)</u>
Profit/(loss) for the year, being total comprehensive income/(loss)		<u>\$1,345,405</u>	<u>(1,321,907)</u>
Profit/(loss) per stock unit	14	<u>0.43¢</u>	<u>( 0.43¢)</u>

**PORLAND JSX LIMITED**

**Statement of Changes in Equity**

**Year ended February 29, 2020**

*(expressed in United States dollars unless otherwise stated)*

	<u>Share capital</u> (note 12)	Retained earnings/ accumulated <u>deficit</u>	<u>Total</u>
Balances at February 28, 2018	25,682,953	( 19,782)	25,663,171
Loss for the year, being total comprehensive loss	-	(1,321,907)	( 1,321,907)
Balances at February 28, 2019	25,682,953	(1,341,689)	24,341,264
Profit for the year, being total comprehensive income	-	1,345,405	1,345,405
Balances at February 29, 2020	<u>\$25,682,953</u>	<u>3,716</u>	<u>25,686,669</u>

**PORLAND JSX LIMITED**

**Statement of Cash Flows**  
**Year ended February 29, 2020**  
*(expressed in United States dollars unless otherwise stated)*

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Profit/(loss) for the year	1,345,405	(1,321,907)
Adjustments for:		
Net fair value (gains)/ losses on financial investment, at fair value through profit or loss	(2,309,251)	665,282
Interest income	( 10,280)	( 55,191)
Distributions of partnership interest income	-	( 93,108)
Interest expense	163,584	-
Foreign exchange gains	( 17,801)	-
Taxation	<u>-</u>	<u>2,249</u>
	( 828,343)	( 802,675)
Changes in current assets and liabilities		
Receivables	13,238	-
Taxation recoverable	37,280	-
Other financial liabilities at amortised cost	63,595	( 1,803)
Payables	<u>10,771</u>	<u>24,384</u>
Cash used in operations	( 703,459)	( 780,094)
Interest received	10,542	70,922
Partnership distributions received	-	93,108
Interest paid	( 110,119)	-
Taxation paid	<u>-</u>	<u>( 7,969)</u>
Net cash used in operating activities	<u>( 803,036)</u>	<u>( 624,033)</u>
Cash flows from investing activities		
Financial investment, at fair value through profit or loss, net	(2,805,817)	(2,344,212)
Securities purchased under resale agreements, net	<u>98,829</u>	<u>1,570,286</u>
Net cash used in investing activities	<u>(2,706,988)</u>	<u>( 773,926)</u>
Cash flows from financing activity		
Proceeds from long-term loan, being net cash provided by financing activity	<u>3,409,239</u>	<u>-</u>
Net decrease in cash and cash equivalents	( 100,785)	(1,397,959)
Cash and cash equivalents at beginning of year	<u>237,545</u>	<u>1,635,504</u>
Cash and cash equivalents at end of year	<u>\$ 136,760</u>	<u>237,545</u>

## PORTLAND JSX LIMITED

Notes to the Financial Statements

Year ended February 29, 2020

*(expressed in United States dollars unless otherwise stated)*

### 1. The Company

Portland JSX Limited ("PJX" or "the Company") was incorporated in Saint Lucia on September 15, 2015 as an International Business Company ("IBC") with IBC number 2015-00335, and commenced operations on October 1, 2015. The registered office of the Company is located at the offices of McNamara Corporate Services Inc., 20 Micoud Street, Castries, Saint Lucia. The primary business of the Company is that of a Limited Partner in Portland Caribbean Fund II (the Fund). The Fund has an upfront five year commitment period to make investments within a term of 10 years, ending July 2024, with the possibility of two additional consecutive one-year terms.

PJX is an equity investment vehicle through which Jamaican pension plans, as well as other eligible investors, invest to gain access indirectly to quality investments in the Latin American & Caribbean (LAC) region. The Company is listed on the Jamaica Stock Exchange.

Portland Private Equity II, Ltd., a Barbados exempted limited company (the "Barbados Management Company") and PPEC Inc., a Canadian company (the "Canadian Management Company" and together with the Barbados Management Company, "Management Companies" or "Managers") are responsible for managing the assets of the Fund, including investigating, analysing, structuring and negotiating potential portfolio investments and monitoring the performance of portfolio investments.

### Portland JSX Limited and the Partnership

Under the Partnership Agreement, distributions and allocations to the partners and management fees are dealt with in the following manner:

#### (1) Distributions and allocations:

- (a) income, gains, losses, deductions and credits arising in connection with Short-Term Investments, are allocated in proportion to their relative Capital Contributions, and;
- (b) Distributions of Disposition Proceeds and Other Portfolio Income received in respect of any Portfolio Investment shall initially be apportioned among the Participating Partners based on their respective Capital Contributions attributable to such Investment. The amount apportioned to the General Partner pursuant to the preceding sentence shall be distributed to the General Partner. The remaining amount apportioned to each Limited Partner that is a Participating Partner shall be further apportioned between (i) such Limited Partner on the one hand and (ii) the General Partner on the other hand and, except as otherwise provided in the Agreement, in the following amounts and order of priority:
  - (i) first, 100% to such Limited Partner, until such Limited Partner has received total distributions equal to its total Capital Contributions to the Partnership.
  - (ii) second, 100% to such Limited Partner until such Limited Partner has received total cumulative distributions equal to a preferred return of 8% per annum, compounded annually, on all amounts distributed in accordance with paragraph (i) not previously made to such Limited Partner.

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)

Year ended February 29, 2020

*(expressed in United States dollars unless otherwise stated)*

1. **The Company (continued)**

(1) Distributions and allocations (continued):

(b) (continued)

(iii) third, 100% to the General Partner until cumulative distributions to the General Partner equals 20% of the aggregate amount of the distributions made under paragraph (ii) and this paragraph.

(iv) thereafter, 20% to the General Partner and 80% to such Limited Partner.

(2) Management fees and other charges:

Management fees are computed at 2% of Limited Partners' commitments. The Management fee will be reduced to 1.75% of unreturned invested capital beginning on the earlier of the end of the commitment period and the date on which a successor fund begins to prepay management fees.

Each Limited Partner is required to bear its portion of management fees and all other partnership fees and expenses, including organisational expenses from the partnership commencement date based on its pro rata share of capital commitments.

In admitting additional Limited Partners or accepting additional Capital Contributions or Capital Commitments from existing Partners, each Limited Partner is treated as having been a party to the Agreement, and each increased Capital Commitment is treated as having been made, as of the Partnership Commencement Date.

2. **Statement of compliance and basis of preparation**

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Certain new and amended standards come into effect during the financial year. The Company has assessed them and determined that none of them had any significant effect on the amounts and disclosures in the financial statements.

**New and amended standards that have been issued but are not yet effective**

At the reporting date, certain new and amended standards and interpretations have been issued which are not yet effective for the current year and which the Company has not early-adopted. The Company has assessed them with respect to its operations and has determined that the following are relevant:

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)

Year ended February 29, 2020

(expressed in United States dollars unless otherwise stated)

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

**New and amended standards that have been issued but are not yet effective (continued)**

- (i) Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New ‘bundle of rights’ approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognize an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

- (ii) Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of ‘material’ to guide preparers of financial statements in making judgements about information to be included in financial statements:

*“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”*

The Company is assessing the impact that these new and amended standards will have on its 2021 financial statements when they are adopted.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, modified for the revaluation of financial assets at fair value through profit or loss.

(c) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)

Year ended February 29, 2020

*(expressed in United States dollars unless otherwise stated)*

2. Statement of compliance and basis of preparation (continued)

(d) Functional and presentation currency

Except where indicated to be otherwise, these financial statements are presented in United States dollars, which is the Company's functional currency.

3. Summary of significant accounting policies

(a) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into United States dollars at the exchange rates prevailing at the reporting date. Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Gains and losses arising from exchange rate fluctuations are included in profit or loss.

(b) Cash and short-term deposits

Cash and short-term deposits include bank balances and highly liquid financial assets with original maturities of less than ninety days, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in fair value.

(c) Securities purchased under resale agreements

Securities purchased under agreements to resell the asset at a fixed price on a future date (reverse repurchase agreements) are treated as collateralised lending. The underlying asset is not recognised in the Company's financial statements. The difference between the purchase and resale price is recognised as interest over the life of the agreements using the effective interest method.

(d) Financial instruments

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

Financial instruments carried on the statement of financial position include financial investment, at fair value through profit or loss, cash and short-term deposits, securities purchased under resale agreements, receivables and other financial liabilities.

(i) Recognition and initial measurement

Financial instruments at fair value through profit or loss are recognised initially on the trade date, which is the date on which the Company becomes party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they are originated.

Financial instruments at fair value through profit or loss are measured initially at fair value, with transaction costs recognised in profit or loss. Financial instruments not at fair value through profit or loss are measured initially at fair value, plus transaction costs that are directly attributable to its acquisition or issue.

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)

Year ended February 29, 2020

*(expressed in United States dollars unless otherwise stated)*

3. Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(ii) Classification

On initial recognition, the Company classifies financial assets as measured at amortised cost or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

All other financial assets of the Company are measured at FVTPL.

Business model assessments:

In making an assessment of the objective of the business model in which a financial asset is held, the Company considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. However, the information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)  
Year ended February 29, 2020  
*(expressed in United States dollars unless otherwise stated)*

3. Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(ii) Classification (continued)

Business model assessments (continued):

The Company has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents and securities purchased under resale agreements. These financial assets are held to collect contractual cash flows.
- Other business model: this includes financial investment at fair value through profit or loss. This financial asset is managed and its performance is evaluated, on a fair value basis.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI):

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers the following:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- leverage features;
- prepayment and extension features;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration for the time value of money (e.g. periodical reset of interest rates).

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the day of the first reporting period following the change in business model.

Financial liabilities

The Company classifies financial liabilities as measured at amortised cost.

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)  
Year ended February 29, 2020  
*(expressed in United States dollars unless otherwise stated)*

3. Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(iii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method, of any difference between the amount recognised and the maturity amount, adjusted for any expected credit loss allowance.

(iv) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(v) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability on the statement of financial position.

On derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received is recognised in profit or loss.

The Company derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)  
Year ended February 29, 2020  
*(expressed in United States dollars unless otherwise stated)*

3. Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(vi) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legal right to set off the recognised amounts and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(vii) Identification and measurement of impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e., the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition for estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'.

12-month ECLs are the portion of ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)  
Year ended February 29, 2020  
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3. Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(vii) Identification and measurement of impairment (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as ‘Stage 2 financial instruments’.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive); and
- *financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of estimated future cash flows. The Company does not currently have any credit-impaired financial assets.

ECLs are discounted at the effective interest rate of the financial asset.

*Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

*Presentation of allowance for ECLs in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

*Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(e) Loan payable

A loan is recognised initially at fair value net of directly attributable transaction costs and is subsequently measured at amortised cost. Any difference between the proceeds received (net of transaction costs) and the redemption value is recognised through profit or loss over the period of the loan using the effective interest method.

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)  
Year ended February 29, 2020  
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3. Summary of significant accounting policies (continued)

(f) Interest income

Interest income is recognised in profit or loss on the accrual basis using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to its gross carrying amount.

When calculating the effective interest rate for financial instruments other than purchased or originated credit impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

*Amortised cost and gross carrying amount*

See definition of amortised cost at Note 3(d)(iii).

The ‘gross carrying amount of a financial asset’ is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

*Calculation of interest income*

The effective interest rate of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

*Presentation*

Interest income calculated using the effective interest method presented in the statement of profit or loss includes interest on financial assets measured at amortised cost.

(g) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the issue of the financial liability. The ‘amortised cost’ of a financial liability is the amount at which the financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount.

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)

Year ended February 29, 2020

*(expressed in United States dollars unless otherwise stated)*

**3. Summary of significant accounting policies (continued)**

(g) Interest expense (continued)

The effective interest rate of a financial liability is calculated on initial recognition of a financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

Interest expense presented in the statement of profit or loss and OCI includes financial liabilities measured at amortised cost.

(h) Net gain from financial assets classified as at fair value through profit or loss

Net gain from financial instruments classified as at fair value through profit or loss includes all realised and unrealised fair value changes but excludes interest and dividend income. Realised gains and losses are calculated using the specific identification method.

(i) Taxation

The Company is subject to tax at 1% of its taxable income in Saint Lucia. Taxation on the profit or loss for the period comprises current and deferred taxes. Current and deferred taxes are recognised as tax expense or benefit in profit or loss.

(i) Current taxation

Current tax charges are based on the taxable profit or loss for the period, which differs from the profit or loss before tax reported because they exclude items that are taxable or deductible in other periods, and items that are never taxable or deductible. The current tax is calculated at tax rates that have been enacted at the reporting date.

(ii) Deferred tax

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised. Deferred tax assets are reviewed at each reporting date to determine whether it is probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

**4. Critical accounting estimates and judgements in applying accounting policies**

The Company makes estimates and assumptions that could affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events those are believed to be reasonable under the circumstances.

## PORLAND JSX LIMITED

Notes to the Financial Statements (Continued)

Year ended February 29, 2020

(expressed in United States dollars unless otherwise stated)

### 4. Critical accounting estimates and judgements in applying accounting policies (continued)

The fair value of the Company's unquoted investment in Portland Caribbean Fund II ('the Fund') is based on the fair values of the Fund's underlying investments, which include common equity securities and corporate debt. The fair value of such underlying investments uses valuation models that employ significant unobservable inputs for investments that are traded infrequently or not at all. These unobservable inputs require a higher degree of management judgment and estimation in determining the fair value.

Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows from the financial instrument being valued, determination of expected volatilities and correlations, and selection of appropriate discount rates. Consequently, the use of different assumptions and inputs could yield materially different results in the fair value of the Company's investment in the Fund from those reflected in the statement of financial position.

### 5. Financial investment, at fair value through profit or loss

This represents an unquoted equity investment in the Fund. The Fund is managed by Portland Private Equity II Limited and its principal activity is to make private equity and related investments in companies or other entities located principally in certain member and associate member states of CARICOM, certain Development Assistance Committee Countries and certain Cotonou Agreement Countries (the "Target Region"), which excludes Cuba, Mexico and Venezuela. The Fund will also make investments in businesses, the securities of which have no established market and may be restricted with respect to transfer, with the principal objective of appreciation of invested capital. During the year ended February 29, 2020, the Company invested a further \$2,805,817 (2019: \$2,344,212) in the Fund.

### 6. Cash and short-term deposits

Cash and short-term deposits include savings accounts held with First Global Bank Limited and Victoria Mutual Wealth Management Limited.

### 7. Securities purchased under resale agreements

At the reporting date, the fair value of securities purchased under resale agreements, are estimated to approximate their carrying value, due to their short-term nature.

### 8. Receivables

	<u>2020</u>	<u>2019</u>
Interest receivable	367	629
Prepayments	<u>40,095</u>	<u>53,333</u>
	<u>\$40,462</u>	<u>53,962</u>

### 9. Other financial liabilities at amortised cost

This represents amounts payable to Portland Private Equity II Ltd.

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)  
**Year ended February 29, 2020**  
*(expressed in United States dollars unless otherwise stated)*

10. Payables

	<u>2020</u>	<u>2019</u>
Interest payable	53,465	-
Finance cost review fees	13,829	-
Other payables and accruals	<u>51,837</u>	<u>54,895</u>
	<u>\$119,131</u>	<u>54,895</u>

11. Long-term loan

On July 22, 2019, the Company entered into a loan agreement with Victoria Mutual Investments Limited for a 5 year term loan facility of J\$520,000,000 (US\$3,792,575). Under the loan agreement, the Company has the right to make any number of drawdowns within the loan period up to the total of the principal sum.

The Company shall repay advances under the facility by lump sum principal payments in minimum amounts of J\$10,000,000 (US\$72,934) throughout the life of the loan or at maturity. Interest is charged at 9.5% and is payable quarterly from the date of disbursement. The facility is secured by a debenture over the fixed and floating assets of the Company.

As at February 29, 2020, the loan principal amount outstanding amounted to J\$465,000,000 (US\$3,391,438).

12. Share capital

	<u>2020</u>	<u>2019</u>
Authorised, issued and fully paid:		
309,968,261 (2019: 309,968,261) ordinary shares	26,392,474	26,392,474
Non-redeemable preference share (see note below)	1	1
Transaction costs of share issues	<u>( 709,522)</u>	<u>( 709,522)</u>
	<u>\$25,682,953</u>	<u>25,682,953</u>

Portland Fund II GP, Inc., the general partner of Portland Caribbean Fund II, holds 1 (2019: 1) non-redeemable preference share in the Company. The preference share gives Portland Fund II GP, Inc. the right to receive notice of, attend, vote at and demand a poll at general meetings of any class of shareholders of the Company. On all decisions in general meetings and on all resolutions, Portland Fund II GP, Inc. is entitled to 51% of the votes of the shareholders. The preference share gives no right to dividends or distribution of assets in the event of a wind-up of the Company.

13. Operating expenses

	<u>2020</u>	<u>2019</u>
Management fees [see note 1, 18(d)]	503,528	640,000
Legal and professional fees	69,694	64,938
Audit fees	41,900	32,500
General and administrative expenses	<u>34,172</u>	<u>31,818</u>
Balance carried forward to page 24	<u>649,294</u>	<u>769,256</u>

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)  
**Year ended February 29, 2020**  
*(expressed in United States dollars unless otherwise stated)*

13. Operating expenses (continued)

	<u>2020</u>	<u>2019</u>
Balance brought forward from page 23	<u>649,294</u>	<u>769,256</u>
Directors' fees	27,500	27,500
Accounting fees	8,218	5,638
Irrecoverable withholding taxes	39,914	-
Bank charges	204	281
Commitment fees	89,384	-
Finance cost review fees	<u>13,829</u>	<u>-</u>
	<u>\$828,343</u>	<u>802,675</u>

14. Profit/(loss) per stock unit

Profit/(loss) per share is calculated by dividing the profit/(loss) for the year by the weighted average number of ordinary shares in issue for the year of 309,968,261 (2019: 309,968,261).

15. Financial risk management

(a) Overview and risk management framework

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks.

The Company's aim is therefore to achieve an appropriate balance between risks and return and minimise potential adverse effects on its financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. Risk management is carried out by the Management Companies under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk.

(b) Credit risk

(i) Credit risk management

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Credit exposure arises principally on investment activities that bring debt securities into the Company's asset portfolio.

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)

Year ended February 29, 2020

(expressed in United States dollars unless otherwise stated)

**15. Financial risk management (continued)**

(b) Credit risk (continued)

(ii) Credit risk exposure

Credit risk exposures reflected on the statement of financial position relate to cash and short-term deposits, securities purchased under resale agreements and investments in the Fund.

The Company has a significant concentration of credit risk at the reporting date in respect of certain financial investments with Portland Caribbean Fund II and cash and resale agreements with First Global Bank Limited and Victoria Mutual Wealth Management Limited. The maximum credit exposure is limited to the carrying value of financial assets on the statement of financial position.

(c) Market risk

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in investment products, which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The market risk arising from investment activities is determined by the Management Companies and monitored by the Board of Directors separately.

(i) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Company has no exposure to this risk as it has no variable rate interest-bearing financial instruments.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The main currency giving rise to this risk is the Jamaica dollar (J\$).

At the reporting date, the J\$ dollar equivalents of net foreign currency liabilities were as follows:

	<u>2020</u> J\$'000	<u>2019</u> J\$'000
Long-term loan	(465,000)	-
Interest payable	(7,331)	-
	<u>(472,331)</u>	<u>-</u>

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)  
**Year ended February 29, 2020**  
*(expressed in United States dollars unless otherwise stated)*

**15. Financial risk management (continued)**

(c) Market risk (continued)

(ii) Currency risk (continued)

The exchange rate of the US\$ to the J\$ at the reporting date was US\$1.00 to J\$137.11 (2019: US\$1.00 to J\$128.21).

*Foreign currency sensitivity*

The effect of a 6% (2019: 4%) strengthening of the United States dollar against the Jamaica dollar at the reporting date would, all other variables held constant, have resulted in an increase in surplus for the year of US\$194,995 (2019: US\$ Nil). A 4% (2019: 2%) weakening in the exchange rate would, on the same basis, have resulted in a decrease in surplus of US\$143,538 (2019: US\$ Nil).

(d) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the Company and its exposure to changes in interest rates and exchange rates. Assets available to meet all of the liabilities include cash and short term deposits, and securities purchased under resale agreements.

The table below presents the residual contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the Company's financial liabilities.

	2020				
	Within 3 Months	3 to 12 months	Over 1 year	Contractual cash flow	Carrying amount
<b>Financial Liabilities</b>					
Other financial liabilities	105,691	-	-	105,691	105,691
Payables	119,131	-	-	119,131	119,131
Long-term loan	<u>80,547</u>	<u>241,641</u>	<u>4,492,247</u>	<u>4,814,435</u>	<u>3,391,438</u>
	<u>\$305,369</u>	<u>241,641</u>	<u>4,492,247</u>	<u>5,039,257</u>	<u>3,616,260</u>

In the prior year, financial liabilities, were due to be settled within three months at their measurement values.

**16. Capital management**

The Company is a Limited Partner in Portland Caribbean Fund II, L.P., a Cayman Islands exempted limited partnership which is one of several parallel partnerships that together comprise Portland Caribbean Fund II, a private equity fund with a mandate to make investments in equity or debt securities of private companies located in the Caribbean and Latin America.

## PORLAND JSX LIMITED

Notes to the Financial Statements (Continued)  
Year ended February 29, 2020  
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### 16. Capital management (continued)

The Company has made a capital commitment to the Fund which obligates the Company to remit funds, cumulatively not to exceed the amount of the capital commitment, upon receipt of capital call notices.

The Company may co-invest with the Fund in equity or debt securities of private companies located in the Caribbean and Latin America. The Company is permitted to participate in co-investments on a no fee/ no carry basis up to the amount of its capital commitment and thereafter on a negotiated basis.

Pending the receipt of capital call notices in respect of the Company's commitment to the Fund, which may occur over the period of several months or years, and at any time deemed appropriate by the Manager, the Company will invest in short-term instruments, money market funds, or similar temporary instruments.

In addition, the Company may borrow up to 25% of its total assets after giving effect to the borrowing. The Company has no intention to utilise leverage as a strategy, however, borrowing may be required to fund working capital and act as buffer to cover cash flow timing differences.

### 17. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date. Market price is used to determine fair value where an active market exists, as it is the best evidence of the fair value of a financial instrument.

For financial instruments which have no market prices, the fair value has been estimated using present value or other estimation and valuation techniques based on market conditions existing at the reporting date.

The Company measures fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and those inputs have a significant effect on the instrument valuation. This category includes instruments that are valued based on prices for similar instruments for which significant adjustments or assumptions are made to reflect differences between the instruments.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The valuation of investments at fair value through profit or loss is as described in note 4.

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)  
Year ended February 29, 2020  
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**17. Fair value of financial instruments (continued)**

(a) Accounting classifications and fair values:

The Company's investment in PCF II is measured at fair value and classified at level 3. The following table shows the valuation techniques used in measuring the fair value of the Fund's unquoted investments, as well as the significant unobservable inputs used.

<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
<i>Investment in unquoted partnership</i>  Market - comparable companies	<ul style="list-style-type: none"> <li>• Adjusted EBITDA multiple range of 4.90-10.90 times</li> <li>• 5%-15% liquidity discount</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• Adjusted EBITDA was higher/(lower)</li> <li>• The liquidity discount was (higher)/lower</li> </ul>
<i>Loan to investee</i>  Recoverable value of loan amount	<ul style="list-style-type: none"> <li>• Estimated cash flows from loan</li> <li>• Risk-adjusted discount rate</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• Estimated cash flows increased/(declined)</li> <li>• Market interest rates (increased)/decreased</li> </ul>

**18. Related party balances and transactions**

(a) Definition of related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the “reporting entity,” in this case, the Company).

- (1) A person or a close member of that person’s family is related to the Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (2) An entity is related to the Company if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)  
**Year ended February 29, 2020**  
*(expressed in United States dollars unless otherwise stated)*

**18. Related party balances and transactions (continued)**

(a) Definition of related party (continued):

- (2) An entity is related to the Company if any of the following conditions applies (continued):
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
  - (vi) The entity is controlled, or jointly controlled by a person identified in (1).
  - (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

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

(b) Identification of related parties:

The Company has related party relationships with directors, Management companies and funds under the control of the management companies.

(c) The statement of financial position includes balances arising in the ordinary course of business, with related parties as follows:

	<u>2020</u> \$	<u>2019</u> \$
Financial investment at fair value through profit or loss	28,859,063	23,743,995
Prepaid management fees	40,095	53,333
Due to related entities	<u>(105,691)</u>	<u>(42,096)</u>

(d) The statement of profit or loss and other comprehensive income includes significant transactions in the ordinary course of business, with related parties, as follows:

	<u>2020</u> \$	<u>2019</u> \$
Distributions of partnership interest income	-	93,108
Net fair value gain/(loss) on financial investment, at fair value through profit or loss	2,309,251	( 665,282)
Management fees (note 13)	<u>( 503,528)</u>	<u>( 640,000)</u>
Directors' fees (note 13)	<u>( 27,500)</u>	<u>( 27,500)</u>
General and administrative expenses (note 13)	<u>( 34,172)</u>	<u>( 31,818)</u>

**PORLAND JSX LIMITED**

Notes to the Financial Statements (Continued)

Year ended February 29, 2020

*(expressed in United States dollars unless otherwise stated)*

19. Subsequent events

- (i) On April 20, 2020, the Company drew down funds totalling J\$55,000,000 (US\$393,914). The amount will be utilised for upcoming capital calls and operating expenses for Portland Caribbean Fund II L.P.
- (ii) The World Health Organization declared the novel Coronavirus (Covid-19) outbreak a pandemic on March 11, 2020. The pandemic and the measures to control its human impact have resulted in disruptions in economic activities and business operations. This could have significant negative impacts on the fair value of the underlying investments of Portland Caribbean Fund II (The Fund) and consequently the Company's investment in the Fund, depending on factors such as (i) the duration and spread of the outbreak, (ii) the restrictions and advisories from Governments, (iii) the effects of the financial markets, and (iv) the overall effects of the economies related to the Fund's underlying investments, all of which are highly uncertain and cannot be estimated reliably.

The Company expects some effects on the financial performance of the underlying investments of the Fund and the key financial assumptions included in the investment valuations after the reporting date. However, management has determined that these effects do not require adjustments to the financial statements at the reporting date. Also, at the date of approving these financial statements, management does not believe that the Covid-19 pandemic will affect the Company's ability to continue as a going concern.