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Independent Auditors' Report on Review of Interim Financial Information

To the Members of
PORTLAND JSX LIMITED

Introduction

We have reviewed the accompanying November 30, 2019 condensed interim financial information of Portland JSX Limited ("the Company"), which comprises:

- the condensed statement of financial position as at November 30, 2019;
- the condensed statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended November 30, 2019;
- the condensed statement of changes in equity for the nine-month period ended November 30, 2019;
- the condensed statement of cash flows for the nine-month period ended November 30, 2019; and
- notes to the condensed interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

Independent Auditors' Report on Review of Interim Financial Information (Continued)

To the Members of
<u>PORTLAND JSX LIMITED</u>

Scope of Review **(continued)**

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying November 30, 2019 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

KPMG

Chartered Accountants
Saint Lucia

January 8, 2020

PORTLAND JSX LIMITED

Condensed Statement of Financial Position
November 30, 2019
(expressed in United States dollars unless otherwise stated)

	Notes	Unaudited November 30, 2019	Audited February 28, 2019
ASSETS			
NON-CURRENT ASSET			
Financial investment, at fair value through profit or loss	4	28,493,656	23,743,995
CURRENT ASSETS			
Cash and short-term deposits		136,782	237,545
Securities purchased under resale agreements		486,011	365,473
Receivables		35,459	53,962
Taxation recoverable		-	37,280
		658,252	694,260
Total assets		$29,151,908	24,438,255
LIABILITIES			
CURRENT LIABILITIES			
Payables		120,716	54,895
Other financial liabilities		84,400	42,096
		205,116	96,991
NON-CURRENT LIABILITY			
Long-term loan	5	3,419,181	-
Total liabilities		3,624,297	96,991
EQUITY			
Share capital		25,682,953	25,682,953
Accumulated deficit		(155,342)	(1,341,689)
Total equity		25,527,611	24,341,264
Total liabilities and equity		$29,151,908	24,438,255

The condensed interim financial information on pages 3 to 12 was approved for issue by the Board of Directors on January 8, 2020 and signed on its behalf by:

________________________ Chairman
Douglas Hewson

________________________ Director
Patricia Francis

The accompanying notes form an integral part of the condensed interim financial information.

PORTLAND JSX LIMITED

Condensed Statement of Profit or Loss and Other Comprehensive Income
Nine months ended November 30, 2019
(expressed in United States dollars unless otherwise stated)

		Unaudited			
		Three months ended November 30		Nine months ended November 30	
	Note	2019	2018	2019	2018
Income and fair value changes:					
Interest income, calculated using the effective interest method		3,112	10,811	8,145	49,040
Net fair value gains/(losses) on financial investment at fair value through profit or loss		547,939	(113,389)	1,943,844	(551,463)
Distributions of partnership interest income		-	-	-	93,108
		551,051	(102,578)	1,951,989	(409,315)
Foreign exchange losses		(16,056)	-	(10,358)	-
Interest expense		(95,022)	-	(106,725)	-
Operating expenses		(144,217)	(190,330)	(648,559)	(604,509)
Profit/(loss) before taxation		295,756	(292,908)	1,186,347	(1,013,824)
Taxation		-	-	-	(2,249)
Profit/(loss) for the period, being total comprehensive income/(loss)		$ 295,756	(292,908)	1,186,347	(1,016,073)
Profit/(loss) per stock unit	6	0.10¢	(0.09¢)	0.38¢	(0.33¢)

The accompanying notes form an integral part of the condensed interim financial information.

PORTLAND JSX LIMITED

Condensed Statement of Changes in Equity
Nine months ended November 30, 2019
(expressed in United States dollars unless otherwise stated)

	Unaudited		
	Share capital	Accumulated deficit	Total
Balances at February 28, 2018	25,682,953	(19,782)	25,663,171
Loss for the period, being total comprehensive loss	-	(1,016,073)	(1,016,073)
Balances at November 30, 2018	$25,682,953	(1,035,855)	24,647,098
Balances at February 28, 2019	25,682,953	(1,341,689)	24,341,264
Profit for the period, being total comprehensive income	-	1,186,347	1,186,347
Balances at November 30, 2019	$25,682,953	(155,342)	25,527,611

The accompanying notes form an integral part of the condensed interim financial information.

PORTLAND JSX LIMITED

Condensed Statement of Cash Flows
Nine months ended November 30, 2019
(expressed in United States dollars unless otherwise stated)

	Unaudited	
	Nine months ended November 30	
	2019	2018
Cash flows from operating activities		
Profit/(loss) for the period	1,186,347	(1,016,073)
Adjustments for:		
Net fair value (gains)/losses on financial investment, at fair value through profit or loss	(1,943,844)	551,463
Distribution of partnership interest income	-	(93,108)
Interest income	(8,145)	(49,040)
Foreign exchange losses	10,358	-
Taxation	-	2,249
Interest expense	106,725	-
	(648,559)	(604,509)
Changes in current assets and liabilities:		
Receivables	18,803	-
Taxation recoverable	37,280	-
Other financial liabilities	42,304	(12,696)
Payables	(15,162)	14,324
Cash used in operations	(565,334)	(602,881)
Interest received	7,845	63,081
Interest paid	(25,702)	-
Partnership distributions received	-	93,108
Taxation paid	-	(6,622)
Net cash used in operating activities	(583,191)	(453,314)
Cash flows from investing activities		
Financial investment, at fair value through profit or loss, net	(2,805,817)	(982,115)
Securities purchased under resale agreements, net	(119,353)	851,027
Net cash used in investing activities	(2,925,170)	(131,088)
Cash flows from financing activity		
Proceeds from long term loan, being net cash provided by financing activity	3,435,931	-
Effect of exchange rate changes on cash and short-term deposits	(28,333)	-
Net decrease in cash and cash equivalents	(100,763)	(584,402)
Cash and cash equivalents at beginning of period	237,545	1,635,504
Cash and cash equivalents at end of period	$ 136,782	1,051,102

The accompanying notes form an integral part of the condensed interim financial information.

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.

1. The Company (continued)

Portland JSX Limited and the Partnership (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, basis of preparation and summary of significant accounting policies

(a) Basis of preparation

(i) Statement of compliance

The interim financial information is prepared in accordance with IAS 34 *Interim Financial Reporting.* It does not include all the information required for a complete set of general purpose financial statements prepared in accordance with International Financial Reporting Standards.

The accounting policies applied in these interim financial statements are the same as those applied in the Company's audited financial statements, as at and for the year ended February 28, 2019. Selected notes are included to explain events and transactions that are significant to an understanding of changes in the Company's financial position and results of operations since the date of those audited financial statements.

2. Statement of compliance, basis of preparation and summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Basis of measurement

The financial information has been prepared on the historical cost basis, modified for the revaluation of financial investment at fair value through profit or loss.

(iii) 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 3.

(iv) Functional and presentation currency

Except where indicated to be otherwise, the condensed interim financial information is presented in United States dollars, which is the Company's functional currency.

(b) 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 in profit or loss.

(i) Current taxation

Current tax is based on the taxable profit or loss for the period, which differs from the profit or loss before tax reported because it excludes 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.

2. Statement of compliance, basis of preparation and summary of significant accounting policies (continued)

(b) Taxation (continued)

(ii) Deferred tax (continued)

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.

(c) Net gain from financial investment classified as at fair value through profit or loss

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

3. 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 that are believed to be reasonable under the circumstances.

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.

4. 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"). Cuba, Mexico and Venezuela are excluded from the Target Region. 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 nine-month period ended November 30, 2019, the Company invested a further $2,805,817 in the Fund.

5. 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$3,823,600). 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$73,531) 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 November 30, 2019, the loan principal amount outstanding amounted to J$465,000,000 (US$3,419,181).

6. Earnings/(loss) per stock unit

Earnings/(loss) per stock unit is calculated by dividing the profit/(loss) for the period by the weighted average number of ordinary shares in issue for the period of 309,968,261 (2018: 309,968,261).

7. Capital management

The Company has made capital commitments 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.

In addition, the Company may borrow up to 25% of its total assets after giving effect to the borrowing.

8. 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.

PORTLAND JSX LIMITED

Notes to the Condensed Interim Financial Information
Nine-month period ended November 30, 2019
(expressed in United States dollars unless otherwise stated)

8. Fair value of financial instruments (continued)

- 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 instruments' 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 3.

Accounting classifications and fair values:

The Company's investment in unquoted investments measured at fair value is classified at level 3 of the fair value hierarchy and there were no transfers between levels in the period.

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.

Valuation techniques	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Investment in unquoted partnership Market comparable companies	• Adjusted EBITDA multiple range of 4.90-11.10 times • 5%-15% liquidity discount	The estimated fair value would increase/(decrease) if: • Adjusted EBITDA was higher/(lower) • The liquidity discount was (higher)/lower
Loan to investee Recoverable value of loan amount	• Estimated cash flows from loan • Risk-adjusted discount rate	The estimated fair value would increase/(decrease) if: • Estimated cash flows increased/(decreased) • Market interest rates (increased)/decreased

Cash and short-term deposits, securities purchased under resale agreements and interest receivable are classified at amortised cost. The fair values of these financial assets approximate their carrying values due to their short-term nature.