SYGNUS | CREDIT INVESTMENTS

2021 ANNUAL REPORT

BREAKING BOUNDARIES

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Vision

To be the leader in the Caribbean private credit market.

Mission

To provide innovative, non-traditional financing solutions to middle-market companies.

The 3i's Principle

Ensures your interests come first.

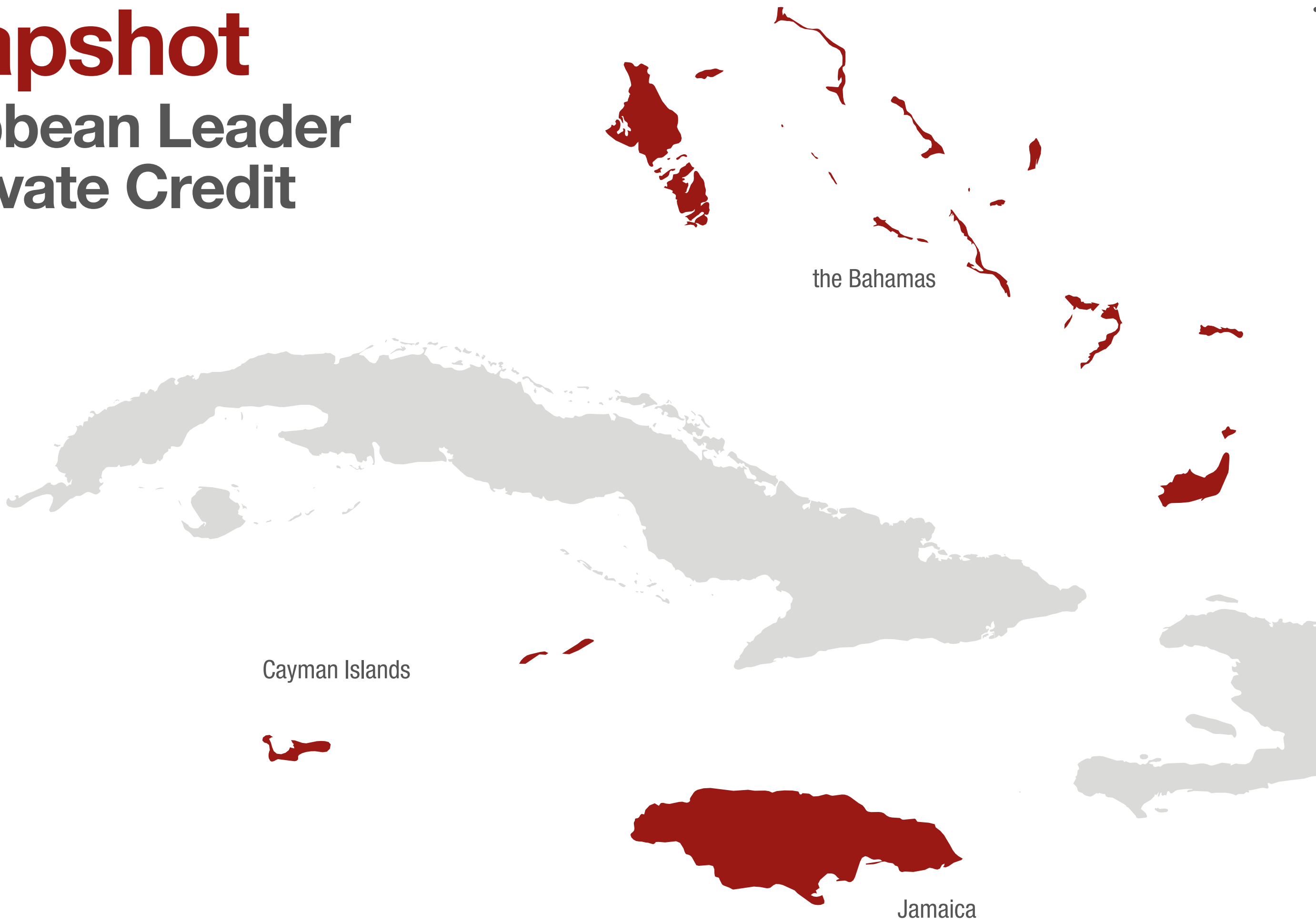
In taking a leadership role in the development of the regional private credit market, SCI is driven by three core principles:

INNOVATION — We constantly develop new ideas to provide medium-sized firms with financing solutions that exceed their expectations.

INDEPENDENCE — We remain free of influences that are not aligned with putting the interests of Portfolio Companies and stakeholders first.

INTEGRITY — We are honest, reliable and ethical in all interactions with Portfolio Companies, stakeholders and the wider community.

Snapshot
Caribbean Leader in Private Credit

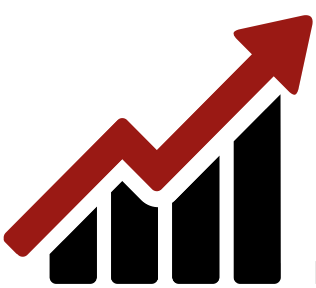


Diversified across

31 Portfolio Company Investments

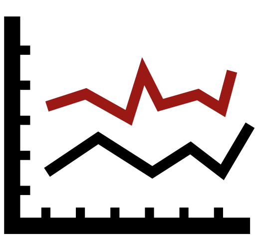
11 Industries and

7 Territories



US$82.8m

Record **Private Credit Portfolio** up **54.5%**



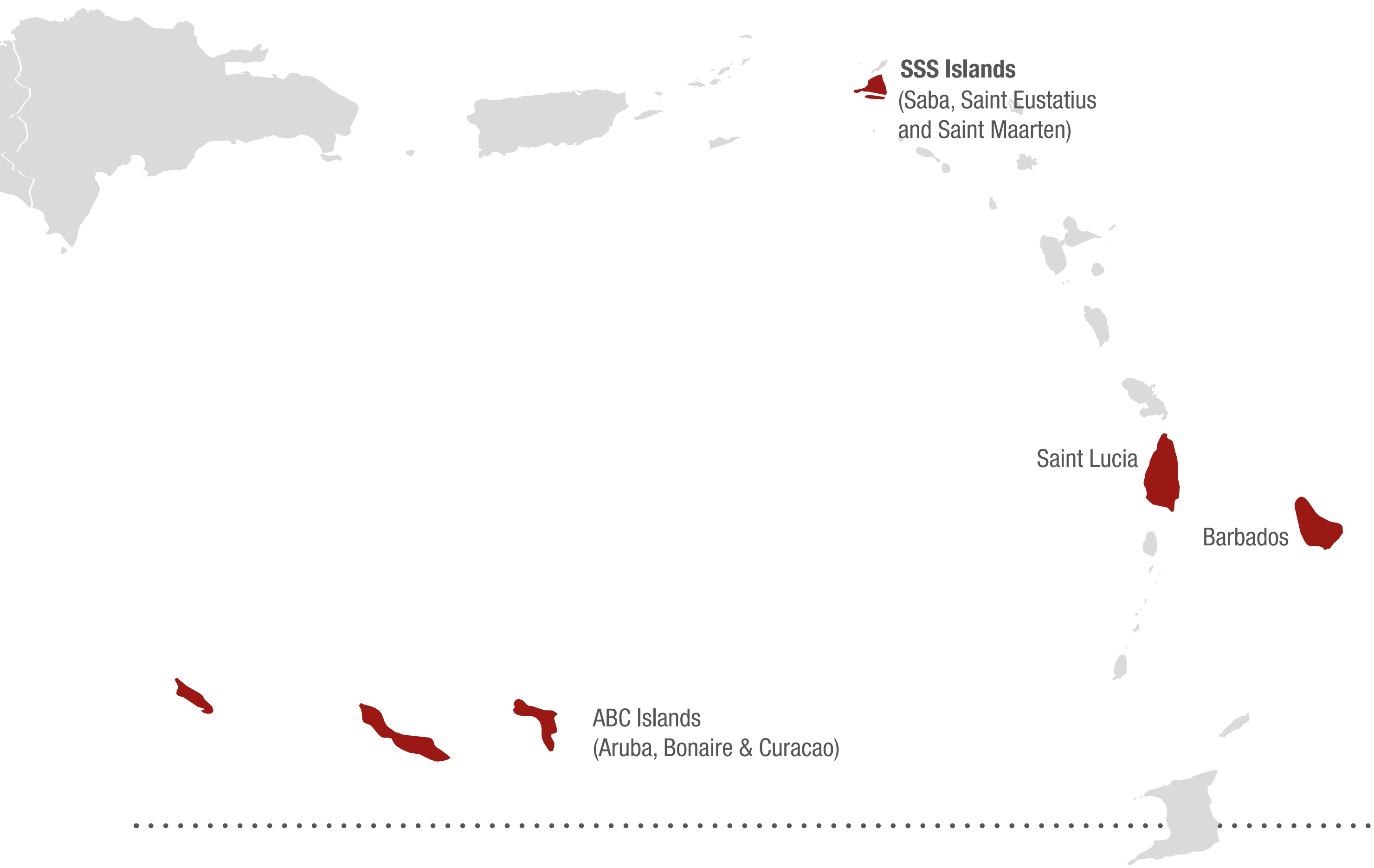
US$5.0m

Record **Net Profits** up **154.9%**

US$6.5m
Record **Total Investment Income** up **44.2%**

US$3.8m
Record **Net Investment Income** up **24.1%**

US$2.4m
Dividends Paid & Declared up **28.1%**



Nil Realized Credit Losses

Credit Rating: jmBBB

Outlook: Stable

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting (AGM) of SYGNUS CREDIT INVESTMENTS LIMITED ("SCI") will be held on Wednesday January 26, 2022, at 11:00 a.m., at Bella Rosa Road, Gros Islet, Saint Lucia. The AGM will be in a hybrid format-a physical meeting and videoconferencing-to consider and, if thought fit, pass the following resolutions:

1. Audited Company Accounts

Resolution No. 1

"THAT the Audited Company Accounts for the year ended June 30, 2021, and the Reports of the Directors and Auditors, circulated with the Notice convening the meeting, be and are hereby adopted."

2. To Ratify Interim Dividends and Declare them as Final

Resolution No. 2

"THAT the interim dividends per stock unit of US$0.00147 paid in April 2021, and the US$0.00262 paid in October 2021, be treated on the recommendation of the directors as the final dividend for the financial year ended June 30, 2021."

3. Election of Directors

Resolution No. 3

Articles 149 and 150 of the Company's Amended and Restated Articles of Association, provide that one-third of the Board, other than the managing director (if one is appointed) and directors appointed by the holder of the Special Share, or if the number of members of the Board is not three or a multiple of three, then the number nearest to one-third shall retire from office at each Annual General Meeting. The directors retiring under these articles are Ms. Hope Patricia Fisher and Mr. Ian St. Ville Williams who, being eligible, offer themselves for re-election.

The proposed resolutions are as follows:

a) "THAT Ms. Hope Patricia Fisher, who retires by rotation in accordance with Articles 149 and 150 of the Company's Amended and Restated Articles of Association, and, who being eligible, offers herself for re-election as a director of the Company, be and is hereby re-elected a director of the Company"

b) "THAT Mr. Ian St. Ville Williams, who retires by rotation in accordance with Articles 149 and 150 of the Company's Amended and Restated Articles of Association, and, who being eligible, offers himself for re-election as a director of the Company, be and is hereby re-elected a director of the Company."

4. To Approve Directors' Remuneration

Resolution No. 4

"THAT the amount shown in the Audited Accounts of the Company for the financial year ended June 30, 2021, as remuneration to the directors for their services, be and is hereby approved."

5. To Appoint Auditors and Authorise the Directors to Fix their Remuneration

Resolution No. 5

"THAT KPMG, Chartered Accountants, having agreed to continue in office as auditors, be and are hereby appointed auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be agreed on by the directors of the Company."

By Order of the Board

Dated the 9th day of December, 2021.

____

Secretary

Note to Members

1. A member may be represented at a meeting by a proxy who may speak and vote on behalf of the member. A proxy need not be a member of the Company.
2. If you are unable to attend the meeting in person, a Form of Proxy is enclosed for your convenience. The Form of Proxy should be delivered to the Registered Office of the Company or, in respect of members resident in Jamaica, at Unit 28, 80 Lady Musgrave Road, Kingston 10, Saint Andrew, Jamaica, not less than 48 hours before the time appointed for the meeting. The Form of Proxy may also be emailed to sci@sygnusgroup.com.
3. A corporation may execute a Form of Proxy under the hand of a duly authorised officer or attorney of the Company with the seal of the Company affixed.
4. For members in Jamaica, the Form of Proxy shall bear the stamp duty of J$100.00. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the proxy form.
5. **For members in Jamaica, a satellite location will be at the Terra Nova All-Suite Hotel, 17 Waterloo Road, Kingston 10. The meeting will commence at 10 o'clock Jamaica time.**
6. Given government-mandated social distancing guidelines, in-person participation may be restricted. As such, members who will be attending in person are encouraged to register prior to the date of the meeting. An email with the link for registration will be sent to members.

Directors' Report

The directors of Sygnus Credit Investment Limited ("SCI" or the "Company") are pleased to present their Annual Report with the audited financial statements for the year ended June 30, 2021.

Financial Highlights	FY June 2021 US$	FY June 2020 US$	% Change
Total Investment Income	6,486,988	4,499,018	44%
Net Investment Income	3,760,057	3,029,074	24%
Net Profit Attributable to Shareholders	5,028,317	1,972,793	155%
Total Shareholders' Equity	66,736,076	37,672,359	77%

Details of these results are set out in the Management Discussion and Analysis, and the Financial Statements sections of the report.

Dividends

Post the end of the financial year, the Company declared an interim dividend of US$0.00262 per share to all shareholders on record as of September 30, 2021, and payable on October 15, 2021, subject to compliance with applicable laws. The ex-dividend date was September 29, 2021.

Meetings

There were nine (9) Board meetings held during the year. The Audit and Governance Committee and the Enterprise Risk Committees each held four (4) meetings during the year.

Risk Management

The Board of Directors of the Company is ultimately responsible for the risk management policies of SCI and has delegated the management of risk to the Investment and Risk Management Committee (IRMC). The IRMC, which is independently chaired, is a Board sub-committee of the Investment Manager, Sygnus Capital Limited (SCL), and is responsible for making all investment decisions. We provide additional details on our risk management policies on page 24 of the report titled Risk Management Report.

Auditors

Our auditors, KMPG, who were appointed during the financial year, expressed a willingness to continue for the next financial year.

Acknowledgement

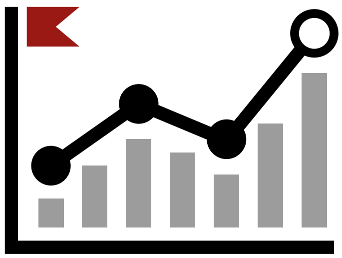
The directors would like to express their sincere appreciation to the shareholders and business partners of the Company for their continued support and partnership.

Linval Freeman, FCA, FCCA
Chairman of the Board

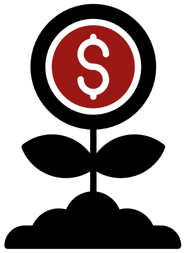
On behalf of the Board of Directors

Company Profile

US$88 MILLION
TOTAL ASSETS



US$61 MILLION
EQUITY CAPITAL RAISED



US$132 MILLION
GROSS INVESTMENT COMMITMENTS

Private Credit Pioneers

Sygnus Credit Investments Limited ("SCI" or the "Company") is the largest publicly listed specialty private credit investment ("PCI") company in the Caribbean, with total assets of US$88 million. SCI has successfully raised US$61 million in equity capital during its first four years of operation. This was achieved through a private sale of shares to institutional and high net worth investors in 2017, an initial public offering ("IPO") in 2018, and an additional public offering ("APO") in 2020. The Company's Ordinary Shares are listed on the main US dollar market and main JA dollar market of the Jamaica Stock Exchange.

SCI is dedicated to providing alternative financing to middle-market businesses ("Portfolio Companies") across the Caribbean region. These Portfolio Companies typically have revenues of between US$5 million and US$25 million. Over the past four years, SCI has deployed US$132 million in gross investment commitments across the Caribbean.

Customised Financing for Middle-Market Businesses

Non-traditional forms of credit are more customised and flexible than traditional financing. Consequently, the Company offers an alternative channel through which middle-market firms can access capital to drive their expansion.

The investment objective of SCI is to generate attractive risk-adjusted returns with an emphasis on principal protection, by generating current income, and to a lesser extent capital appreciation, through investments primarily in Portfolio Companies using private credit instruments.

The Company invests primarily in private credit instruments including bilateral notes and bonds, preference shares, asset-backed debt, mezzanine debt, convertible debt and other forms of structured private credit instruments. These forms of financing are typically more aligned with the growth and expansion plans of Portfolio Companies.

The Company received its first corporate credit rating from the Caribbean rating agency, CariCRIS, which assigned an investment grade rating of jmBBB with a stable outlook in September 2021.

Corporate Structure

The investment assets of the Company are managed by its Investment Manager, Sygnus Capital Limited (SCL), a subsidiary of Sygnus Capital Group Limited (SCG). Sygnus Capital Limited replaced the previous Investment Manager, Sygnus Capital Management Limited (SCM), another subsidiary of SCG.

The Company has issued one Special Share to SCG. The Special Share has one vote on a show of hands, and on a poll, it shall have such number of votes as is equivalent to 101% of the aggregate votes vested in all Ordinary Shares issued by the Company. The Special Share has no right to receive any distribution of assets on a winding up except the US$1.00 which was subscribed for the Special Share. A dividend may be paid to the holder of the Special Share in lieu of, or in addition to, the management fee payable to the Investment Manager.

Investment Management Decisions

The Investment Manager has delegated investment decisions to a sub-committee of experts, known as the Investment and Risk Management Committee (IRMC). The IRMC has extensive regional and international experience and expertise spanning credit risk, corporate and investment banking, investment management and financial markets.

The IRMC comprises:

Chairman: Milton Brady

Milton is Chairman of the Board, Sygnus Capital Limited, and currently works as a Senior Advisor with Pan American Finance, where he uses his experience to provide advice and counsel to businesses and governments in the Caribbean region. Previous roles held by Milton include: Director and Global Head of Credit at SEB Merchant Banking (Sweden); President of SEB, New York (USA); Managing Director, Corporate and Investment Banking at CIBC FirstCaribbean (Barbados); Managing Director, CIBC FirstCaribbean (Jamaica); Chief Commercial Officer, LIME (formerly Cable & Wireless Caribbean); and Chief Risk Officer, NCB Group (Jamaica).

Simon Cawdery, CFA

Simon is Director, Sygnus Capital Limited, and Non-Executive Director, HLX Management/IPAF Group, Cayman. He is also the Founder/Director, Helix Group, Cayman; former Head of Investment Strategy/Senior Portfolio Manager at EFG Bank, Cayman; former Head of Discretionary Investments/ Senior Portfolio Manager at Butterfield Bank (Cayman); and former Credit Analyst at Barclays (UK).

Jason Morris, CFA

Jason is Executive Vice President and Chief Investment Officer at Sygnus Capital Limited. He is also a Director of the Caribbean Alternative Investment Association (CARAIA).

Prior to his current role, Jason worked at Scotia Investments Jamaica Limited (SIJL) where he served as Vice President of Business Analytics, Portfolio Advisory, and Product Development from June 2012 to June 2016, and Assistant Vice President of Product Development from March 2010 to June 2012.

In the early part of his career, Jason worked with the JMMB Group Limited where he spent eight years, from 2002 to 2010. There he initially served as their Investment Research and Sovereign Risk Analyst, and then as their Senior Investment Strategist and Portfolio Manager.

Investment Recommendations

The Investment Manager, through a committee of specialists from its Investment Advisory Committee (IAC), provides recommendations to the IRMC for decision making. The IAC has extensive expertise in the Caribbean region with structuring and arranging corporate credit transactions across a wide range of asset classes, including structured finance, securitization, mezzanine finance, project finance and corporate and investment banking.

The IAC comprises:

Chairman: Berisford Grey

Beris is President and Chief Executive Officer, Sygnus Capital Limited. He was the former Managing Director of Corporate & Investment Banking at CIBC FCIB, formerly the largest regional bank in the Caribbean.

Prior to joining CIBC FirstCaribbean, Beris served as Senior Vice President of Origination & Capital Markets at Scotia Investments Jamaica Limited between 2010 and 2013. During this time, he executed some of the most innovative transactions in the local market including, synthetic REIT financing structures and other first-of-its-kind project financing ideas.

Gregory Samuels, CFA

Gregory is Senior Vice President and Head of Investment Banking at Sygnus Capital. He was the former Assistant Vice President of Treasury and Trading at Scotia Investments, and the former Associate Director, Client Solutions Group at CIBC FCIB, where he provided structured products and derivative hedging solutions to clients. Gregory was also a former engineer with Royal Dutch Shell PLC.

Ike Johnson, PhD, CFA

Ike is Executive Vice President and Chief Operating Officer, Sygnus Capital Limited.

Ike's career started at Jamaica Money Market Brokers (JMMB), where he served as Market Risk Analyst, providing key quantitative analytical tools and introducing important risk monitoring and reporting mechanisms. He left JMMB for three (3) years to pursue his doctoral studies in the UK, and then re-joined the company as their Senior Strategy Management Officer. Ike also served as Assistant Vice President of Business Analytics and Product Development for Scotia Investments Jamaica, a subsidiary of the Scotiabank Group.

Board of Directors

Chairman

Clement Wainwright Iton, MBA, BSc *

Independent Chairman

Clement is formerly the Chief Executive Officer of the Trinidad and Tobago Securities and Exchange Commission (TTSEC), and was also previously the CEO of the Trinidad and Tobago Stock Exchange. Prior to that, he worked as a private consultant, providing guidance on corporate financial matters with emphasis on structuring Initial Public Offerings (IPOs). From 1987 to 2004, he headed the Jamaica Stock Exchange (JSE).

In 1998, he conceptualized and led the team that introduced book-entry settlement to Caribbean Stock Exchanges—a defining moment in his career. He is also credited for leading the JSE's transition from a manual operation to a fully computerised marketplace.

Clement's career started as a lecturer in the Department of Management Studies at The University of the West Indies (UWI) where he developed the curriculum in management accounting, financial management and general management.

*Note: Mr. Clement 'Wain" Iton resigned from the SCI Board of Directors on October 31, 2021. Mr Linval Freeman was appointed as the new Chairman.

Directors

Linval Freeman, FCA, FCCA

Independent Non-Executive Director

Linval is Chairman of the Public Accountancy Board Investigations Committee and a member of the Accounting Standards Committee of the Institute of Chartered Accountants of Jamaica. He serves as Director and Chairman of the Audit Committees for Sygnus Real Estate Finance Limited, and Canopy Insurance Limited. He is Chairman of the Audit Committee of the Council of the University of Technology. Linval serves as a Justice of the Peace.

Some previous roles that Linval held include former Director and Assurance Partner at Ernst & Young Caribbean, Jamaica Office; former Director at PriceWaterHouseCoopers, and the first Director in charge of its then newly established internal audit practice.

Ian Williams, MBA, BSc

Independent Non-Executive Director

Ian Williams is currently the President and CEO of ZNW Management and Consultancy Limited. Ian works with companies that do not have a presence across the Caribbean market to help establish new relationships and sales in the region. Previously, Ian worked with CIBC FirstCaribbean International Bank (FCIB) for 15 years, primarily within Treasury. Prior to leaving FCIB, Ian was the Director and Head of Foreign Exchange Sales.

Damian Chin, MSc, BA, BSc

Independent Non-Executive Director

Damian is Director of Treasury/Finance at Sandals Resorts International Limited. He is also a Director of the ATL Group Pension Fund Trustees Nominee Limited.

Peter Thompson, CFA, MSc

Independent Non-Executive Director

Peter is Group Client Investment Manager at JMMB Group Ltd. where he is responsible for the build out of the process and structures for the management and service delivery for client portfolios across the JMMB Group. Previously he was Senior Investment Manager for Client Portfolios, Manager, of Group Product Portfolio, and Business Development Manager at JMMB Ltd.

Hope Fisher, BSc

Independent Non-Executive Director

Hope Fisher is a Civil Servant with the Ministry of Labour & Social Security where she is currently the Director of the Bond Portfolio at the National Insurance Fund ("NIF"). She has responsibility for monitoring the fixed income portfolio and developing the strategy to capitalise on investment opportunities.

Ike Johnson, PhD, CFA

Non-Executive Director

(See Corporate Structure: The IAC)

Board of Directors

SYGNUS CAPITAL

Chairman

Milton Brady, BBA, MBA
Independent Chairman
(See Corporate Structure: The IRMC)

Directors

David McBean, PhD, BSc
Independent Non-Executive Director
Dr. David McBean was appointed Executive Director of the Mona School of Business and Management (MSBM) on March 1, 2018.

Prior to joining the staff of the UWI, Mona, David served in several senior executive roles in varied industries including the airline industry, telecommunications (commercial & regulatory), IT, and media industries in the Caribbean. Past senior appointments include, Managing Director for the Spectrum Management Authority of Jamaica, Managing Director of Products & Services for LIME Caribbean, CEO of the CVM Media Group in Jamaica, as well as Vice President of IT for the former Air Jamaica.

David has served on several boards. Former board appointments include, Director of the Jamaica Tourist Board, e-Learning Jamaica, Nutrition Products Limited, University Hospital of the West Indies, AJAS, Lascelles de Mercado Limited, Supreme Ventures Limited and Mayberry Investments Limited. David is a Jamaica Rhodes Scholar.

Directors Continued

Gassan Azan Jr.
Non-Executive Director
Gassan is the Founder, Chairman and Chief Executive Officer of Bashco Trading Company Limited, and MegaMart Wholesale Club. Under his leadership, Bashco, which he launched in 1990, has grown to twelve (12) stores in nine (9) parishes.

In December 1999, he started MegaMart (Jamaica), the Caribbean's first wholesale membership club offering exciting one-stop shopping. Today, there are four (4) MegaMart superstores in Jamaica, located in Portmore, Kingston, Montego Bay, and Mandeville.

Gassan is also Chief Executive Officer of Sizzling Slots and SMWS Games Limited. He is a Justice of the Peace and has been awarded the Prime Minister's Medal of Appreciation.

Berisford Grey
Executive Director/ President and Chief Executive Officer
(See Corporate Structure: The IAC)

Jason Morris, CFA
Executive Director/ Executive Vice President and Chief Investment Officer
(See Corporate Structure: The IRMC)

Ike Johnson, PhD, CFA
Executive Director/ Executive Vice President and Chief Operating Officer
(See Corporate Structure: The IAC)

Simon Cawdery, CFA
Independent Non-Executive Director
(See Corporate Structure: The IRMC)

"As SCI's portfolio of private credit investments surpasses the US$100 million threshold, we anticipate that the Company will enter **an accelerated growth phase**. We see this unfolding through a number of different channels including, the increased ability to underwrite larger transactions, new investment structures, an expanding opportunity set of investment originations, and an ability to collaborate with international investment partners."

Chairman's Report

Milestone Achievements

We are pleased to submit the Annual Report for Sygnus Credit Investments Limited (SCI) for the year ended June 30, 2021. The Company's profitability reached a key milestone for an alternative investment company, as net profits grew by 155% to a record US$5.0 million. Earnings per share was a record 1.11 US cents, surpassing 1.00 US cents for the first time. SCI's financial performance further cemented its position as the leader in the private credit investment market within the Caribbean.

SCI's financial performance was in part driven by its ability to successfully execute and raise a record US$27.1 million from an additional public offering (APO) during the busy Christmas period of 2020, amid COVID-19 pandemic conditions. This APO was only the 2nd such equity raised on the public markets within the entire Caribbean after COVID-19 started in March 2020, making this a truly remarkable feat by a four-year-old company. The proceeds from the APO were primarily used to originate new private credit investments, resulting in a record private credit portfolio of US$82.8 million that reflects a 54.5% growth.

SCI remained vigilant and proactive about minimizing permanent or realized credit losses, which have a long-lasting impact on shareholder value. The Company's realized credit losses remained at nil for a fourth consecutive year, while its non-performing investment ratio remained within tolerable levels despite the COVID-19 pandemic conditions.

In September 2021, the Caribbean rating agency, CariCRIS, assigned SCI an initial investment grade corporate credit rating of jmBBB with a stable outlook. This first corporate rating puts SCI among the ranks of publicly listed private credit investment companies globally with a credit rating, in keeping with international best practices.

SCI continued to celebrate its successes with shareholders since its first dividend payment three years ago. The Company has returned US$6.3 million or 10.3% of its share capital to shareholders as dividends over the past three years. A record US$2.4 million of this was paid or declared in FYE June 2021 results. US$1.6 million–the most ever–was declared after the year-end financial results on September 10, 2021, and paid on October 15, 2021.

Looking Forward – Breaking into New Frontiers

The COVID-19 pandemic will likely continue to impact middle-market companies across the Caribbean over the short term. In addition, global supply chain issues remain a cause for concern with attendant inflation and ultimately growth risks. However, based on the advancement in vaccination rates across the region relative to 2020, the economic rebuilding process has begun, with borders reopening and international air and sea travel improving.

The Company's run rate is already ahead of its 2022/23 target to generate at least US$8.0 million in total investment income and invest at least US$100 million in private credit investments. Thus, SCI is expected to operate with an accelerated run rate for investment origination, breaking into new frontiers, entering new territories and industries while formulating new partnerships. Given the newly assigned corporate credit rating, the Company's strategy will prioritize raising additional debt capital to accelerate growth and expansion while enhancing and protecting shareholder value.

We wish to thank the immediate past Chairman, Clement "Wain" Iton, who resigned on October 31, 2021, having overseen SCI's remarkable growth and expansion over the past four years. We also wish to thank all the directors of the Company, the Investment Manager, and its team for their hard work and leadership in pursuing SCI's strategic objectives. Most importantly, thank you to our shareholders and our various Portfolio Companies as we look to continue growing together.

Linval Freeman, FCA, FCCA
Chairman, Sygnus Credit Investments Limited

Management Discussion and Analysis

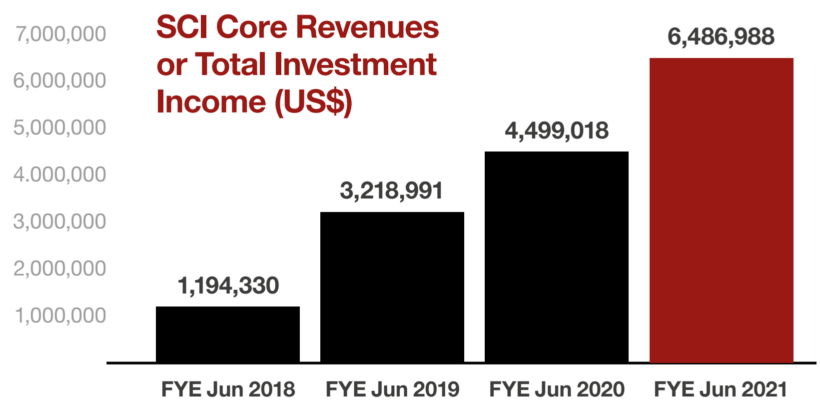
The Management Discussion and Analysis (MD&A) should be read in conjunction with SCI's audited financial statements. The MD&A was prepared by management to provide shareholders with additional insights into the operations and financial performance of the Company. It may contain forward-looking statements based on assumptions and predictions of the future which may be materially different from those projected.

Results of Operations

Sygnus Credit Investments Limited reported the highest net profits and earnings per share in its four-year history, along with record core revenues and core earnings for the financial year ended June 30, 2021 (the "FYE Jun 2021"). In particular, the Company's net profits more than doubled, surpassing a key milestone of US$5.0 million for the very first time. Subsequent to the release of the audited financial statements, SCI achieved another milestone, as it was assigned an investment grade credit rating of jmBBB with a stable outlook by the Caribbean rating agency, CariCRIS. The corporate rating was in keeping with its promise to shareholders to become a rated entity at close to US$100.0 million in investment assets. The achievement of these two key milestones has laid the foundation for SCI to accelerate its growth trajectory and break new boundaries within the upcoming fiscal year.

SCI's results were driven by new investment origination activity across the Caribbean at attractive yields, continued proactive credit risk management, and growth in its private credit investment portfolio to a record US$82.80 million. The Company remained well ahead of schedule to deliver on its promise made to shareholders at the December 2020 Annual General Meeting. SCI committed to scale its private credit business beyond US$100.00 million and deliver at least US$8.00 million in core revenues over the next two to three years, that is, by December 2022 to December 2023. The results were facilitated by a record capital raise of US$27.1 million in an additional public offering (APO) of 249,887,900 Ordinary

Summary Results of Operations	FYE Jun 2021 US$	FYE Jun 2020 US$
Interest Income	8,221,661	5,382,777
Interest Expense	(1,797,459)	(890,759)
Net Interest Income	6,424,202	4,492,018
Participation and Commitment Fees	62,786	7,000
Total Investment Income	**6,486,988**	**4,499,018**
Total Operating Expenses	2,726,931	1,469,944
Net Investment Income	**3,760,057**	**3,029,074**
Gain (Loss) on Sale of Investments	24,175	(8,370)
Fair Value Gain	1,416,793	74,640
Net Foreign Exchange Loss	(72,988)	(1,039,375)
Impairment Allowance on Financial Instruments	(69,710)	(101,592)
Profit Before Taxation	**5,058,327**	**1,954,377**
Taxation Credit (Charge)	(30,010)	18,416
Profit Attributable to Shareholders	**5,028,317**	**1,972,793**
Earnings Per Share	**1.11¢**	**0.56¢**
Net Investment Income Per Share	**0.83¢**	**0.87¢**



Shares in December 2020, which was listed on the Jamaica Stock Exchange in January 2021.

The impact of the global COVID-19 pandemic on Caribbean economies and on middle-market businesses is ongoing, and the trajectory of the regional economic recovery remains uneven and unclear. However, SCI remains well-positioned to continue navigating the effects of the pandemic, given a robust balance sheet with very low leverage and nil realized credit losses or charge-offs since inception.

SCI's core revenues, or total investment income, grew by 44.2% or US$1.99 million to a record US$6.49 million, for FYE Jun 2021. This compares with US$4.50 million for the financial year ended June 30, 2020 ("FYE Jun 2020"). Ninety-nine percent of core revenues was comprised of net interest income. The growth of net interest income primarily reflected a record growth in net investment commitments to well managed middle-market Caribbean businesses, to meet their substantial demand for flexible debt capital. This outcome was in keeping with SCI's view that the greatest demand for flexible capital typically occurs during periods of economic crisis, as was discussed in SCI's 2020 annual report and again in its APO prospectus in December 2020. It is also consistent with the growth trends seen in the more developed private credit markets across the globe.

SCI's core earnings, or net investment income, grew by 24.1% or US$731.0 thousand to a record US$3.76 million for FYE Jun 2021, versus US$3.03 million for FYE Jun 2020.

Net profit attributable to shareholders grew by 154.9% or US$3.06 million to a record US$5.03 million for FYE Jun 2021, eclipsing a key milestone of US$5.0 million in only four years. Net profit was US$1.97 million in FYE Jun 2020.

Earnings per share (EPS) was a record 1.11 US cents for FYE Jun 2021 versus 0.55 US cents for FYE Jun 2020. Core earnings per share, or net investment income per share (NII), was 0.83 US cents versus 0.87 US cents for the prior year.

Total Operating Expenses

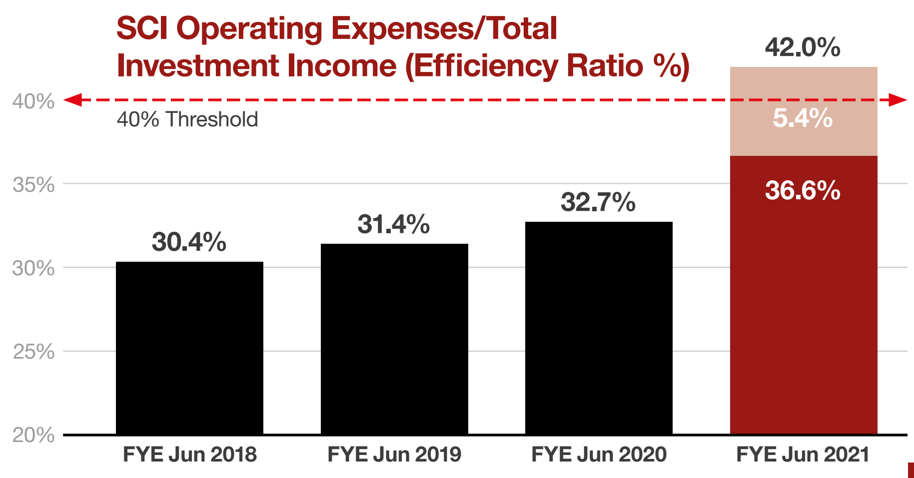
Total operating expenses increased by US$1.26 million or 85.5% to US$2.73 million for FYE Jun 2021 versus US$1.47 million for FYE Jun 2020. This increase was driven primarily by higher management and corporate services fees related to higher assets under management, first time performance fees, and some one-off expenses. Management fees, corporate services fees, and performance fees were a combined 76.0% of operating expenses.

Management fees were 53.4% of operating expenses, amounting to US$1.46 million versus US$1.00 million for FYE Jun 2020, growing in accordance with a 44.0% growth in assets under management. Management fees are charged at a rate of 1.9% of assets under management.

Corporate services fees were 9.7% of operating expenses, amounting to US$265.7 thousand versus US$75.9 thousand for FYE Jun 2020. These fees only began accruing midway through FYE Jun 2020, and were thus substantially lower last year than the amounts reported for FYE Jun 2021, which now represents the normalized run rate.

Performance fees were 12.8% of operating expenses, amounting to US$349.5 thousand versus nil last year. These fees were driven by SCI's net income as a percentage of the average equity over the last three years exceeding the hurdle rate of 6.0%. The fees are charged as 15% of the difference between the computed net income as a percentage of the average three-year equity and the hurdle rate of 6.0%. No fees were charged in any of the previous financial years.

Excluding management, corporate services and performance fees, operating expenses increased by US$266.8 thousand or 68.7% to US$654.8 thousand versus US$388.0 thousand for FYE Jun 2020. This increase was primarily driven by higher professional fees which amounted to US$207.5 thousand vs US$35.0 thousand in FYE Jun 2020. The increase in professional fees primarily reflected one-off consultant fees for several different projects. Higher registration fees reflected the listing of the APO shares on the Jamaica Stock Exchange, while higher irrecoverable tax reflected higher usage of taxable repo instruments from APO proceeds, relative to last year.



Efficiency and Management Expense Ratios

SCI's core activities generated an efficiency ratio of 42.0% for FYE Jun 2021, versus 32.7% for FYE Jun 2020. The efficiency ratio was primarily impacted by the first-time performance fee which accounted for 5.4% of the 42.0%. The performance fee is computed based on the year-end financial statements but was also included as part of the expenses for the financial year. Thus, adjusting for the performance fee, the adjusted efficiency ratio was 36.6%, well within the 40% targeted threshold level. This ratio is computed as total operating expenses to total investment income.

Similarly, total operating expenses as a percentage of total assets under management, or the management expense ratio (MER), was 3.1% for FYE Jun 2021 versus 2.4% the prior year. Adjusting for the first-time performance fees, the adjusted MER was 2.7% as performance fees accounted for 0.4% of the MER. The adjusted MER of 2.7% was well within the targeted threshold level of 2.85%.

Fair Value Gain

Fair value gains on profit sharing private credit investments rose to a record US$1.42 million for FYE Jun 2021 versus US$74.6 thousand for FYE Jun 2020. The increase of US$1.34 million, substantially reflected the addition of two new fair valued private credit investments amounting to US$8.70 million and accounted for ~85% of the increase in fair value gains. The larger of the two new investments has a guaranteed rate of return that was significantly discounted and accounted for >60.0% of the overall increase in fair value gains. SCI's fair valued private credit investments are structured to capture additional upside returns in addition to the regular interest income.

Net Foreign Exchange Loss

Net foreign exchange losses of US$73.0 thousand for FYE Jun 2021, was lower than the losses of US$1.04 million for FYE Jun 2020. The higher losses in FYE Jun 2020, primarily reflected a one-off conversion of JMD to USD during a volatile foreign exchange market. Movement in foreign exchange gains or losses reflects a combination of SCI's net exposure to Jamaican dollar assets, which results in unrealized gains or losses, as well as realized gains or losses on foreign currency conversion. SCI's net balance sheet exposure to JMD at FYE Jun 2021, was negative 0.5% or negative US$396,902, versus positive 5.2% or US$3.17 million at FYE Jun 2021. SCI does not have a foreign currency trading business.

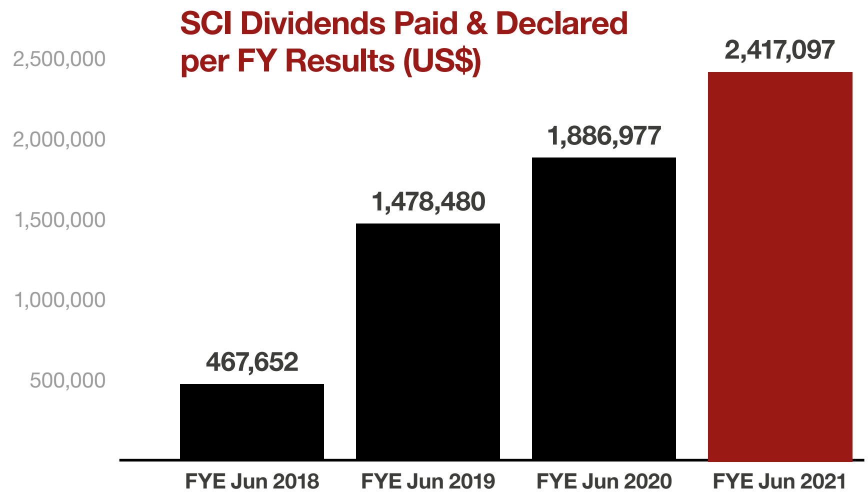
Change in Impairment Allowance on Financial Assets

SCI continued to experience a nil annual loss rate, with zero realized credit losses or charge-offs on its private credit investment portfolio for a 16th consecutive quarter since inception. The change in impairment allowance on financial assets for FYE Jun 2021, was an increase of US$69.7 thousand versus an increase of US$101.6 thousand for FYE Jun 2020. The impairment allowance is a non-cash unrealized charge, and reverses if an investment is exited without any realized losses or charge-offs. The smaller increase in impairment allowance for FYE Jun 2021, reflected a combination of successfully exiting some investments from FYE Jun 2020, without any realized losses during FYE 2021, and adding new investments with additional downside protection during FYE Jun 2021.

SCI's non-performing investment rate (NPI) for FYE Jun 2021, was 2.8% versus 2.7% for FYE Jun 2020. This represented two Portfolio Company investments vs one Portfolio Company investment last year, with one new investment added to NPI during the third quarter in 2021. However, this new NPI is expected to be extinguished over the short to medium term, as SCI, in partnership with the Portfolio Company, is finalizing the process to successfully exit this investment without crystalizing any credit losses or charge-offs. Both NPIs were fully collateralized.

Total Revenues and Total Expenses

SCI's total revenues were comprised of core revenues, or total investment income (interest income plus participation and commitment fees), plus the non-core revenue items of fair value gains, net foreign exchange gains, and gains on sale of investments. Total revenues were US$7.93 million for FYE Jun 2021, versus US$4.57 million for FYE Jun 2020.



Similarly, SCI's total expenses were comprised of core operating expenses plus the non-core items of net foreign exchange losses, fair value losses, impairment allowance on financial assets, and loss on sale of investments. Total expenses were US$2.87 million for FYE Jun 2021, versus US$2.62 million for FYE Jun 2020. Non-core revenues and non-core expenses may fluctuate significantly from period to period based on prevailing market conditions.

Dividends

Subsequent to the audited financial results at a meeting of the Board of Directors on September 10, 2021, an interim dividend of US$0.00262 per share, or US$1.55 million, was declared and paid on October 15, 2021. The interim dividend of US$1.55 million represented the second dividend payment by the company since its additional public offering (APO) in January 2021. SCI's first dividend payment after the APO was US$868.7 thousand or US$0.00147 per share, paid in April 2021.

In total, US$2.42 million or US$0.00409 per share, was declared and paid on the results for the financial year ended June 30, 2021. In the three years since its initial public offering in May 2018, SCI has delivered on its promise to shareholders, having declared and paid a total of US$6.25 in dividends, equivalent to returning 10.3% of its share capital to shareholders.

Private Credit Investment (PCI) Activity

SCI had another record year of private credit investment activity across the Caribbean. At the FYE Jun 2021, SCI's investment in Portfolio Companies grew by 54.5% or US$29.20 million, to a record US$82.8 million versus US$53.60 million in FYE Jun 2020. The number of Portfolio Company investments increased to 31 from 25 in the previous year. Portfolio Company investments included finance lease receivables on the balance sheet.

Summary of Investment Activity	FYE Jun 2021 US$	FYE Jun 2020 US$
Fair Value of Investment in Portfolio Companies	82,797,478	53,595,750
New Investment Commitments During Period	41,095,316	54,725,233
Dry Powder to be Deployed*	1,029,391	5,505,973
Number of Portfolio Company Investments (#)	31	25
Average Investment per Portfolio Company	2,670,886	2,143,830
Weighted Average Term of Portfolio Company Investments (years)	2.1	2.1
Weighted Average Fair Value Yield on Portfolio Companies (%)	12.7%	12.3%
Non-Performing Portfolio Company Investments (NPI)**	2	1
Non-Performing Investments Ratio	2.8%	2.7%
Loss Rate (realized credit losses; charge-offs)	Nil	Nil

* Does not include undrawn funding facility of ~US$5 million
** Both NPIs are over collateralized

Portfolio Company Investment Commitments

SCI originated and financed new investment commitments valued at US$41.10 million during FYE Jun 2021, versus US$54.73 million in FYE Jun 2020, gross of investment exits and amortisations. The relatively lower level of gross investment commitments reflected a more measured approach to deploying capital, given the onset of the COVID-19 pandemic. However, this more measured approach resulted in a record US$27.62 million growth in net investment commitments, taking into consideration new investment commitments less the value of investment exits. New investment commitments were primarily used by Portfolio Companies for business expansion, acquisition financing and to pursue growth opportunities. Less than a quarter of investment commitments were used for working capital purposes.

Nearly all new investment commitments represented sponsored Portfolio Company transactions, reflecting either repeat business from existing relationships (such as financing for other companies within a group of companies), or new Portfolio Companies whose majority shareholders have or had a relationship with SCI. In fact, SCI has benefitted significantly from its partnership approach throughout the pandemic with multiple repeat clients, thus substantially reducing its risk exposure by dealing with "familiar" clients or business operations.

Weighted Average Investment Tenor and Investment Yield
At FYE Jun 2021, the weighted average tenor of Portfolio Company investments remained flat at 2.1 years, while the weighted average fair value yield increased to 12.7% versus 12.3% in FYE Jun 2020. The increase in yield was driven exclusively by investments deployed during the fourth quarter, which had an average yield above 12.0%.

Allocation by Industry and Country of Incorporation
SCI's Portfolio Companies were diversified across a record 11 major industries at FYE Jun 2021, up from 10 last year. Excluding dry powder, the top four industry allocations were Financial (21%), Hospitality (16%), Infrastructure (14%), and Manufacturing (14%). Industry allocation remained substantially below the 35% target concentration level but will likely increase as economic recovery within the Caribbean gathers pace.

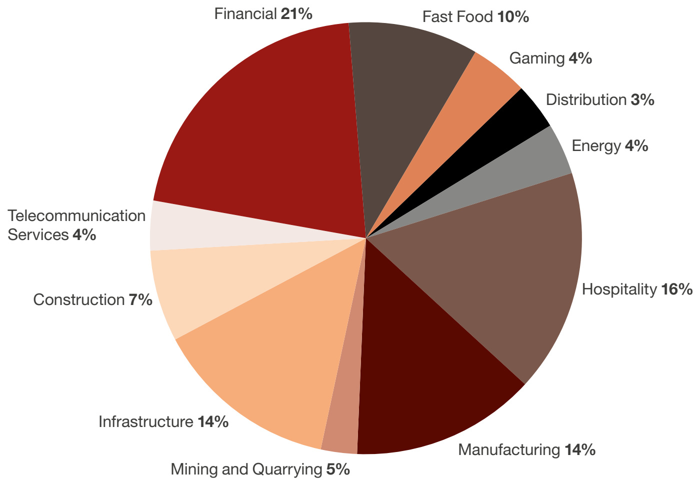
SCI's regional footprint remained diversified at seven Caribbean territories at FYE Jun 2021, the same as last year. The Company had its first investment exposure to Montserrat during the financial year, which it successfully exited prior to year-end. Portfolio Companies from Jamaica accounted for the highest allocation of SCI's portfolio at 50%, followed by Saint Lucia at 17%, and the SSS Islands (Saba, Saint Martin and Saint Eustatius) of the Dutch Caribbean at 14%.

Liquidity and Capital Resources

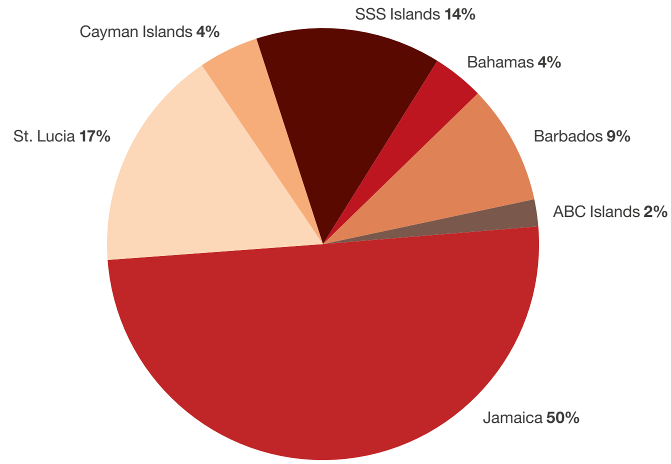
During the third quarter, SCI received US$25.78 million in net APO proceeds from its record capital raise of US$27.10 million. Of this amount, US$12.60 million was used to repay a bridge note and the US dollar portion of revolving credit lines. At the end of FYE Jun 2021, SCI had US$1.03 million in dry powder on its balance sheet, and US$5.0 million representing the undrawn first tranche of a private placement which was drawn after FYE Jun 2021. The private placement represents a US$22.0 million equivalent debt capital raise by SCI, of which US$17.0 million represents subsequent tranches to be raised depending on the Company's required deployment into new investments.

Further to the US$17.0 million tranche, the Company received approval to raise a further US$22.0 million in debt capital over the next 12 months from its Board of Directors on August 27, 2021. This brings dry powder capacity in the form of additional debt capital to US$39.0 million, excluding the US$5.0 million already drawn. Finally, SCI is in discussion with its senior banking partners to access an additional US$10.0 million in revolving credit lines to further optimize its capital structure and accelerate the growth of its private credit business across new frontiers in the Caribbean region, by deploying capital into new territories and new industries.

Portfolio Company Allocation By Industry Ex-Dry Powder:
June 30, 2021



Portfolio Company Incorporation by Region: June 30, 2021



Balance Sheet Summary

At FYE Jun 2021, SCI had a record US$87.87 million in total assets, up US$26.83 million or 44.0% over last year, mainly comprising of a record US$82.80 million in 31 Portfolio Companies, US$1.00 million in dry powder, and US$4.04 million in other assets.

SCI had total liabilities of US$21.13 million at FYE Jun 2021, down from a high of US$33.63 million during the second quarter, and US$23.37 million at FYE Jun 2020. The major components of liabilities were US$19.15 million in debt comprising US$14.67 million in notes

Summary Balance Sheet Information	FYE Jun 2021 US$	FYE Jun 2020 US$
Cash and Cash Equivalents	1,029,391	3,005,997
Repurchase Agreements	-	2,499,976
Dry Powder	**1,029,391**	**5,505,973**
Investments Measured at FV through P&L	20,572,410	10,636,030
Investments Measured at Amortised Cost	59,937,985	40,909,992
Finance Lease Measured at Amortised Cost	2,287,083	2,049,728
Total Investment in Portfolio Companies	**82,797,478**	**53,595,750**
	83,826,869	**59,101,723**
Other Assets:		
Investment Income Receivable	3,232,954	1,886,168
Other Receivables	197,229	33,306
Due From Related Parties	613,395	-
Deferred Tax Asset	-	18,416
Total Assets	**87,870,447**	**61,039,613**
Liabilities:		
Notes Payable	14,670,025	14,869,476
Loans and Borrowings	4,478,037	6,513,562
Other Liabilities	1,986,309	1,984,216
Total Liabilities	**21,134,371**	**23,367,254**
Share Capital	60,883,532	35,107,673
Retained Earnings	5,852,544	2,564,686
Total Shareholders' Equity	**66,736,076**	**37,672,359**
Total Liabilities and Equity	**87,870,447**	**61,039,613**

payable, US$4.48 million in loans and borrowings, and US$1.17 million in accounts payable and accrued liabilities. Loans and borrowings fell by US$2.04 million versus last year, and by US$12.61 million versus the peak in the second quarter due to repayment of debt from the net APO proceeds. SCI's debt peaked at US$31.91 million during the second quarter of the financial year.

Total shareholders' equity increased to a record US$66.74 million at the end of FYE Jun 2021, driven by the record net APO capital raise of US$25.78 million and record retained earnings of US$5.85 million. Shareholders' equity was US$37.67 million at the end of FYE Jun 2020.

COVID-19 Impact, Proactive Risk Management and Investment Opportunities

The Caribbean region continues to feel the effects of the global COVID-19 pandemic, with varying degrees of impact on the economies in which SCI's Portfolio Companies operate. While significant progress has been made in vaccination and antibody treatments, with millions of persons from developed and developing countries being vaccinated, the virus has mutated which continues to complicate the path to "normalcy" for the Caribbean in particular. In fact, a so-called "third wave" of Covid-19 infections has overtaken many Caribbean territories which may present additional challenges for them to navigate near term. Despite these near-term challenges, the bridge to normalcy appears to be a combination of strong vaccination programs, observation of COVID-19 protocols, and where applicable and available, approved antiviral drug treatments. This bridge is likely to be built at varying speeds across different Caribbean territories.

While this bridge to normalcy is being constructed, SCI continues to rely on the deep knowledge, experienced team and proven investment philosophy that has been developed by its Investment Manager, and has thus far served it well during a period of unprecedented crisis.

SCI remains unwavering in its commitment to achieve three key priorities, namely:

- ***proactively managing the risk of its private credit portfolio, that is, minimising "realized" credit losses and charge-offs, versus "expected credit losses". The latter will fluctuate based on market conditions, but the former represents permanent loss of shareholder value.*** As outlined during the last Annual General Meeting, SCI's private credit portfolio is primarily invested in sponsored middle-market companies that are more likely to successfully navigate an extended recessionary environment. Deploying capital into the right types of businesses is a key part of SCI's proactive risk management. This trend of investing in sponsored Portfolio Companies continues to accelerate and has created some exciting opportunities for SCI, while providing significant downside protection. We believe that SCI, as the leader in the

Caribbean's private credit market, is particularly well-positioned for this due to the scale of its private credit platform, which is approaching the US$100 million threshold much faster than anticipated, its full suite of private credit financing solutions, its deeply experienced team and strong relationships with financial sponsors. SCI's annual credit loss rate has been nil for 16 consecutive quarters.

- ***maintaining a strong balance sheet with a high asset coverage ratio and low leverage.*** The asset coverage ratio is a financial metric that measures how well a company, particularly firms in the private credit industry, can repay its debt by selling or liquidating its financial assets. The higher the asset coverage ratio, the more times a company can cover its debt. Therefore, a company with a high asset coverage ratio, all other things being constant, has substantially more flexibility and is considered less risky, since in a severely stressed market it can significantly discount its financial assets and sell them to raise cash and pay off debts. SCI's target asset coverage threshold ratio is 1.5x and was 3.72x at FYE Jun 2021 versus 2.07x at FYE Jun 2020. The threshold of 1.5x is in keeping with global standards.

Summary Ratios	FYE Jun 2021 US$	FYE Jun 2020 US$
Sub-Total Debt (Notes, Loans and Borrowings)	**19,148,062**	**21,383,038**
Total Debt/Total Assets (<0.5x)	0.22	0.35
Asset Coverage Ratio (>1.5x)	3.72	2.07
Total Debt/Equity (<1.25x)	0.29	0.57

- Similarly, for leverage, measured by net debt/equity, a lower leverage ratio, all other things being constant, provides substantially more flexibility and is considered less risky than higher leveraged financial firms. SCI has a target leverage internal threshold ratio of 1.25x with a cap of 2.0x and was <0.30x at FYE Jun 2021 versus <0.60x FYE Jun 2020. The cap of 2.0x is in keeping with global standards and is substantially lower than traditional financial firms with leverage ranging between 4x to 10x globally. Given that SCI is primarily funded with permanent capital, the combination of a high asset coverage with low leverage provides the Company with substantial flexibility to navigate an extended recessionary environment, and all other things being equal, presents relatively less risk for its creditors and shareholders.

- ***deepening current partnerships and building new relationships across the Caribbean to widen its regional footprint and grow the business well beyond the duration of the COVID-19 pandemic.*** SCI continues to see an unprecedented opportunity to deepen existing relationships and forge new partnerships with industry-leading companies by being a differentiated solutions provider. This includes collaborating with a wide cross section of traditional financial firms to support companies that will survive the current pandemic environment, and lead the economic recovery beyond the pandemic. Since inception, more than 50% of SCI's transactions were generated through existing partnerships and relationships.

Strategic Direction

SCI continues to see significant demand for flexible debt capital from well managed middle-market businesses across the Caribbean region, especially as vaccination rates increase and borders are reopened. The Company continues to maintain a robust investment pipeline which is at various stages of execution. Importantly, SCI's growth trajectory sees the firm achieving its stated objective of at least a US$100 million private credit portfolio, generating at least US$8.0 million in total investment income, substantially faster than the initial two- to three-year timeline that was communicated to shareholders at the December 2020 Annual General Meeting. As a result, the Company now sees an accelerated growth path to scaling its private credit business as it breaks new boundaries and enters new frontiers over the medium term. Therefore, SCI is expected to optimize its use of debt capital as the primary means, albeit not the only means, to finance this accelerated growth, given its relatively low leverage and newly acquired credit rating from CariCRIS. This accelerated growth path and increased scale is expected to enhance shareholder value over the medium term.

"Despite a record 2021, SCI is determined to **break new boundaries** in 2022, by entering new markets, investing in new industries and forging new partnerships to rapidly scale the size of the private credit industry across the Caribbean."

Risk Management

Risk Management Policy

The Company's goal in risk management is to ensure that it understands, measures, and monitors the various risks that arise, and that it adheres strictly to the policies and procedures that are established to address these potential risks.

The Company has developed and implemented a risk management policy that identifies major risks which may threaten the existence of the Company. Risk mitigation processes and measures are also formulated and clearly outlined in the policies and procedures. The risk management policy of the Company also adopts best practice measures to address any perceived or real conflicts of interest that may arise in the operations and management of the business.

The Board of Directors of the Company is ultimately responsible for the risk management policies of SCI.

Investment and Risk Management Committee

The Company has delegated the management of credit risk to the Investment and Risk Management Committee ("IRMC"), a sub-committee of the Board of the Investment Manager. The IRMC is responsible for the overall risk management of the Company and is responsible for all credit and investment decisions relating to the Company's investment portfolio.

This Committee consists of three members, two of whom are independent of the Company, including the chairman who was appointed by the Investment Manager's Board of Directors. The Committee reviews and approves all investment recommendations and also determines the level of conditions that will be attached to each investment.

Investment Advisory Committee

The Company's Investment Manager, through an Investment Advisory Committee ("IAC"), is responsible for analysing and recommending all investment and credit proposals to the IRMC, and monitoring the performance of the Company's investment portfolio.

This Committee consists of three members who were appointed by the Investment Manager's Board of Directors. The CEO of the Investment Manager was appointed as the chairman of the IAC.

As a private credit investment company, SCI faces a number of different risks associated with its investments, including credit risk, market risk, and liquidity risk.

1. **Credit Risk:**
   Credit risk is the risk of a financial loss arising from a counter-party to a financial contract failing to discharge its obligations. The Company's credit risk is concentrated primarily in private credit investments, cash at bank balances, securities purchased under resale agreements, and other receivables.

   To mitigate credit risk, the Company has several lines of defense:

   (a) **Independent Decision-Making Process:** The first line of defense is the separation of investment decisions from deal origination. Investment decisions can only be made by the IRMC, which reviews each private credit transaction on its own merit. The IAC, which recommends investments, has no decision-making authority.

   (b) **Screening, Approval and Documentation:** SCI only invests in Portfolio Companies which the IRMC believes to be financially sound investments. Each investment goes through a screening, approval and documentation process to determine if it meets SCI's investment criteria.

   (c) **Post-Investment Monitoring:** After each investment is made, they are monitored to determine if there are any changes in the financial performance or credit profile of each Portfolio Company. Part of this monitoring process may include board observation rights or board seats for certain types of investments.

   (d) **Concentration Limits:** SCI limits its investment exposure per sector/industry, and per individual Portfolio Company or group of Portfolio Companies, to mitigate credit risk. The Company also limits the size of each individual transaction to reduce concentration risks.

   (e) **Delinquency and Recoveries Management:** Through its Investment Manager, SCI has policies and procedures on delinquency and recoveries management, some of which will be outsourced to third parties on a case-by-case basis.

2. **Market Risk:**
   Market risk is the risk that the value or cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market.

Such risks arise from open positions in interest rates and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices, such as foreign exchange and interest rates. The market risk arising from investment activities is reviewed and assessed by the IAC and the IRMC.

The elements of market risk that affect the Company are as follows:

(a) **Foreign Currency Risk:** Foreign currency risk is the risk that the fair value of, or future cash flows from, financial instruments will vary because of exchange rate fluctuations. The Company incurs foreign currency risk on transactions that are denominated in currency other than the United States dollar. The main currency giving rise to this risk is the Jamaican dollar.

To mitigate foreign currency risk, the Company:

i. utilises a value-at-risk tool to monitor the impact of FX on its portfolio on an ongoing basis;

ii. builds in a depreciation buffer into its non-USD investments with an annual return target threshold. This buffer may take the form of higher interest income or additional upside that is realized on successfully exiting the investment; and

iii. limits the amount of non-USD investment in Portfolio Companies.

(b) **Interest Rate Risk:** Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

To mitigate interest rate risk, the Company:

i. monitors interest rates daily. Even though there is no formally predetermined gap limits, to the extent judged appropriate, the maturity profile of the financial assets is matched with that of the financial liabilities. Where gaps occur, management expects that its monitoring will, on a timely basis, identify the need to take quick action to close a gap, if it becomes necessary;

ii. invests primarily in instruments whose value is carried at amortised cost, thus minimising the impact of any movement in market interest rates on its portfolio; and

iii. maintains an appropriate mix of variable and fixed rate instruments, as determined by market conditions.

3. Operational Risk:

Operational risk is the risk arising from the execution of SCI's business functions, particularly the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events such as:

(a) **Internal Fraud** - misappropriation of assets, tax evasion, intentional mismarking of positions, and bribery;

(b) **External Fraud** - theft of information, hacking damage, third-party theft, and forgery;

(c) **Business Practice** - market manipulation, antitrust, fiduciary breaches, and account churning;

(d) **Business Disruption and Systems Failures** - utility disruptions, software failures, and hardware failures; and

(e) **Execution, Delivery, and Process Management** - data entry errors, accounting errors, failed mandatory reporting, and negligent loss of client assets.

Operational risk is mitigated by delegation of authority and operational procedures at different levels via the Investment Manager, and advisors or consultants, as necessary.

4. Liquidity Risk:

Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Company generally makes investments in financial instruments issued by private companies, substantially all of which are otherwise less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for the Company to sell or dispose of such investments in a timely manner at, or close to, fair value, if the need arises.

In addition, the Company faces liquidity risk in the form of funding risk. This is the risk that the Company may encounter difficulty in raising funds to meet commitments associated with its investments. 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.

The Company mitigates liquidity risk primarily by:

(a) not being subject to any externally imposed liquidity requirements; and

(b) maintaining an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

Corporate Governance

OVERVIEW

The Board of Directors of Sygnus Credit Investments Limited plays an integral role in the strategic direction of the Company and has overall responsibility for ensuring that the Company, its directors, and management observe principles of sound corporate governance. This includes the implementation of policies, procedures and controls that are consistent with the Company's legal and regulatory obligations as well as industry best practices. This is especially important given the Company's position as a pioneer in the private credit niche of the alternative investment industry across the Caribbean region.

ROLES AND RESPONSIBILITIES OF THE BOARD

The role of the Board of Directors is to oversee the performance of the Company's management, protect the interests of shareholders, and ensure compliance with applicable legal and regulatory requirements as well as industry best practices. The Board also provides guidance to management in the establishment of the strategic objectives of the business and the assessment of its performance.

In the performance of their duties, the directors of the Company are expected to exercise sound and independent judgment, and may rely on the expertise of the Company's management, external professional advisors and the Company's auditors.

While the Company's Investment Manager has responsibility for the routine investment operations of the Company, the Board of Directors remains ultimately accountable to the Company's stakeholders for the Company's performance and observance of high standards of corporate governance. The Board of Directors remains of the view that a sound corporate governance program, which is underpinned by timely training, effective policies, procedures and controls, is essential to ensuring sustainable value and returns for shareholders.

The Board of Directors is primarily responsible for:

- Evaluating the Company's financial performance and approving the Company's financial statements;
- Ensuring the timely disclosure of all material information concerning the Company;
- Ensuring that principal risks of the Company are identified and that management implements appropriate systems, policies, and processes to manage the risks identified;
- Ensuring that the Company complies with applicable laws including those relating to the issuance of securities and the prevention and detection of money laundering and terrorist financing;
- Ensuring proper standards of corporate governance are observed by the Company; and
- Determining the Terms of Reference for the Board Committees and overseeing their activities.

The Board is guided by a Corporate Governance Framework, which is subject to ongoing review and assessment, to ensure that its provisions remain relevant and are consistent with best practices and the legal framework within which the Company operates. The Corporate Governance Framework is designed to ensure the independence of the Board and its ability to effectively supervise the Company's management team. The specific areas addressed by the Corporate Governance Framework include:

- Roles and responsibilities of the Board
- Composition of the Board
- Independence of the Board
- Evaluation of the Board
- Committees of the Board
- Treatment of conflicts and other directorships
- Conduct of Board meetings
- Director education
- Director compensation
- Code of conduct
- The Board's responsibility for oversight

A copy of our Corporate Governance Policy is available for review on our website at **www.sygnusgroup.com**.

The Board has in place very formal and rigorous processes that independently verify and safeguard the integrity of the Company's reporting process. The Board ensures timely disclosure of all matters concerning the Company that would be expected to have a material effect on the Company and the value of the securities issued by it.

COMPOSITION OF THE BOARD

The Articles of Association of the Company provides for a Board of Directors of not more than nine (9) persons. At the date of this report, the Board is comprised of the following seven (7) directors:

Mr. Clement Iton, Chairman	Mr. Peter Thompson	Mr. Linval Freeman
Mr. Ian Williams	Ms. Hope Fisher	
Mr. Damian Chin	Dr. Ike Johnson	

Six (6) of our seven (7) directors are independent of the Company and its affiliates. Of the six independent directors, three (3) represent anchor shareholders. Directors representing anchor shareholders are nominated by the anchor shareholders. Mr. Ike Johnson, the Chief Operating Officer of Sygnus Capital Limited (an affiliate company), is the sole non-independent director.

BOARD EXPERTISE

In keeping with the Company's Corporate Governance Framework, members of the Board are selected from candidates who possess the appropriate expertise and skills which supports the work of the Board and the strategic objectives of the Company. The members of the Board are recognized leaders in their respective fields, which include banking and finance, strategic management, accounting, risk management, investment banking, capital markets and legal and regulatory compliance.

	Member						
Skillset	Clement Iton	Ian Williams	Damian Chin	Peter Thompson	Hope Fisher	Linval Freeman	Ike Johnson
Finance/Accounting	✖	✖	✖	✖	✖	✖	✖
Industry Knowledge	✖	✖		✖	✖		✖
Risk Management	✖		✖	✖	✖	✖	✖
Board/Governance Experience	✖					✖	✖
Legal/Regulatory/Compliance/Government	✖		✖			✖	
Compensation/HR	✖						✖
M&A/Corporate Finance/Investment Banking/Capital Markets		✖		✖	✖		✖

Members of the management team are invited to attend Board and Committee meetings and may participate through the presentation of discussion documents, make submissions for consideration, and respond to questions and comments by directors.

COMMITTEES OF THE BOARD

The Board has delegated certain of its authorities to various Board Committees to focus on specialised areas. The Committees of the Board are the Audit & Governance Committee, and the Enterprise Risk Committee. Each Board Committee has its own Terms of Reference which sets out the Committee's purpose, membership, quorum and other matters concerning the conduct of meetings.

The Board Committees meet periodically (typically quarterly) to examine issues that fall within their respective mandate and report on their activities to the Board. The Audit & Governance Committee and the Enterprise Risk Committee are each comprised of at least three (3) members of the Board, and a majority of the Committee are required to be independent directors. The chairman of each committee is also appointed by the Board and appointments to the committees are for a term of three (3) years. Appointments to each committee, may be extended for an additional three-year period, provided the director remains independent.

Audit & Governance Committee

The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial and operational reporting processes, risk management, internal controls, the audit process, and legal and regulatory requirements.

The members of the Committee are:

- Mr. Linval Freeman, Chairman
- Mr. Clement Iton
- Mr. Ian Williams

Enterprise Risk Committee

The primary purpose of the Enterprise Risk Committee is to have oversight of the Company's risk governance and framework including the identification of key business risks and the implementation of mitigating measures by the Company's management to manage these risks.

The members of the Enterprise Risk Committee are:

- Mr. Damian Chin, Chairman
- Ms. Hope Fisher
- Mr. Peter Thompson

Investment and Risk Management Committee

While the Board of Directors is ultimately responsible for the risk management policies of the Company, it has delegated the management of credit risk to the Investment and Risk Management Committee of the Board of Directors of Sygnus Capital Limited ("SCL"), the Company's Investment Manager. The Investment and Risk Management Committee is a Board sub-committee of the Investment Manager, SCL, and is responsible for making all investment decisions.

Sygnus Capital Limited is a licensed securities dealer in Jamaica, and is also a wholly owned subsidiary of Sygnus Capital Group. Sygnus Capital Limited is regulated by the Financial Services Commission.

The purpose of the Investment and Risk Management Committee is to have oversight responsibility for all credit and investment decisions relating to the Company's investment portfolio. The Investment and Risk Management Committee is guided by a Credit Risk Policy which sets out principles and policies for credit risk management.

The Investment and Risk Management Committee consists of three (3) members, two of whom are independent, including the chairman who is appointed by the Board of Directors of the Investment Manager. The members of the Credit Risk and Investment Committee are:

- Mr. Milton Brady, Chairman
- Mr. Simon Cawdery
- Mr. Jason Morris, Chief Investment Officer

APPOINTMENT, RE-ELECTION AND TERM OF BOARD MEMBERS

Pursuant to the Articles of Incorporation of the Company, at least one-third of the directors are required to retire each year at the Company's Annual General Meeting, but shall be eligible for re-election by the Company's shareholders. A director who is employed to the Company shall cease to be a director upon termination of employment with the Company.

The directors to retire in each year shall be those with the longest tenure since their election, but as between persons who became directors on the same day as those retiring, shall (unless agreed between them) be determined by lot.

The Board may appoint a director of the Company to either fill a casual vacancy or as an addition to the Board, provided the total number of directors does not at any time exceed the maximum number permitted by the Company's Articles of Incorporation. Any director so appointed shall hold office only until the following Annual General Meeting, when they shall retire. A retiring director shall be eligible for re-election.

To support the Company's commitment to strong corporate governance by fostering new leadership and reducing entrenchment of directors, a term limit is applied to directors which seeks to achieve ongoing renewal of the Board. All non-executive directors will be appointed for an initial term of up to three (3) years, subject to annual re-election by the Company's shareholders. After the initial three-year term, a director's term may be renewed for an additional three years. The Company's shareholders may, however, choose to re-elect an independent director who already served for six (6) years. The Board may remove a director by a resolution of the Board.

DIRECTOR COMPENSATION

The Company's philosophy is that the level of compensation paid to Board members should be sufficient to attract and retain high-quality directors to support the work of the Board and the strategic objectives of the Company. Director's compensation is, therefore, based on market rates and the level of responsibility and time commitment required of each Board member.

Non-executive directors are paid an annual retainer and fees for attendance at board and committee meetings throughout each year.

MEMBERS ATTENDANCE AT MEETINGS

There were nine (9) Board meetings held during the year. The Audit and Governance Committee and the Enterprise Risk Committees each held four (4) meetings during the year.

Attendance Record for Directors	Annual General Meeting	Extraordinary General Meeting	Board Meeting	Audit and Governance	Enterprise Risk
Number of Meetings Held	**1**	**1**	**9**	**4**	**4**
Mr. Clement Iton	1	1	9	4	N/A
Mr. Ian Williams	1	1	9	4	N/A
Mr. Damian Chin	1	1	9	N/A	4
Mr. Peter Thompson	1	1	9	N/A	4
Ms. Hope Fisher	1	1	9	N/A	4
Dr. Ike Johnson	1	1	9	N/A	N/A
Linval Freeman	1	1	9	4	N/A

CODE OF CONDUCT

The Board of Directors has adopted a Code of Conduct affirming their commitment to the high standard of professionalism expected in the execution of their duties. All directors are provided with the Code of Conduct on election to the Board, and are required to acknowledge that they received and read the Code of Conduct annually thereafter. The Code of Conduct describes the standards of conduct expected of each director including:

- Duty of loyalty to the Company
- Duty of care
- Duty of confidentiality
- Duty to disclose
- Compliance with laws and regulations
- Conflicts of interest
- Acting on material non-public information
- Use of the Company's assets
- Political activity
- Competing and fair dealing with the Company and others
- Bribery and corruption
- Appointments to other boards
- Reporting of improper or unethical behaviour

Board members of the Company, the management team, and the Board members of the Investment Manager, are subject to the Insider Trading Policy with respect to trading in the securities issued by the Company.

CONFLICT OF INTEREST

Where the personal or business relationships or interests of any director is in conflict with those of the Company, the director is required to make a written disclosure or request that the disclosure be entered in the minutes of a meeting of the Board. Directors who are conflicted must recuse themselves from the meeting when the subject giving rise to the conflict of interest is being discussed in keeping with the Company's policy.

Directors are also required to disclose the nature or extent of their interest in contracts with the Company. This would include relationships with any person, company or body who is a party to a contract or proposed contract with the Company.

INSIDER TRADING

The Company has adopted an Insider Trading Policy which sets out the standards and rules (including those based on law), and best practice, with respect to transactions in the securities issued by the Company and its affiliates. The Insider Trading Policy also addresses the handling of material non-public information about the Company and its affiliates.

PERFORMANCE EVALUATION

As part of its mandate and in keeping with best practice, the Board of Directors is committed to conducting an annual evaluation of its performance and the performance of its committees. The evaluation will be conducted by means of a questionnaire which directors will be required to complete, and which will be designed to assess a wide range of issues regarding the effectiveness of the Board and its committees.

The results of the Board evaluation exercise will be reviewed by the Board as a whole, with the intention that appropriate actions must be taken to remedy any areas of concern which have been highlighted. This process ensures the continued effectiveness of the Board and the Company's compliance with applicable laws, regulations, policies, and industry best practices.

The Board of Directors, in the discharge of its fiduciary duty to the Company's shareholders, remains committed to maintaining high standards of corporate governance to ensure the effective direction and oversight of the business of the Company. In discharging its commitment, the Board will continue to assess its own effectiveness and engage with and challenge the Company's management team and shareholders to ensure the continued growth of the Company's business.

SHAREHOLDER ENGAGEMENT AND COMMUNICATION

The Board is committed to maintaining dialogue with shareholders. The Board sees the Annual General Meeting as an opportunity to communicate with and engage with shareholders, and to have open discussions on the Company's strategy and outlook.

In keeping with global best practices, the Company will begin hosting quarterly earnings calls upon release of its quarterly financial statements to increase the interaction with shareholders and analysts that cover the Company.

In addition, the Company uses email alerts and press releases to ensure consistent communication with shareholders. All quarterly and annual financial reports are emailed to shareholders whose email addresses are on record. These reports are also published on the website for review by shareholders and the general investing public. To enhance shareholders' communication, the Company has taken full advantage of the provisions in the Articles of Association and is using electronic communication as the primary means of maintaining contact with its shareholders. In light of this, all annual reports, beginning with the 2021 annual report, will be emailed to shareholders or sent via electronic disc unless a shareholder makes a request for hard copy documents.

Minutes of the Annual General Meeting are available to shareholders at the subsequent AGM. Shareholders may also submit a request for a copy of the minutes via email to sci@sygnusgroup.com.

The chairman of the Board and the management of the Company is committed to having constant dialogue with shareholders. In this regard, shareholders are encouraged to share their views by emailing sci@sygnusgroup.com.

Corporate Data

Board of Directors

Clement Wainwright Iton, MBA, BSc*	Independent Chairman
Ian Williams, MBA, BSc	Independent Non-Executive Director
Peter Thompson, CFA, MSc	Independent Non-Executive Director
Damian Chin, MSc, BA, BSc	Independent Non-Executive Director
Hope Fisher, BSc	Independent Non-Executive Director
Ike Johnson, PhD, CFA	Non-Executive Director
Linval Freeman, FCA, FCCA	Independent Non-Executive Director

*Note: Mr Clement ‘Wain” Iton resigned from the SCI Board of Directors on October 31, 2021

SECRETARY
MCSI Inc.
Bella Rosa Road
Gros Islet
St. Lucia

REGISTERED OFFICE
20 Micoud Street
Castries
St. Lucia

ATTORNEYS-AT-LAW
Patterson Mair Hamilton
Temple Court
85 Hope Road
Kingston 6
Jamaica

EXTERNAL AUDITORS
KPMG
204 Johnsons Centre
No. 2 Bella Rosa Road
P.O. Box GI 2171
Gros-Islet LC01 101
Saint Lucia

REGISTRAR
Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston
Jamaica

BANKERS
CIBC FirstCaribbean International Bank Limited
23-27 Knutsford Blvd
Kingston 5
Jamaica

CIBC FirstCaribbean International Bank Limited
Bridge Street Branch
P.O Box 335, 336, 350
Bridge Street
Castries
St. Lucia

National Commercial Bank
Corporate Banking Division
32 Trafalgar Road
Kingston 10
Jamaica

Sagicor Bank Jamaica Limited
Corporate Banking Division
17 Dominica Drive
Kingston 5
Jamaica

JMMB Bank
6-8 Grenada Crescent
Kingston 5
Jamaica

CONTACT US
Website: www.sygnusgroup.com
Email: sci@sygnusgroup.com
Telephone Number: 876-634-5000

Shareholders' Information

Shareholders	Shareholding	Approx. % Issued Capital
Sygnus Capital Group Limited	1 Special Share	0.00%
Sygnus Capital Group Limited	6,481,100 Ordinary Shares	1.10%
Investment Manager (SCL)	Nil	0.00%
Existing Shareholders	584,494,363 Ordinary Shares	98.9%
Total Issued Shares	**590,975,463 Ordinary Shares**	**100%**

List of Shareholdings of Directors, Senior Management and their Connected Parties as at June 30, 2021

Shareholdings of Directors, Senior Managers & Connected Parties

No	Director	Shareholdings	Connected Parties	% Holdings
1	Clement "Wain" Iton*	95,200	N/A	0.02%
2	Ian Williams	998,835	Ladesa Williams, Zane Williams	0.17%
3	Hope Fisher	0	N/A	0.00%
4	Damian Chin	0	N/A	0.00%
5	Peter Thompson	0	N/A	0.00%
6	Ike J. Johnson	95,300	N/A	0.02%
7	Linval Freeman	200,000	Donna Freeman, Kristifer Freeman, Kimberly Freeman	0.03%
	Subtotal	1,389,335	N/A	0.24%
	Shareholdings of Connected Parties			
1	Sygnus Capital Group Limited	6,481,100	Ike J Johnson	1.10%
	Total	**590,975,463**	**N/A**	**100.0%**

Note: Sygnus Capital Group Limited has 1 Special Share, which has one vote on a show of hands and on a poll, shall have such number of votes as is equivalent to 101% of the aggregate votes, vested in all ordinary Shares issued by the Company.
Note: Clement "Wain" Iton resigned from the board of directors on October 31, 2021.

Top Ten Shareholders FYE Jun 30, 2021

No	Shareholders	Shareholdings	% Holdings
1	ATL Group Pension Fund Trustees Nominee Ltd	27,271,991	4.6%
2	SJIML A/C 3119	25,425,700	4.3%
3	JCSD Trustee Services Ltd - Sigma Equity	24,818,691	4.2%
4	National Insurance Fund	20,000,000	3.4%
5	JMMB Fund Managers Ltd T1 - Equities Fund	19,460,000	3.3%
6	Wildelle Limited	18,199,900	3.1%
7	MF&G Trust & Finance Ltd	17,715,318	3.0%
8	Sagicor Pooled Equity Fund	12,729,600	2.2%
9	Sagicor JPS Employees Pension Plan	11,418,700	1.9%
10	Heart Trust/NTA Pension Scheme	10,801,500	1.8%
	Subtotal	**187,841,400**	**31.8%**
	Total	**590,975,463**	**100.0%**

> As the long path to recovery from COVID-19 gets underway, Caribbean middle-market businesses and sponsors are increasingly **seeking growth capital** to support the execution of both organic and acquisition-driven business plans. We believe that this will be a positive driver of investment activity for SCI, as middle-market businesses see great value in our flexible capital, partnership approach, speed of execution, and ability to provide certainty of transaction close.

Financials

KPMG

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P.O. Box GI 2171
Gros-Islet LC01 101
Saint Lucia

Telephone: (758) 453-5764
Email: ecinfo@kpmg.lc

INDEPENDENT AUDITORS' REPORT

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Sygnus Credit Investments Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiary (collectively, "the Group"), set out on pages 43 to 88, which comprise the Group's and Company's statements of financial position as at June 30, 2021, the Group's and Company's 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 Group and Company as at June 30, 2021, and the Group's and Company's financial performance and the Group's and Company's 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 International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were 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 these matters.

1. Valuation of investments

The key audit matter	How the matter was addressed in our audit
The valuation of the Group’s investments amounting to US$20,443,120 (2020:US$$10,636,030) includes significant assumptions and judgments about the performance of the counterparties over the tenure of the investments. Furthermore, the valuation methodology relies on unobservable inputs, which have a significant impact on the resulting values of the investments. These judgements and assumptions could result in estimated fair values that are materially different from actual transaction values. The volatility of prices on various markets has increased as a result of the spread of COVID-19. This affects the fair value measurement either directly, if fair value is determined based on market prices, or indirectly if a valuation technique is based on inputs that are derived from volatile markets. *[see notes 4(e),10 and 24 of the financial statements]*	Our procedures in this area included the following: • Assessing and testing the design and operating effectiveness of the Group’s controls over the determination and computation of fair values. • Challenging the reasonableness of prices/fair values used by the Group by comparing those prices to independent third party information, including assessing the impact of COVID-19 on the variables used in the fair value calculation. • Involving our own valuation specialists to assess the reasonableness of the valuation methodologies employed and the fair value conclusions. We considered the provisions of IFRS 13 *Fair Value Measurement* and reviewed the sources of data and underlying assumptions utilised to value the investments.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Key Audit Matters (Continued)

1. Valuation of investments (continued)

The key audit matter	How the matter was addressed in our audit
	Our procedures in this area included the following (continued): • Assessing the adequacy of the disclosures, including the degree of estimation involved in determining fair values. • Evaluating the appropriateness of classification of investment components in accordance with IFRS.

2. Measurement of expected credit losses on financial assets

The key audit matter	How the matter was addressed in our audit
IFRS 9 requires the Group to recognise expected credit losses ('ECL') on financial assets. The determination of ECL is highly subjective and requires management to make significant judgements and assumptions.	Our procedures in this area included the following: • Obtaining an understanding of the model used by the Group for the calculation of expected credit losses, including governance over the determination of key judgements and assumptions.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Key Audit Matters (Continued)

2. Measurement of expected credit losses on financial assets (continued)

The key audit matter	How the matter was addressed in our audit
The key areas requiring greater management judgement include the determination of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information. The identification of a significant increase in credit risk is a key area of judgement, as the criteria determine whether a 12 -month or lifetime loss allowance is recorded. The incorporation of forward-looking information, reflects a range of possible future economic conditions. Significant management judgement is used in determining the economic scenarios. These estimates involve increased judgement as a result of the economic impact of Covid-19 on the Group's financial assets. Management considered the following: • Qualitative factors that create COVID-19 related changes to SICR. • Increased uncertainty about potential future economic scenarios and their impact on credit losses.	Our procedures in this area included the following (continued): • Testing the design and operating effectiveness of the key control over the computation of the expected credit losses. • Testing the completeness and accuracy of the data used in the model to the underlying accounting records on a sample basis. • Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the SICR criteria used, and independently assessing the assumptions for probabilities of default, losses given default, exposures at default and the incorporation of forward-looking information.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Key Audit Matters (Continued)

2. Measurement of expected credit losses on financial assets (continued)

The key audit matter	How the matter was addressed in our audit
The use of these judgements and assumptions increases the risk of material misstatement and is therefore an area of increased audit focus. *[see notes 4(d) and 25(b) to the financial statements]*	Our procedures in this area included the following (continued): • Assessing the adequacy of the disclosures of the key assumptions and judgements.

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.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued)

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 Group's financial reporting process.

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 41-42, forms part of our auditors' report.

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

KPMG

Chartered Accountants
Saint Lucia

August 27, 2021

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Appendix to the Independent Auditors' Report

As part of an audit in accordance with ISAs, we exercise professional judgement 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 Group'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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SYGNUS CREDIT INVESTMENTS LIMITED

Appendix to the Independent Auditors' Report (Continued)

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.

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, actions taken to eliminate threats or safeguards applied.

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.

Statement of Financial Position

As at June 30, 2021 (Expressed in United States dollars)

		Group		Company	
	Notes	2021 $	2020 $	2021 $	2020 $
ASSETS					
Cash and cash equivalents	5	1,029,391	3,005,997	1,028,938	3,005,340
Securities purchased under resale agreements	6	-	2,499,976	-	2,499,976
Interest receivable		3,232,954	1,886,168	3,232,954	1,886,168
Other receivables	7	197,229	33,306	196,503	31,206
Due from related parties	8(a)	613,395	-	767,870	118,700
Lease receivables	9	2,287,083	2,049,728	2,287,083	2,049,728
Investments	10	80,510,395	51,546,022	80,510,395	51,546,022
Deferred tax assets	11	-	18,416	-	-
Investment in subsidiary	12	-	-	76	76
Total Assets		87,870,447	61,039,613	88,023,819	61,137,216
LIABILITIES					
Accounts payable and accrued liabilities	13	1,174,870	1,378,640	1,172,569	1,370,675
Due to related parties	8(a)	510,647	211,060	510,647	210,468
Dividends payable	14	247,582	218,805	247,582	218,805
Interest payable	15	50,862	175,711	50,907	175,757
Taxation payable		2,348	-	2,348	-
Notes payable	16	14,670,025	14,869,476	6,744,133	7,037,903
Loans and borrowings	17	4,478,037	6,513,562	12,360,478	14,396,003
Total Liabilities		21,134,371	23,367,254	21,088,664	23,409,611
EQUITY					
Share capital	18	60,883,532	35,107,673	60,883,532	35,107,673
Retained earnings		5,852,544	2,564,686	6,051,623	2,619,932
Total Equity		66,736,076	37,672,359	66,935,155	37,727,605
Total Liabilities and Equity		87,870,447	61,039,613	88,023,819	61,137,216

The financial statements on pages 43 to 88 were approved by the Board of Directors on August 27, 2021.

_____________________ Director
Dr. Ike Johnson

_____________________ Director
Linval Freeman

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

Statement of Profit or Loss and Other Comprehensive Income

Year ended June 30, 2021 (Expressed in United States dollars)

	Notes	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Income					
Interest income calculated using the effective interest method	19	8,221,661	5,382,777	8,221,661	5,382,777
Interest expense	19	(1,797,459)	(890,759)	(1,704,899)	(844,524)
		6,424,202	4,492,018	6,516,762	4,538,253
Fair value gains from financial instruments at FVTPL	24(b)	1,416,793	74,640	1,416,793	74,640
Gain on sale of investments		24,175	-	24,175	-
Fee income	20	62,786	7,000	62,786	7,000
		7,927,956	4,573,658	8,020,516	4,619,893
Expenses					
Management fees	8(b)	1,456,937	1,005,985	1,456,937	1,005,985
Performance fees	8(b)	349,514	-	349,514	-
Corporate service fees	8(b)	265,663	75,910	265,663	75,910
Net foreign exchange loss		72,988	1,039,375	73,964	1,039,702
Loss on sale of investments		-	8,370	-	8,370
Impairment allowance on financial assets	25(b)(vi)	69,710	101,593	69,710	101,593
Other expenses	21	654,817	388,048	620,984	360,294
		2,869,629	2,619,281	2,836,772	2,591,854
Profit before taxation		5,058,327	1,954,377	5,183,744	2,028,039
Taxation (charge)/credit	22(a)	(30,010)	18,416	(11,594)	-
Profit for the year, being total comprehensive income		5,028,317	1,972,793	5,172,150	2,028,039
Earnings per stock unit	23	1.11¢	0.56¢		

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

Group Statement of Changes in Equity

Year ended June 30, 2021 (Expressed in United States dollars)

	Share capital $ [Note 18]	Retained earnings $	Total $
Balances at June 30, 2019	35,107,673	2,478,864	37,586,537
Profit for the year, being total comprehensive income for the year	-	1,972,793	1,972,793
Transaction with owners			
Dividends declared (note 14)	-	(1,886,971)	(1,886,971)
Balances at June 30, 2020	35,107,673	2,564,686	37,672,359
Profit for the year, being total comprehensive income for the year	-	5,028,317	5,028,317
Transactions with owners			
Issue of ordinary shares	25,775,859	-	25,775,859
Dividends declared (note 14)	-	(1,740,459)	(1,740,459)
Balances at June 30, 2021	60,883,532	5,852,544	66,736,076

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

Company Statement of Changes in Equity

Year ended June 30, 2021 (Expressed in United States dollars)

	Share capital $ [Note 18]	Retained earnings $	Total $
Balances at June 30, 2019	35,107,673	2,478,864	37,586,537
Profit for the year, being total comprehensive income for the year	-	2,028,039	2,028,039
Transaction with owners			
Dividends declared (note 14)	-	(1,886,971)	(1,886,971)
Balances at June 30, 2020	35,107,673	2,619,932	37,727,605
Profit for the year, being total comprehensive income for the year	-	5,172,150	5,172,150
Transactions with owners			
Issue of ordinary shares	25,775,859	-	25,775,859
Dividends declared (note 14)	-	(1,740,459)	(1,740,459)
Balances at June 30, 2021	60,883,532	6,051,623	66,935,155

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

Statement of Cash Flows

Year ended June 30, 2021 (Expressed in United States dollars)

	Notes	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Cash flows from operating activities					
Profit for the year		5,028,317	1,972,793	5,172,150	2,028,039
Adjustments for:					
Interest income	19	(8,221,661)	(5,382,777)	(8,221,661)	(5,382,777)
Interest expense	19	1,797,459	890,759	1,704,899	844,524
Impairment allowance on financial assets	25(b)(vi)	69,710	101,593	69,710	101,593
Taxation	22(a)	30,010	(18,416)	11,594	-
Amortisation of transaction costs on issued notes		167,791	80,876	73,472	33,716
Fair value gains	24(b)	(1,416,793)	(74,640)	(1,416,793)	(74,640)
		(2,545,167)	(2,429,812)	(2,606,629)	(2,449,545)
Changes in operating assets and liabilities:					
Other receivables		(163,923)	(10,784)	(165,297)	(8,684)
Due from related parties		(613,395)	116,809	(649,170)	(1,891)
Accounts payable and accrued liabilities		(571,012)	1,001,256	(565,348)	993,291
Due to related parties		299,587	150,240	300,179	149,572
		(3,593,910)	(1,172,291)	(3,686,265)	(1,317,257)
Taxation paid		(9,246)	-	(9,246)	-
Net cash used in operating activities		(3,603,156)	(1,172,291)	(3,695,511)	(1,317,257)
Cash flows from investing activities					
Purchase of investments		(56,602,971)	(79,206,083)	(56,602,971)	(79,206,083)
Encashment of investments		28,985,821	60,021,709	28,985,821	60,021,709
Lease receivables		(237,519)	(471,757)	(237,519)	(471,757)
Purchase of securities under resale agreements		(7,084,980)	(12,502,302)	(7,084,980)	(12,502,302)
Encashment of securities purchased under resale agreements		9,584,980	11,046,560	9,584,980	11,046,560
Interest income received		6,874,875	4,394,005	6,874,875	4,394,005
Net cash used in investing activities		(18,479,794)	(16,717,868)	(18,479,794)	(16,717,868)
Cash flows from financing activities					
Dividends paid		(1,711,682)	(1,789,344)	(1,711,682)	(1,789,344)
Proceeds from issue of shares		27,102,262	-	27,102,262	-
Transaction costs associated with shares issued		(1,326,403)	-	(1,326,403)	-
Loans and borrowings, net		(2,035,525)	6,513,562	(2,035,525)	14,396,003
Proceeds from issue of notes		-	15,191,000	-	7,191,100
Transaction costs associated with notes issued		-	(402,400)	-	(186,913)
Interest paid		(1,922,308)	(715,048)	(1,829,749)	(668,767)
Net cash provided by financing activities		20,106,344	18,797,770	20,198,903	18,942,079
Net (decrease)/increase in cash and cash equivalents		(1,976,606)	907,611	(1,976,402)	906,954
Cash and cash equivalents at beginning of year		3,005,997	2,098,386	3,005,340	2,098,386
Cash and cash equivalents at end of year		1,029,391	3,005,997	1,028,938	3,005,340

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

Notes to the Financial Statements

Year ended June 30, 2021 (Expressed in United States dollars)

1. The Company

Sygnus Credit Investments Limited ("the Company") was incorporated in Saint Lucia on January 13, 2017 as an International Business Company ("IBC"). The Company's registered office is located at McNamara Corporate Services Inc., 20 Micoud Street, Castries, Saint Lucia.

The Company is a specialty credit investment company, dedicated to providing non-traditional financing to medium-sized firms across the Caribbean region.

The Company has no employees and the investment portfolio of the Company was managed and administered up to February 28, 2021 by Sygnus Capital Management Limited ("SCM"), a related company incorporated in the Cayman Islands under the Cayman Companies Act (the "Act") and registered with the Cayman Islands Monetary Authority ("CIMA") as an Exempt Investment Management Company. Effective March 1, 2021, the Investment Manager was changed from SCM to Sygnus Capital Limited ("SCL"). The change was in keeping with a board decision to wind down the operations of SCM. SCL and the Company re-negotiated a new Investment Management Agreement which was signed effective June 1, 2021.

The Company has elected, under section 109 of the International Business Companies Act, to be liable to income tax at a tax rate of 1% per annum (see note 22).

The Company has a wholly owned subsidiary, Sygnus Credit Investments Jamaica Limited ("SCIJL"), which was incorporated in Jamaica on May 7, 2019. SCIJL's principal activity is to raise financing on behalf of the Company. The Company and its subsidiary are collectively referred to as "the Group".

2. Statement of compliance and basis of preparation

(a) Statement of compliance

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

New and amended standards that became effective during the year:

Certain new and amended standards which were in issue, came into effect during the current financial period. The Company has assessed them and adopted those which are relevant to its financial statements as follows:

- Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual reporting periods beginning on or after January 1, 2020, and provides a 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.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

2. Statement of compliance and basis of preparation

(a) Statement of compliance (continued)

- 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 derecognise 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.

- Amendments to IFRS 3 *Business Combinations,* applicable to businesses acquired in annual reporting periods beginning on or after January 1, 2020, provides more guidance on the definition of a business. The amendments include:

  (a) An election to use a concentration test by way of an assessment that results in an asset acquisition, if substantially all of the fair value of the gross asset is concentrated in single identifiable asset or a group of similar identifiable assets.

  (b) Otherwise, the assessment focuses on the existence of a substantive process. A business consists of inputs and processes applied to those inputs to create outputs.

New and amended standards and interpretations issued but not yet effective:

At the date of authorisation of the financial statements, certain new and amended standards and interpretations have been issued which are not yet effective and which the Group has not yet adopted. The Group has assessed the relevance of all such standards, amendments and interpretations and has determined the following are likely to be relevant to its operations:

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 9 *Financial Instruments* and IFRS 16 *Leases* and are effective for annual periods beginning on or after January 1, 2022.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

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

(a) Statement of compliance (continued)

New and amended standards and interpretations issued but not yet effective (continued):

(i) Amendment to IFRS 16 *Leases* removes the illustration of payments from the lessor relating to leasehold improvements.

The Group does not expect the amendments to have a significant impact on its 2023 financial statements.

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, the Group classifies a liability as current when it does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, a right to defer settlement must have substance and exist at the reporting date. The Group classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the Group complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how the Group classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the Group's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that the reporting entity can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

  The Group does not expect the amendment to have a significant impact on its 2024 financial statements.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

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

(a) Statement of compliance (continued)

New and amended standards and interpretations issued but not yet effective (continued):

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments*: *Recognition and Measurement*, IFRS 7 *Financial Instruments*: *Disclosures*, IFRS 4 *Insurance contracts* and IFRS 16 *Leases*, are effective for annual accounting periods beginning on or after January 1, 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an ‘economically equivalent’ basis. A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revised discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

  The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

  The Group does not expect the amendments to have a significant impact on its 2022 financial statements.

(b) Basis of preparation

The financial statements are prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in United States dollars, which is the functional currency of the Company.

(d) Use of estimates and judgement

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

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

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

(d) Use of estimates and judgement (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3.

3. Critical accounting judgements and key sources of estimation uncertainty

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(a) Key sources of estimation uncertainty

(i) Impairment of financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing companies of similar financial assets for the purposes of measuring ECL.

(ii) Fair value of financial instruments

Management uses its judgement in selecting the appropriate valuation techniques to determine fair value of financial instruments. The estimates of fair value arrived at may be significantly different from the actual price of the instrument in an actual arm's length transaction.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

(b) Critical accounting judgements in applying the Group's accounting policies

The Group's accounting policies which require the use of judgements in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements include the following:

Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

4. Significant accounting policies

(a) Basis of consolidation

(i) Business combinations:

Business combinations are accounted for using the acquisition method at the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the result is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(ii) Subsidiaries:

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the relevant activities of the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Loss of control:

On the loss of control, the Group derecognises the assets and liabilities of a subsidiary and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

(iv) Transactions eliminated on consolidation:

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements.

(b) Cash and cash equivalents

Cash comprises cash at banks and cash equivalents which are highly liquid financial assets that are readily convertible to known amounts of cash (that is, with original maturities of less than three months), are subject to insignificant risk of changes in value, and are used for the purpose of meeting short-term commitments. Cash and cash equivalents are classified and measured at amortised cost.

(c) Securities purchased under resale agreements

Securities purchased under resale agreements ("Resale agreements") are short-term transactions whereby securities are bought with simultaneous agreements to resell the securities on a specified date and at a specified price. Resale agreements are accounted for as short-term collateralised lending and are measured at amortised cost.

The difference between the purchase cost and resale consideration is recognised on the accrual basis over the period of the agreement, using the effective interest method, and is included in interest income.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, securities purchased under resale agreements, investments, other receivables, due from related parties and lease receivables. Financial liabilities include accounts payable and accrued liabilities, notes payable, dividends payable, loans and borrowings and due to related parties.

Financial assets

(i) Classification and subsequent measurement

In applying IFRS 9, the Group classified its financial assets in the following measurement categories:

(a) Fair value through profit or loss (FVTPL); or
(b) Amortised cost.

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

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

Business model assessment:

In making an assessment of the objective of the business model in which a financial asset is held, the Group 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; and

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed.

Solely payments of principal and interest (SPPI):

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Solely payments of principal and interest (SPPI) (continued):

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

Financial assets are classified as FVTPL when they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Group does not have any instruments classified as fair value through other comprehensive income. The instruments held are not marketable and or does not meet the classification requirements under IFRS 9.

(ii) Derecognition

The Group 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 Group is recognised as a separate asset or liability.

(iii) Measurement of gains and losses on financial assets

Gains and losses on financial assets at amortised cost and FVTPL are included in the statement of profit or loss.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(iv) Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on the financial instruments measured at amortised cost.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1'.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- A financial asset is credit impaired ('Stage 3') when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis.
- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired (referred to as 'Stage 3 financial assets'). 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(iv) Impairment of financial assets (continued)

Measurement of ECL

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

The ECL is determined by using the probability of default (PD), loss given default (LGD) and exposure at default (EAD). These three components are multiplied together and adjusted for forward looking information and discount rates.

The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

ECLs are a probability-weighted estimate of credit losses. They 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 Group expects to receive);
- 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; and
- Other and lease receivables are measured at an amount equal to lifetime ECL.

(v) Financial liabilities

The Group classifies its non-derivative financial liabilities as measured at amortised cost.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(e) 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 Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group 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 Group uses valuation techniques.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

(f) Investment in subsidiary

Investment in subsidiary is measured in the financial statements at cost, less any impairment loss.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(g) Revenue recognition

(i) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

(a) Purchased or originated credit-impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.

(b) Financial assets that are not POCI but have subsequently become credit-impaired (or ‘stage 3’), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision).

(ii) Fee income

Fee income is recognised on the accrual basis when the related services are performed.

(h) Foreign currency transactions and balances

Assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the reporting date.

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Realised and unrealised gains and losses arising from fluctuations in exchange rates are included in profit or loss.

(i) Other receivables and due from related parties

Other receivables and amounts due from related parties are measured at amortised cost, less any impairment loss.

(j) Leases

Finance lease:

Lessor

At the inception or modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(j) Leases

Finance lease (continued):

Lessor(continued)

When the Group acts as a lessor, it determines at lease inception whether each lease is a financial lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not; then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Upon lease commencement, the Group recognises assets under a finance lease as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

(k) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract).

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

When an embedded derivative cannot be separated from the host contract, such as, the cash flows are not solely payments of principal and interest, the entire contract is designated as fair value through profit or loss.

(l) Taxation

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.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(l) Taxation (continued)

(i) Current taxation

Current tax charges are based on the taxable profit for the period, which differs from the profit 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.

(m) 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 the estimated future cash payments through the expected life of the financial liability to its carrying amount.

The effective interest rate is established on initial recognition of the financial liability and not revised subsequently.

(n) Accounts payable, accrued liabilities and due to related parties

Accounts payable, accrued liabilities and due to related parties are measured at amortised cost.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(p) Dividends

Dividends to shareholders are recorded in the financial statements in the period in which they are declared.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(q) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(r) Related parties

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", that is, the Group).

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group of companies (which means that each parent, subsidiary and fellow subsidiary is related to the other).

(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 companies of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(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 group or an entity related to the Group.

(vi) The entity is controlled, or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(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 companies of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

5. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Cash and bank balances	576,862	1,505,997	576,409	1,505,340
Securities purchased under resale agreements [(see (i)]	452,529	1,500,000	452,529	1,500,000
	1,029,391	3,005,997	1,028,938	3,005,340

(i) This resale agreement matures on July 1, 2021. It is collateralised by a fixed rate secured note with a fair value of $630,000 (2020: $1,746,665) and earns interest at a rate of 0.50% (2020: 3.25%).

6. Securities purchased under resale agreements

	Group and Company	
	2021	2020
	$	$
Resale agreements	-	2,500,000
Less: allowance for impairment [see note 25(b)(v)]	-	(24)
	-	2,499,976

These instruments earned interest between 3.75% and 4.00% and matured during the year.

The fair value of the underlying collateral of the resale agreements in the prior period was $2,955,797.

7. Other receivables

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Prepaid expenses	35,889	33,306	35,163	31,206
Client receivables [see (i)]	161,340	-	161,340	-
	197,229	33,306	196,503	31,206

(i) Client receivables include undrawn fees, commitment fees and profit share payments due under existing client contract arrangements.

(ii) The expected credit losses on the other receivable balances are immaterial.

8. Related party balances and transactions

The Group has related party relationships with its directors, shareholders and related entities.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

8. Related party balances and transactions (continued)

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

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Due from related parties:				
Subsidiary [see (i)]	-	-	154,475	118,700
Other related entities [see (ii)]	613,395	-	613,395	-
	613,395	-	767,870	118,700
Due to related parties:				
Other related entities [see (i)]	510,647	211,060	510,647	210,468
Interest receivable due from related parties	7,514	-	7,514	-
Interest payable due to related parties (note 15)	-	10,647	14,837	25,484
Loans due to related parties (note 17)	-	719,110	7,882,441	8,601,551
Accounts payable [note 13(i)]	-	28,750	-	28,750

(i) These balances due to and from related parties are unsecured, interest free and repayable on demand. Amounts due from the related parties are considered low credit risk. No allowance for impairment was recognised.

(ii) This represents an unsecured 90-day loan amounting to J$90 million, issued to a related entity and bears interest at a rate of 9% per annum. This loan matures on August 11, 2021.

(b) The statement of profit or loss and other comprehensive income includes income earned and expenses incurred with related parties, arising in the normal course of business as follows:

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Income:				
Interest income	79,140	-	79,140	-
Operating expenses:				
Management fees	1,456,937	1,005,985	1,456,937	1,005,985
Performance fees [see (i)]	349,514	-	349,514	-
Corporate service fees	265,663	75,910	265,663	75,910
Accounting fees	-	31,655	-	31,655
Directors' fees and related expenses	79,015	26,286	79,015	26,286
Professional fees	156,904	10,183	149,542	6,096
Interest expense	22,373	36,462	511,632	295,929
	2,330,406	1,186,481	2,812,303	1,441,861

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

8. Related party balances and transactions (continued)

(b) The statement of profit or loss and other comprehensive income includes income earned from expenses and incurred with related parties, arising in the normal course of business as follows (continued):

(i) Performance fees are computed at 15% of the return on average equity above a hurdle rate of 6%, based on the average return on equity of the current and prior two years.

9. Lease receivables

	Group and Company	
	2021	2020
	$	$
Net investment in the lease	2,519,107	2,416,167
Less: unearned finance income	(226,836)	(366,305)
Less: impairment allowance [see note 25(b)(v)]	(5,188)	(134)
	2,287,083	2,049,728
The lease payments are receivable as follows:		
Within one year	1,772,687	1,015,363
Two - five years	746,420	1,400,804
	2,519,107	2,416,167

10. Investments

	Group and Company	
	2021	2020
	$	$
Fair value through profit or loss		
Preference shares - profit participation and conversion options (i) [see also note 24(b)]	20,572,410	10,636,030
Amortised cost		
Commodity resale agreement (ii)	-	3,595,550
Short-term notes (iii)	24,520,219	16,174,936
Medium-term notes (iv)	35,666,357	21,323,417
	60,186,576	41,093,903
Sub-total	80,758,986	51,729,933
Less: impairment allowance [see note 25(b)(v)]	(248,591)	(183,911)
	80,510,395	51,546,022

(i) This represents five (5) convertible preference shares maturing within three to five years. These investments were carried out with companies in the betting and gaming, financial, manufacturing and energy industries. The terms and conditions of each preference share are as follows:

(a) The Group has an equity conversion option to convert all or part of the shares into common equity in the event of an Initial Public Offering or sale by the Issuer.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

10. Investments (continued)

(i) (Continued)

(b) The Group is entitled to receive a percentage of reported net/gross profits of the Issuers.

(c) The Issuers have a redemption option whereby the preference shares can be redeemed prior to the maturity date by paying a premium to the Group.

(ii) The commodity resale agreement matured during the year.

(iii) This represents short-term notes maturing within one year from the reporting date.

(iv) This represents medium-term notes maturing within two to five years. These notes can be repaid on or after the contracted periods.

11. Deferred tax assets

Deferred income tax is calculated in full on temporary differences using a principal tax rate of 1% or 25%.

Deferred tax assets and liabilities recognised in the statement of financial position are attributable to the following:

	Group	
	2021	2020
	$	$
Deferred income tax assets	-	22,214
Deferred income tax liabilities	-	(3,798)
Net deferred income tax assets	-	18,416

The amounts comprising the deferred income tax account and the movements therein are as follows:

	Group		
	2021		
	Balance at July 1, 2020	Recognised in profit or loss [Note 22(a)]	Balance at June 30, 2021
	$	$	$
Tax losses carried forward	18,516	(18,516)	-
Interest payable	3,698	(3,698)	-
Unrealised foreign exchange gains	(89)	89	-
Interest receivable	(3,709)	3,709	-
Net deferred income tax assets	18,416	(18,416)	-

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

11. Deferred tax assets (continued)

	Group 2020		
	Balance at July 1, 2019	Recognised in profit or loss [Note 22(a)]	Balance at June 30, 2020
	$	$	$
Tax losses carried forward	-	18,516	18,516
Interest payable	-	3,698	3,698
Unrealised foreign exchange gains	-	(89)	(89)
Interest receivable	-	(3,709)	(3,709)
Net deferred income tax assets	-	18,416	18,416

12. Investment in subsidiary

Investment in subsidiary represents shares at cost (see note 1).

13. Accounts payable and accrued liabilities

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Accounts payable [see (i)]	39,936	83,696	39,936	83,696
Audit fees	72,000	58,500	72,000	58,500
Directors' fees and related expenses	24,375	7,875	24,375	7,875
Security deposits [see (ii)]	1,012,971	1,204,068	1,012,971	1,204,068
Other payables and accrued expenses	25,588	24,501	23,287	16,536
	1,174,870	1,378,640	1,172,569	1,370,675

(i) Included in this balance is an amount of $Nil (2020: $28,750) which represents arranger fees on short-term notes payable to a related entity [see note 8(a)].

(ii) These balances were withheld by the Company as part of an investment transaction in the event of a default in payments.

14. Dividends

	Group and Company	
	2021	2020
	$	$
Final dividend in respect of 2020 @ 0.0025 cents per share	871,718	-
Interim dividend in respect of 2021 @ 0.0015 cents per share	868,741	-
Final dividend in respect of 2019 @ 0.0025 cents per share	-	871,712
Interim dividend in respect of 2020 @ 0.0029 cents per share	-	1,015,259
	1,740,459	1,886,971

As at the reporting date, $247,582 (2020: $218,805) was unpaid.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

15. Interest payable

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
US$ bridge facility	-	30,689	-	30,689
Revolving line of credit	36,070	7,223	36,070	7,223
Loans from related parties [see note 8(a)]	-	10,647	14,837	25,484
Senior unsecured J$ and US$ notes	14,792	127,152	-	112,361
	50,862	175,711	50,907	175,757

16. Notes payable

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Senior unsecured J$ notes [see (i)]	6,744,133	7,037,903	6,744,133	7,037,903
Senior unsecured US$ notes [see (ii)]	7,925,892	7,831,573	-	-
	14,670,025	14,869,476	6,744,133	7,037,903

(i) This represents fixed rate unsecured notes issued in two tranches, with interest rates of 6.00% and 6.50% per annum, payable on a quarterly basis. The notes mature on December 31, 2021 and December 31, 2022 respectively.

(ii) This represents fixed rate unsecured notes issued in two tranches, with interest rates of 6.00% and 6.25% per annum, payable on a quarterly basis. The notes mature on December 31, 2021 and December 31, 2022 respectively.

17. Loans and borrowings

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
US$ bridge facility [see (i)]	-	5,000,000	-	5,000,000
Revolving lines of credit [see (ii)]	4,478,037	880,910	4,478,037	880,910
Loans from related parties [see (iii), note 8(a)]	-	719,110	7,882,441	8,601,551
	4,478,037	6,600,020	12,360,478	14,482,461
Less: transaction costs				
Incurred during the year	(151,509)	(97,500)	(151,509)	(97,500)
Amortised for the year	151,509	11,042	151,509	11,042
	4,478,037	6,513,562	12,360,478	14,396,003

(i) This facility was repaid during the year.

(ii) This represents:

(a) an unsecured 1-year facility of up to J$575 million or US$3.9 million. Interest is payable quarterly at 6.50% (USD rate of 6%). The facility matures on February 28, 2022.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

17. Loans and borrowings (continued)

(ii) This represents (continued):

(b) an unsecured 1-year facility of up to J$418.8 million or US$2.9 million. Interest is payable at 8% (USD rate of 6%). The facility matures on September 16, 2021.

(iii) This represents:

(a) Unsecured loans of US$4.9 million and US$3 million in the Company from its subsidiary at interest rates of 6.15% and 6.30% respectively. The loans mature on December 16, 2021 and December 24, 2022 respectively.

(b) An unsecured loan from a related entity of up to J$100 Million which matured during the year.

18. Share capital

Authorised capital:

(i) Unlimited ordinary shares

(ii) One (1) special rights redeemable share of US$1

	2021 $	2020 $
Issued and fully paid:		
590,975,463 (2020: 350,087,563) ordinary stock units and one (1) special share	63,298,869	36,196,607
Less: transaction costs of share issue	(2,415,337)	(1,088,934)
	60,883,532	35,107,673

On January 26, 2021 the Company raised capital through an Additional Public offering (APO) whereby it issued 240,887,900 shares and raised capital of $25,775,859, net of transaction costs. The split was between two classes of shares issued in Jamaica and United States Dollars, which are listed separately on the Jamaica Stock Exchange.

During the year, 1 special rights share and 6,481,100 ordinary stock units held by Sygnus Capital Management Limited was transferred to Sygnus Capital Group Limited. Both companies are related entities. The transfer of shareholdings was in keeping with the restructuring of Sygnus Capital Management Limited where a board decision was taken to wind down the operations of that entity. At the reporting date, Sygnus Capital Management Limited held 100,000 ordinary stock units in the Company which was in the process of being transferred to Sygnus Capital Group Limited.

The special share can be issued only to a member of the Sygnus Group. At the annual general meeting, and meetings of the holders of any class of shareholders of the Company, the holder of the Special Share carries 101% of the aggregate votes, vested in all ordinary shares issued by the Company. Dividend may be paid on the Special Share, as agreed between the Company and the holder of the Special Share in the Investment Management Agreement.

The remaining ordinary stock units are held by public and private investors.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

19. Net interest income

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Interest income, calculated using the effective interest method:				
Cash and cash equivalents	2,300	3,556	2,300	3,556
Resale agreements	114,397	32,923	114,397	32,923
Lease receivables	224,744	170,893	224,744	170,893
Intercompany loan	79,140	-	79,140	-
Investments	7,801,080	5,175,405	7,801,080	5,175,405
	8,221,661	5,382,777	8,221,661	5,382,777
Interest expense				
Notes payable	1,079,825	542,508	498,006	236,806
Loans and borrowings	717,634	348,251	1,206,893	607,718
	1,797,459	890,759	1,704,899	844,524
Net interest income	6,424,202	4,492,018	6,516,762	4,538,253

20. Fee income

Fee income includes participation fees, commitment fees and undrawn fees on Notes issued to clients.

21. Other expenses

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Accounting fees	-	36,308	-	36,308
Advertising	48,429	19,787	48,429	19,705
Audit fees and expenses	73,740	68,138	73,740	68,138
Bank charges	8,210	8,501	6,247	7,142
Commitment fees	11,541	47,349	11,541	47,349
Insurance	24,950	6,417	24,950	6,417
Directors' fees and related expenses	79,015	26,286	79,015	26,286
Listing fees	42,737	33,033	42,737	33,033
Irrecoverable tax	36,866	4,280	33,280	881
Professional fees	207,498	34,991	198,847	28,032
Software subscription	33,827	36,355	33,827	36,355
Registration fees	86,016	57,175	66,415	41,944
Other	1,988	9,428	1,956	8,704
	654,817	388,048	620,984	360,294

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

22. Taxation

(a) Depending on the jurisdiction and nature of business, income tax is computed at 1% and 25% of profit for the year. The provision for income tax on the results for the year, adjusted for tax purposes, is $30,010 [2020: ($18,416)] at the end of the reporting period.

	Group 2021 $	Group 2020 $
Current year tax	6,046	-
Prior year under provision	5,548	-
Deferred tax arising from temporary differences (note 11)	18,416	(18,416)
	30,010	(18,416)

	Company 2021 $	Company 2020 $
Current year tax	6,046	-
Prior year under provision	5,548	-
	11,594	-

(b) The effective tax rate for the Group was 0.59% (2020: 0.94%) and 0.22% (2020: Nil%) for the Company. The actual taxation charge/(credit) differs from the "expected" tax charge for the year as follows:

	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Profit before taxation	5,058,327	1,954,377	5,183,744	2,028,039
Computed "expected" tax charge of 1%	51,837	20,280	51,837	20,280
Computed "expected" tax credit of 25%	(31,354)	(18,416)	-	-
	20,483	1,864	51,837	20,280
Tax effect of treating items differently for financial statements and tax reporting purposes:				
Net foreign exchange	(285)	10,397	(41)	10,397
Interest income from CARICOM member states	(172,591)	(39,947)	(50,276)	(39,947)
Fair value gains from investments in CARICOM member states	(14,168)	(746)	(14,168)	(746)
Prior year under provision	5,548	-	5,548	-
Disallowed income and expenses and other items	191,023	1,016	18,694	1,016
Unused tax losses	-	9,000	-	9,000
Actual tax charge/(credit) recognised	30,010	(18,416)	11,594	-

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

22. Taxation (continued)

    (c) At June 30, 2021, tax losses, subject to the agreement by the Commissioner General, Tax Administration Jamaica, available for set-off against future taxable profits, amounted to $Nil (2020: $75,000). Tax losses are carried forward indefinitely, however, the amount that can be utilised in any one year is restricted to 50% of the current year's taxable profits.

    (d) No deferred tax was recognised for the Company in the financial statements as the differences between the accounting and tax treatments were immaterial.

23. Earnings per stock unit

    Earnings per stock unit is calculated by dividing the profit attributable to stockholders of $5,028,317 (2020: $1,972,793) by the weighted average number of ordinary stock units in issue totalling 453,042,391 (2020: 350,087,563).

    The Group does not have any instruments that have a dilutive effect on its basic earnings per share.

24. Fair value of financial instruments

    The amounts included in the financial statements for cash and cash equivalents, securities purchased under resale agreements, investments at amortised cost, due from related parties, other receivables, accounts payable and accrued liabilities and due to related parties reflect the approximate fair values because of short-term maturity of these instruments.

    The definition of fair value is described in note 4(e).

    IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

    - 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.

    Accounting classification and fair values:

    The Group's investments measured at fair value are classified at Level 3 in the fair value hierarchy. There were no transfers between levels during the year.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

24. Fair value of financial instruments (continued)

Accounting classification and fair values (continued):

(a) The following table shows the valuation techniques used in measuring the fair value, as well as the significant unobservable inputs used.

Valuation techniques	**Significant unobservable inputs**	**Range of estimates for unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Discounted cash flow method	• Adjusted profit of the issuer(s) based on probability of achievement • Risk-adjusted discount rates	• Probability of achievement of 45% • Fixed income discount rate of 5.04% to 8.66% and equity discount rate of 13.06% to 23.81%	The estimated fair value would increase/(decrease) if: • Adjusted profit was higher/(lower) • The cost of debt was (higher)/lower • Interest rates changed

(b) The following shows a reconciliation of the fair value measurements:

	Group and Company	
	2021	2020
	$	$
Opening balance	10,636,030	7,507,015
Purchases	8,700,000	4,335,907
Sales	-	(838,120)
Gains/(losses):		
Fair value gains in profit or loss	1,416,793	74,640
Loss on sale	-	(56,926)
Foreign exchange adjustments	(180,413)	(386,486)
	20,572,410	10,636,030

25. Financial risk management

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

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

25. Financial risk management (continued)

(a) **Overview**

The Group has developed and implemented a risk management policy that involves the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's risk management policies are established to identify and analyse the risks faced by the Group in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The risk management policy of the Group also adopts best practice measures to address perceived or real conflicts of interest that may arise in the operations and management of the business.

The Board of Directors is ultimately responsible for the risk management policies of the Group. The Board's risk management mandate is carried out through the following committees:

(i) Audit and Governance Committee

The primary purpose of this Committee is to assist the Board in fulfilling its oversight responsibilities. In performing its duties, the Committee maintains effective working relationships with the Board, the Enterprise Risk Management Committee and the Group's external auditors.

The Committee plays a key role in corporate governance and internal controls. The Committee is also responsible for assisting the Board of Directors in its compliance with regulatory requirements.

(ii) Credit Risk and Investment

The Group has delegated the management of credit risk to the Investment and Risk Management Committee ("IRMC"), a sub-committee of the Board of the Investment Manager, Sygnus Capital Limited. The committee is responsible for the overall risk management function of the Group and is responsible for all credit and investment decisions relating to the Group's investment portfolio.

This committee consists of three members, two of whom are independent of the Company, including the Chairman, appointed by the Investment Manager's Board of Directors.

The Committee reviews and approves all investment recommendations and also determines the level conditions that will be attached to each investment.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

25. Financial risk management (continued)

(a) Overview (continued)

(iii) Enterprise Risk Management Committee

In addition to the IRMC, the Group has also established an Enterprise Risk Management Committee, a sub-committee of the Board.

This Committee assists the Board in providing leadership, direction, and oversight pertaining to the Company's risk governance and framework, including the Company's risk appetite statement and risk limits and tolerances ("Risk Appetite Statement"). The Committee also assists the Board to foster a culture within the Company that demonstrates the benefits of a risk-based approach to risk management and internal controls. The Committee works closely with the Audit and Governance Committee.

(iv) Investment Advisory Committee

The Investment Manager, through an Investment Advisory Committee (the "IAC"), is responsible for analysing and recommending all investment and credit proposals to the Investment and Risk Management Committee.

The Group's risk management policies are established to identify and analyze the risks faced by the Group's in order to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(v) Impact of COVID-19

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 to economic activity, business operations and asset prices across the Caribbean region, where the Group has portfolio company investments, across a wide cross section of industries. In response to the pandemic, Management has adopted several measures specifically around financial risk management. These measures include:

- Proactive risk management process to monitor and manage Covid-19 risks using a four-phase process as follows:

  1. Phase I covered continuous data and information gathering to assess risks faced by the Group and its investment in portfolio companies across the Caribbean region;

  2. Phase II covered the development of short-term action plans to mitigate the risks identified in Phase I, in collaboration with partners and portfolio companies;

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

25. Financial risk management (continued)

(a) Overview (continued)

(v) Impact of COVID-19 (continued)

- Proactive risk management process to monitor and manage Covid-19 risks using a four-phase process as follows (continued):

    3. Phase III dealt with developing and executing longer term plans using a collaborative approach with the Group's partners and portfolio companies, while monitoring and assessing the financial environment; and

    4. Phase IV involved monitoring the impact of the pandemic on existing clients. The Group offered forbearance plans to clients who met certain requirements.

- Effective management of liquidity given disruption in financial markets, to ensure ample liquidity is available to fund operating expenses whilst providing support to existing portfolio companies impacted by COVID-19 and make selective new investments across the Caribbean region.

    Management continues to expect that there will be opportunities across the Caribbean where companies will require flexible capital to grow their businesses given the restrictive financial environment created by COVID-19. Management continues to accept selective new opportunities across the Caribbean with strong downside protection.

(b) Credit risk

Credit risk is the risk of a financial loss arising from a counterparty to a financial contract failing to discharge its obligations. The Group manages this risk by establishing policies for granting credit and entering into financial contracts. The Group's credit risk is concentrated, primarily, in securities purchased under resale agreements, lease receivables and investments.

Exposure to credit risk:

The maximum credit exposure, the total amount of loss the Group would suffer if every counter-party to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets shown on the statement of financial position.

Cash and cash equivalents are held with financial institutions and collateral is not required for such accounts, as management regards the institutions as strong. The strength of these financial institutions is continually reviewed by the IRMC and the Enterprise Risk Management Committee.

The Group manages credit risk related to other receivables by limiting exposure to specific counterparties and by monitoring settlements.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk (continued):

Securities purchased under resale agreements, lease receivables and investments expose the Company to credit losses as there is a risk that the counterparty will fail to fulfill its contractual obligations. The Company manages this risk by contracting only with counterparties that management considers to be financially sound.

The estimation of expected credit losses for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD).

The following table summarises credit risk exposure for investments, lease receivable and resale agreements at their carrying amounts as categorised by industry sectors. No resale agreements were held at the reporting date. These facilities are well diversified across industry sectors, and are primarily extended to customers within Jamaica and other Caribbean territories:

	Group and Company			
	Investments $	Lease receivables $	Total 2021 $	Total 2020 $
Betting and gaming	3,568,926	-	3,568,926	-
Construction	5,693,184	-	5,693,184	4,570,147
Distribution	1,711,847	1,181,405	2,893,252	5,830,784
Energy	3,185,417	-	3,185,417	3,501,377
Fast food	8,116,687	-	8,116,687	-
Financial	17,332,527	-	17,332,527	5,700,000
Health and lifestyle	-	-	-	3,000,000
Hospitality	12,765,387	1,110,866	13,876,253	7,744,614
Infrastructure	11,549,825	-	11,549,825	10,609,409
Manufacturing	11,457,877	-	11,457,877	9,834,653
Mining and quarrying	2,277,309	-	2,277,309	2,488,811
Telecommunications	3,100,000	-	3,100,000	3,000,000
	80,758,986	2,292,271	83,051,257	56,279,795
Less: Impairment allowance [see note 25(b)(vi)]	(248,591)	(5,188)	(253,779)	(184,069)
	80,510,395	2,287,083	82,797,478	56,095,726

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement:

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition.

(i) *Significant increase in credit risk (SICR)*

Change in credit quality since initial recognition

Stage 1	**Stage 2**	**Stage 3**
Initial recognition	**Significant increase in credit risk since initial recognition**	**Credit-impaired assets**
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group 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 Group's historical experience and third-party policies including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators; and
- a movement of two notches from the credit risk rating at origination.

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(i) *Significant increase in credit risk (SICR) (continued)*

If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.

Purchased or originated credit-impaired financial assets are those financial assets that are credit- impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information.

(ii) *Definition of default*

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. the counterparty is more than 90 days past due on its contractual payments; and
- quantitative: e.g. the counterparty meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

(iii) *Incorporation of forward-looking information*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

The Group uses a forward-looking score card model to estimate the potential of future economic conditions.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities across Caribbean territories, supranational organisations and selected private-sector forecasters.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(iv) *Credit risk grading*

The Group assesses the probability of default using internal ratings. These are segmented into rating classes. The Group's rating scale is shown below.

Rating	Description	Definition	Category
1	Exceptional	Portfolio company is performing exceptional	Standard Monitoring
2	Very Good	Portfolio company is performing very good	
3	Good	Portfolio company is performing good	
4	Average	Portfolio company is performing average	
5	Below average	Portfolio company is performing below average	Early Warning
6	Underperforming	Portfolio company is underperforming	Enhanced Monitoring
7	Non-performing	Portfolio company is non-performing	Restructured/ Default

Exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees. Counterparty limits are established by the use of a credit classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risk to which it is exposed and to take corrective action.

(v) *Credit quality analysis*

The following table contains information about the credit quality of financial assets measured at amortised cost and represents their carrying amounts at the reporting date.

Investments and resale agreements at amortised cost

	Group and Company			
	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$	$	$	$
Credit grade:				
Standard monitoring	50,798,894	-	-	50,798,894
Early warning	3,200,000	-	-	3,200,000
Enhanced monitoring	-	3,849,684	-	3,849,684
Restructured/default	-	-	2,337,998	2,337,998
	53,998,894	3,849,684	2,337,998	60,186,576
Impairment allowance - investments (note 10)	(211,620)	(2,202)	(34,769)	(248,591)
	53,787,274	3,847,482	2,303,229	59,937,985

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(v) *Credit quality analysis (continued)*

	Group and Company			
	2020			
	Stage 1 $	**Stage 2** $	**Stage 3** $	**Total** $
Credit grade:				
Standard monitoring	40,928,779	-	-	40,928,779
Enhanced monitoring	-	1,237,150	-	1,237,150
Restructured/default	-	-	1,427,974	1,427,974
	40,928,779	1,237,150	1,427,974	43,593,903
Impairment allowance - investments (note 10)	(165,265)	(18,646)	-	(183,911)
Impairment allowance - resale agreements (note 6)	(24)	-	-	(24)
	40,763,490	1,218,504	1,427,974	43,409,968

Other financial assets at amortised cost

	Group and Company	
	2021 Stage 1 $ 12-Month ECL	2020 Stage 1 $ 12-Month ECL
Credit grade:		
Standard monitoring	2,292,271	2,049,862
Impairment allowance (see note 9)	(5,188)	(134)
	2,287,083	2,049,728

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(vi) *Impairment allowance*

The following tables show a reconciliation of the opening to the closing loss allowance.

Investments and resale agreements at amortised cost

	Group and Company			
	2021			
	Stage 1 12-Month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
	$	$	$	$
Balance at July 1, 2020	165,289	18,646	-	183,935
Transfer from stage 1 to stage 2	(72,327)	72,327	-	-
Amounts derecognised during the year	(14,940)	-	-	(14,940)
New amounts recognised during the year	93,108	-	-	93,108
Net remeasurement of impairment allowance	40,490	(88,771)	34,769	(13,512)
Impairment allowance at June 30, 2021	211,620	2,202	34,769	248,591

	Group and Company			
	2020			
	Stage 1 12-Month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**Total**
	$	$	$	$
Balance at July 1, 2019	80,481	-	-	80,481
Transfer from stage 1 to stage 2	(4,976)	4,976	-	-
Transfer from stage 1 to stage 3	(23,761)	-	23,761	-
Amounts derecognised during the year	(30,863)	-	-	(30,863)
New amounts recognised during the year	70,883	-	-	70,883
Net remeasurement of impairment allowance	73,525	13,670	(23,761)	63,434
Impairment allowance at June 30, 2020	165,289	18,646	-	183,935

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

25. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(vi) *Impairment allowance*

The following tables show a reconciliation of the opening to the closing loss allowance (continued)

Other financial assets at amortised cost

	Group and Company	
	2021	2020
	Stage 1	**Stage 1**
	$	$
Balance at July 1	134	1,995
Net remeasurement of impairment allowance	5,054	(1,861)
Balance at June 30	5,188	134
Total impairment allowance as at June 30	253,779	184,069

Total impairment loss recognised during the current year amounted to $69,710 (2020: $101,593).

(c) Liquidity risk

Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Group generally makes investments in financial instruments issued by private companies, substantially all of which are otherwise less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for the Group to sell or dispose of such investments in a timely manner at or close to fair value, if the need arises.

In addition, the Group faces liquidity risk in the form of funding risk. This is the risk that the Group may encounter difficulty in raising funds to meet commitments associated with its investments and obligations as they fall due.

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 Group and its exposure to changes in interest rates and exchange rates.

The Group is not subject to any externally imposed liquidity requirements.

The Group maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

25. Financial risk management (continued)

(d) Market risk

Market risk is the risk that the value or cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Such risks arise from open positions in interest rates and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices, such as foreign exchange and interest rates. The market risk arising from investment activities is reviewed and assessed by the Investment Advisory Committee and the Investment and Risk Management Committee of the Investment Manager. Investment transactions are monitored by the Investment Manager.

The elements of market risk that affect the Group are as follows:

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group incurs foreign currency risk on transactions that are denominated in currencies other than the United States dollar. The currency giving rise to this risk is the Jamaica dollar.

The exposure to foreign currency risk at the reporting date was as follows:

	Group			
	2021		2020	
	J$	US$ equivalent	J$	US$ equivalent
Foreign currency assets:				
Cash and cash equivalents	44,075,011	300,393	14,270,074	102,617
Interest receivable	114,135,077	777,888	58,088,544	417,720
Other receivables	10,640	73	292,050	2,100
Due from related parties	90,000,000	613,395	-	-
Investments	1,248,349,339	8,508,125	1,588,559,498	11,423,468
	1,496,570,067	10,199,874	1,661,210,166	11,945,905
Foreign currency liabilities:				
Accounts payable and accrued liabilities	10,850,766	73,953	-	-
Due to related parties	-	-	446,387	3,210
Dividends payable	8,275,388	56,401	-	-
Interest payable	5,025,539	34,252	18,110,073	130,231
Notes payable	989,528,652	6,744,133	978,696,223	7,037,903
Loans and borrowings	541,125,000	3,688,037	222,509,000	1,600,020
	1,554,805,345	10,596,776	1,219,761,683	8,771,364
Net exposure	(58,235,278)	(396,902)	441,448,483	3,174,541

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

25. Financial risk management (continued)

(d) Market risk (continued)

(a) Foreign currency risk (continued)

	Company			
	2021		2020	
	J$	US$ equivalent	J$	US$ equivalent
Foreign currency assets:				
Cash and cash equivalents	44,075,011	300,393	14,270,074	102,617
Interest receivable	114,135,077	777,888	58,088,544	417,720
Other receivables	10,640	73	-	-
Due from related parties	98,028,320	668,112	2,634,173	18,943
Investments	1,248,349,339	8,508,125	1,588,559,498	11,423,468
	1,504,598,387	10,254,591	1,663,552,289	11,962,748
Foreign currency liabilities:				
Accounts payable and accrued liabilities	10,850,766	73,953	-	-
Due to related parties	-	-	364,139	2,619
Dividends payable	8,275,388	56,401	-	-
Interest payable	5,025,539	34,252	18,110,073	130,231
Notes payable	989,528,652	6,744,133	978,696,223	7,037,903
Loans and borrowings	541,125,000	3,688,037	222,500,000	1,600,020
	1,554,805,345	10,596,776	1,219,670,435	8,770,773
Net exposure	(50,206,958)	(342,185)	443,881,854	3,191,975

Exchange rate for the US dollar to the Jamaica dollar was US$1 to J$146.72 (2020: J$139.06)

Sensitivity to foreign exchange movements

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis represents outstanding Jamaica dollar denominated assets and liabilities as at the year-end, and the analysis is done on the same basis as 2020.

	Group			
	2021		2020	
	% change in currency rate	Effect on profit $	% change in currency rate	Effect on profit $
JMD	- 6%	22,466	- 6%	(179,692)
JMD	+ 2%	(8,100)	+ 2%	64,787

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

25. Financial risk management (continued)

(d) Market risk (continued)

(a) Foreign currency risk (continued)

Sensitivity to foreign exchange movements (continued)

	Company			
	2021		2020	
	% change in currency rate	Effect on profit $	% change in currency rate	Effect on profit $
JMD	- 6%	19,369	- 6%	(180,679)
JMD	+ 2%	(6,983)	+ 2%	65,143

(b) Interest rate risk

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, to the extent judged appropriate, the maturity profile of the financial assets is matched with that of the financial liabilities. Where gaps occur, management expects that its monitoring will, on a timely basis, identify the need to take quick action to close a gap, if it becomes necessary.

Management of interest rate risk

Interest rate risk exposure is measured using sensitivity analysis. Interest rate risk is managed by maintaining an appropriate mix of variable and fixed rate instruments.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were:

	Group and Company	
	2021 $	2020 $
Variable rate instruments	462,147	252,218
Fixed rate instruments	82,797,478	56,095,726

Interest rate sensitivity analysis

Interest rate sensitivity has been determined based on the exposure to interest rates. These are substantially the interest sensitive instruments impacting the Group's financial results. For floating rate assets, the analysis assumes the amount of the asset outstanding at the reporting date was outstanding for the whole period.

Notes to the Financial Statements (continued)

Year ended June 30, 2021 (Expressed in United States dollars)

25. Financial risk management (continued)

(d) Market risk (continued)

(b) Interest rate risk (continued)

Interest rate sensitivity analysis (continued)

A 100 (2020: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If market interest rates had been 100 (2020: 100) basis points higher or lower and all other variables were held constant, the effect on the Group's profit would have been as follows:

	Group and Company	
	2021	2020
	$	$
Effect on profit		
Increase 100 (2020: 100) basis points	4,621	2,522
Effect on profit		
Decrease 100 (2020: 100) basis points	(4,621)	(2,522)

The analysis is done on the same basis as 2020 and assumes that all other variables remain constant.

26. Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure to enable investments with additional companies. The Company may utilise leverage and may borrow up to 50% of its total assets to fund investments in additional portfolio companies. There are no externally imposed capital requirements.

The Company's approach to capital management is monitored by the Enterprise Risk Committee and Board of Directors.

Notes

Notes

SYGNUS

CREDIT INVESTMENTS

Affix J$100 stamp here

Form of Proxy

I/We………

of .... being a member(s) of the above company, HEREBY APPOINT the Chairperson of the Meeting or failing him ………………………………………………………………………………of .... aas my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at **Bella Rosa Road, Gros Islet, Saint Lucia, on Wenesday, January 26, 2022 at 11:00 a.m.** ***(10:00 a.m. Jamaica time)*** or at any adjournment thereof.

Please indicate with a X in the appropriate box below how you wish to cast your vote. If you do not insert the X in any of the boxes below, your proxy shall be entitled to vote as they deem fit in respect of the resolution corresponding with such box.

No.	Resolutions	For	Against
No. 1	**Audited Accounts** To receive the Reports of the Directors and Auditors and the Audited Accounts for the year ended June 30, 2021 circulated with the Notice convening the meeting.		
No. 2	**Ratification of Dividends** To ratify interim dividend and declare them final		
No. 3	**Election of Directors**		
	a) "THAT Ms. Hope Patricia Fisher, who retires pursuant to Articles 149 and 150 of the Amended and Restated Articles of Association be and is hereby re-elected."		
	b) "THAT Mr. Ian St. Ville Williams, who retires pursuant to Articles 149 and 150 of the Amended and Restated Articles of Association be and is hereby re-elected."		
No. 4	**Director's Renumeration** "THAT the amount shown in the Audited Accounts of the Company for the financial year ended June 30, 2021, as remuneration to the Directors for their services be and is hereby approved.		
No. 5	**Appointment of Auditors** "THAT KPMG, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be agreed by the Directors of the Company"		

Signed this ______________day of________________________ 20_____.

Print Name:_____________________________________ Signature: ______________________________________

Notes for completion of the Form of Proxy

1. A member may appoint a proxy to vote on his behalf. A proxy need not be a member of the Company but must attend the Meeting in person to represent you.
2. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing. If a member appointing a proxy is a company, this Form of Proxy must be executed under its Common Seal or under the hand of a duly authorised officer of the company or attorney duly authorized in writing.
3. If you wish to appoint a proxy other than the Chairperson of the Meeting, please insert the person's name and address and delete "the Chairperson of the Meeting"
4. To be valid, the completed form must be delivered to the Company at **Bella Rosa Road, Gros Islet, Saint Lucia** or, in the case of members resident in Jamaica, at Unit 28, 80 Lady Musgrave Road, Kingston 10, Saint Andrew, Jamaica ***not less than 48 hours before*** the time fixed for holding the meeting or adjourned meeting. Proxy forms may also be returned by e-mail in pdf format to: sci@sygnusgroup.com .
5. Any alterations made in this Form of Proxy should be initialled by the person who signs the proxy form.
6. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names appear in the Register of Members.
7. For members in Jamaica the Form of Proxy should bear stamp duty of $100. Adhesive stamps are to be cancelled by the person signing the proxy form. The Company reserves the right to stamp un-stamped or insufficiently stamped proxy forms.