SYGNUS
CREDIT INVESTMENTS

Quarterly REPORT

AS AT **SEPTEMBER 30, 2021**

Sygnus Credit Investments Limited
Unaudited Results for the 3 Months Ended September 30, 2021

Castries, St Lucia | Friday, November 12, 2021

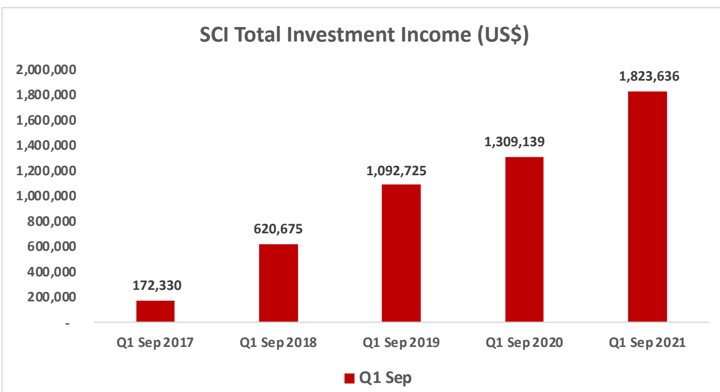
Sygnus Credit Investments Ltd ("SCI" or 'the Company") is pleased to report on the unaudited financial results for the three months ended September 30, 2021. The unaudited results are accompanied by a summary management discussion and analysis ("MD&A"), which is to be read in conjunction with the unaudited financial statements. The MD&A may contain forward looking statements based on assumptions and predictions of the future, which may be materially different from those projected.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations

Sygnus Credit Investments Limited reported a first quarter record for core revenues, core earnings and net profits for the three months ended September 30, 2021. During the quarter, the company received its first corporate credit rating by the Caribbean's regional rating agency CariCRIS, in keeping with its promise to become a rated entity at close to a US$100 million private credit portfolio. SCI was assigned an investment grade rating of *jmBBB* with a stable outlook. The Company also launched a dual currency multi-series debt capital raise via a private placement equivalent to US$22.0 million. SCI drew down US$5 million from series 1 during the quarter and is in the process of drawing down at least a further US$22.0 million (upsized) from two remaining series, for a total record debt capital raise of approximately US$27.0 million equivalent.

The results for the first quarter ("Q1") were driven by a record portfolio of private credit investments, continued disciplined investment origination and the structuring of investments with adequate downside protection to manage risk. The impact of the global Covid-19 pandemic on the Caribbean region and on middle-market businesses is ongoing, and the trajectory of the regional economic recovery remains uncertain, despite apparent green shoots of recovery. SCI's private credit portfolio remains resilient and well positioned to navigate the volatility of this ongoing pandemic.



	Q1 Sep 2021	Q1 Sep 2020	FYE Jun 2021
Summary Results of Operations	**US$**	**US$**	**US$**
Interest Income	2,239,647	1,698,688	8,221,661
Interest Expense	(416,011)	(412,546)	(1,797,459)
Net Interest Income	1,823,636	1,286,142	6,424,202
Participation and Commitment Fees	-	22,997	62,786
Total Investment Income	**1,823,636**	**1,309,139**	**6,486,988**
Total Operating Expenses	695,788	470,127	2,726,931
Net Investment Income	**1,127,848**	**839,012**	**3,760,057**
Gain (Loss) on Sale of Investments	-	-	24,175
Fair Value Gain (Loss)	448,765	47,744	1,416,793
Net Foreign Exchange Gain (Loss)	(10,325)	(34,198)	(72,988)
Impairment Allowance on Financial Assets	(29,148)	(54,718)	(69,710)
Profit Before Taxation	**1,537,140**	**797,840**	**5,058,327**
Taxation Credit (Charge)	(30,223.00)	-	(30,010)
Profit Attributable to Shareholders	**1,506,917**	**797,840**	**5,028,317**
Earnings Per Share	**0.25¢**	**0.23¢**	**1.11¢**
Net Investment Income Per Share	**0.19¢**	**0.24¢**	**0.83¢**

SCI's core revenues, or total investment income, grew by 39.3% or US$514.5 thousand to a Q1 record US$1.82 million, for the three months ended September 30, 2021 ("3 Month 2021" or "Q1 Sep 2021"). This compares with US$1.31 million for the three months ended September 30, 2020 ("3 Month 2020" or "Q1 Sep 2020"). This performance was driven by strong growth in net interest income from a record private credit portfolio.

The Company remains on track to achieve its target of generating at least US$8.0 million in total investment income prior to 2023, as outlined at its December 2020 annual general meeting to shareholders.

Core earnings, or net investment income, grew by 34.4% or US$288.8 thousand to a Q1 record US$1.13 million for 3 Month 2021, vs US$839.0 thousand for 3 Month 2020.

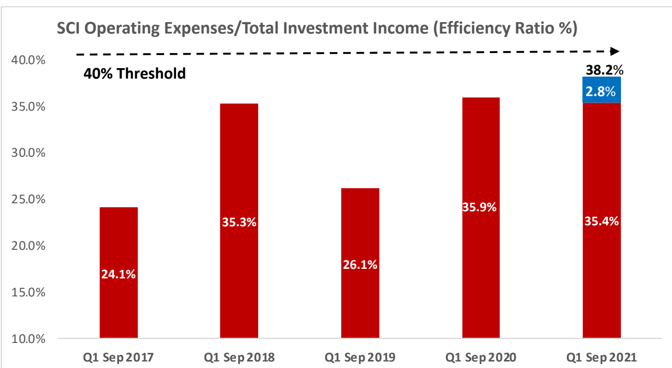
Net profit attributable to shareholders grew by 88.9% or US$709.1 thousand to a Q1 record US$1.51 million for 3 Month 2021, vs US$$797.8 thousand for 3 Month 2020. Earnings per share (EPS) was 0.25 US cents for 3 Month 2021 vs 0.23 US cents for 3 Month 2020. Net investment income per share (NIIPS) was 0.19 US cents for 3 Month 2021 vs 0.24 US cents for 3

Month 2020. The weighted average number of shares for 3 Month 2021 was 590,975,463, substantially higher than the 350,087,563 in the previous year, due to the impact of an additional public offering ("APO") in January 2021.

Total Operating Expenses

Total operating expenses increased by 48.0% or US$225.7 thousand to US$695.8 thousand for 3 Month 2021 vs US$470.1 thousand for 3 Month 2020. This outcome was driven primarily by higher management fees and corporate services fees related to larger assets under management, and performance fees related to unadjusted amounts from the June 2021 financial year end results. Performance fees were charged for the first time at the end of the June 2021 financial year, as the performance hurdle rate was exceeded. Management fees and corporate services fees were a combined 74.7% of operating expenses, while all three fees inclusive of the performance fees were a combined 82.1% of operating expenses.

Excluding management fees, corporate services fees and the performance fees, operating expenses were US$124.8 thousand for 3 Month 2021, up US$16.2 thousand or 14.9%, vs US$109.6 thousand last year. These increases were primarily driven by higher professional fees partially related to the debt capital raise and the corporate credit rating.



Efficiency and Management Expense Ratios

SCI's core activities generated an efficiency ratio of 38.2% for 3 Month 2021 vs 35.9% for 3 Month 2020 and was within the threshold level of 40%. Two-point-eight percentage points was due to unadjusted performance fees carried over from the previous financial year, without which the adjusted efficiency ratio was 35.4%. The efficiency ratio is measured by total operating expenses to total investment income.

SCI's management expense ratio (MER) was 3.1% for 3 Month 2021 vs 2.4% for 3 Month 2020, of which 0.4% was due to performance fees paid in relation to exceeding the performance hurdle rate at the end of the June 2021 financial year. Adjusting for the performance fees, the adjusted MER was 2.7%. The threshold level for the MER is 2.85%, which is defined as total operating expenses (cumulative over four quarters) as a percentage of total assets under management (as at the reporting period).

Fair-Value Gains / Losses

Fair-value gains on private credit instruments were US$448.8 thousand for 3 Month 2021 vs gains of US$47.7 thousand for 3 Month 2020. The unrealized gains were primarily driven by the addition of one new fair value investment during the quarter. Note that changes in interest rates may cause fluctuations in fair value gains or losses between reporting periods. SCI had a total of US$23.5 million in fair value instruments at the end of Q1 Sep 2021.

Net Foreign Exchange Gain / Loss

Net foreign exchange losses (unrealized) of US$10.3 thousand for 3 Month 2021 was lower than the losses of US$34.2 thousand reported for 3 Month 2020. The loss reflected a marginal appreciation in the JMD/USD exchange rate from 146.72 at financial year end June 30, 2021, to 146.35 at end 3 Month 2021. SCI's net balance sheet exposure to JMD was negative 1.4% or US$1.34 million, vs positive 3.9% or US$2.65 million in 3 Month Sep 2020. SCI does not have a foreign currency trading business.

Change in Impairment Allowance on Financial Assets (IAFA)

SCI had zero realized losses on its private credit investment portfolio for a 17th consecutive quarter. The change in impairment allowance on financial assets for 3 Month 2021 was an increase of US$29.1 thousand vs an increase of US$54.7 thousand for 3 Month 2020. SCI's impairment allowance is a non-cash unrealized charge and may reverse if an investment is exited without any realized losses. The smaller increase in impairment allowance for 3 Month 2021 was reflective of a combination of some recovery in underlying economic conditions relative to last year, and several successful investments exited that carried higher impairment allowances relative to new investments added to the portfolio during the intervening periods.

Total Revenues and Total Expenses

Total revenues were comprised of core revenues, or total investment income (net interest income plus participation and commitment fees), plus the non-core revenue items of fair value gains, net foreign exchange gains and gain on sale of investments. Total revenues were US$2.27 million for 3 Month 2021 vs US$1.36 million for 3 Month 2020.

Similarly, SCI's total expenses were comprised of core operating expenses, plus the non-core items of net foreign exchange losses, impairment allowance on financial assets and loss on sale of investments. Total expenses were US$735.3 thousand for 3 Month 2021 vs US$559.0 thousand for 3 Month 2020. Non-core revenues and non-core expenses may fluctuate significantly from period to period based on prevailing market conditions.

Dividends

During the quarter, an interim ordinary dividend of US$0.00262 per share was declared on September 10, 2021, to all shareholders on record as at September 30, 2021, and was paid on October 15, 2021. The dividend amounted to US$1,548,356 and is the largest amount ever paid by SCI.

Private Credit Investment (PCI) Activity

At the end of 3 Month 2021, SCI's investment in Portfolio Companies grew by 42.5% to a record US$88.76 million vs US$62.27 million for 3 Month 2020. The number of Portfolio Company investments was 33 vs 29 in the previous year. Portfolio Company investments included finance lease receivables on the balance sheet.

	Q1 Sep 2021	Q1 Sep 2020	FYE Jun 2021
Summary of Investment Activity	**US$**	**US$**	**US$**
Fair Value of Investment in Portfolio Companies	88,755,170	62,274,582	82,797,478
New Investment Commitments During Period	6,886,263	8,689,944	41,095,316
Dry Powder to be Deployed*	1,055,802	3,900,744	1,029,391
Number of Portfolio Company Investments (#)	33	29	31
Average Investment per Portfolio Company	2,689,551	2,147,399	2,670,886
Weighted Average Term of Portfolio Company Investments (years)	2.0	1.8	2.0
Weighted Average Fair Value Yield on Portfolio Companies (%)	12.9%	12.0%	12.7%
Non Performing Portfolio Company Investments (NPI)	3	1	2
Non-performing Investments Ratio**	6.3%	2.3%	2.8%
Loss Rate (realized credit losses; charge-offs)	Nil	Nil	Nil

** Does not include undrawn credit facilities and undrawn portion of US$22M equivalent debt capital raise*

*** Added 1 investment amounting to US$3.4M to non-performing on Nov 05, 2021; investment is fully collateralized*

Portfolio Company Investment Commitments and Origination

SCI financed new investment commitments valued at US$6.89 million for 3 Month 2021, vs US$8.69 million for 3 Month 2020. The relatively lower deployment reflected timing differences for transactions that are at various stages of the investment process. This is particularly true for some Caribbean economies that have just or are just reopening from Covid-19 lockdowns, heading into the busy Christmas season. New investment commitments were primarily used by Portfolio Companies to fund growth plans and to finance working capital needs.

The pandemic induced volatility in growth trends and "stop-start" economic activity have only underscored the value proposition of private credit to middle-market businesses across the Caribbean region: speed and certainty of execution, documentation flexibility for entrepreneurs and management teams to achieve their strategic objectives and a partnership approach to working with trusted value-added financing partners. As a result, more so than ever, we are seeing an increasing number of middle market businesses and sponsors of middle market businesses, turn to the flexible debt solutions provided by private credit as the recovery from the pandemic gathers pace. Thus, SCI's investment origination is expanding across industries and territories as the Company prepares to embark on its next phase of growth and expansion.

Weighted Average Investment Tenor and Investment Yield

At the end of 3 Month 2021, the weighted average tenor of Portfolio Company investments increased to 2.0 years vs 1.8 years for 3 Month 2020. The weighted average fair value yield on Portfolio Companies increased to 12.9% vs 12.0% last year.

Non-performing Investment Ratio

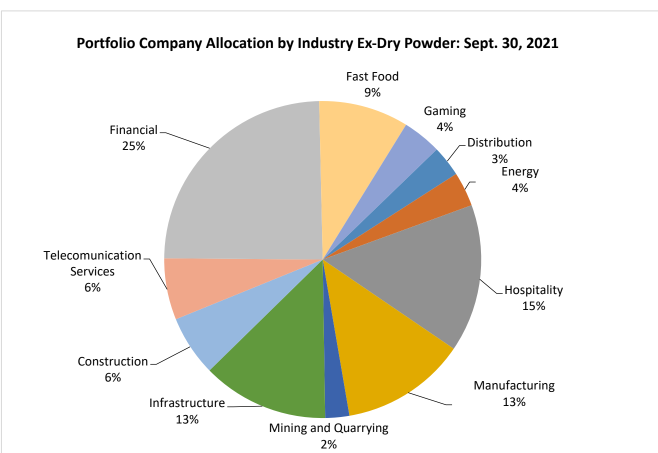
SCI added one investment valued at US$3.4 million to non-performing investment status on November 5, 2021. This non-performing investment ("NPI") is fully collateralized and negotiations on restructuring the financing terms are expected to be far advanced within the coming quarter. The new NPI moved from a Stage 2 asset to Stage 3 in SCI's impairment model due to the Covid-19 induced protracted closed borders of the country in which the investment is located, despite a vaccination rate in excess of the herd immunity threshold of 70%.

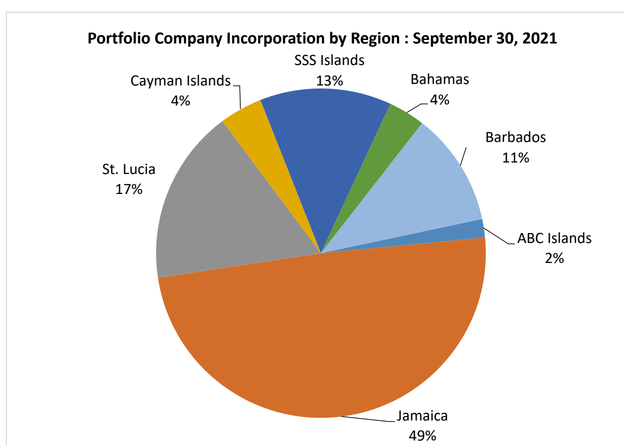
In total, SCI has US$5.62 million in non-performing investments from 3 Portfolio Companies, all of which are collateralized. SCI's non-performing investment rate for 3 Month 2021 was 6.3% of its total private credit investment portfolio, vs 2.3% last year, primarily driven by the new NPI of US$3.4 million. Based on the improvements in the performance of portfolio companies and moderating of the COVID pandemic, at this stage, the NPI ratio is expected to be reduced to below SCI's 5.0% target threshold level in coming quarters, after the completion of restructured financing terms and reclassification of some non-performing assets. All of SCI's remaining portfolio investments are classified as Stage 1 assets, except for a partial investment of US$301.2 thousand classified as Stage 2, which is expected to be exited by December 31, 2021. Realized credit losses remained at nil for a 17th consecutive quarter since inception.

Allocation by Industry and Region

Portfolio Companies were diversified across 11 major industries and 7 regions within the Caribbean in 3 Month 2021 vs 10 industries and 7 regions for 3 Month 2020. Excluding dry powder, the top four industry allocations were Financial: 25% (up from 11% last year); Hospitality: 15% (down from 16% last year); Infrastructure: 13% (down from 17% last year); and Manufacturing: 13% (down from 17% last year). Industry concentration remains substantially below the 35% target concentration level but should be expected to increase as economic recovery within the Caribbean gathers pace.

Portfolio companies from Jamaica accounted for the highest allocation of SCI's Portfolio with 49%, followed by St Lucia with 17%, the Dutch Caribbean Islands of Saba, St Eustatius and St Martin (SSS islands) with 13% and Barbados with 11%.





Liquidity, Capital Resources and Credit Rating

Dry powder on the Company's balance sheet was US$1.06 million, comprising cash and cash equivalents. In addition, the Company had undrawn revolving credit lines of approximately US$3.0 million equivalent. SCI tapped the debt capital markets during the quarter with a multi-series, dual currency US$22.0 million equivalent unsecured note via a private placement, drawing down US$5.0 million in series 1 during the quarter. Subsequently, SCI tapped the remaining series for the balance of US$17.0 million, which was oversubscribed, and thus upsized given the demand for the notes. All series of the notes are expected to generate a minimum debt capital raise of US$27.0 million equivalent, when the final numbers are tallied. This debt capital raise would be a new record for SCI, beating the previous US$15 million equivalent raised in December 2019.

The notes were accompanied by SCI's first corporate credit rating from regional rating agency CariCRIS, which assigned an investment grade rating of *jmBBB* with a stable outlook. The proceeds of the notes will primarily be used to scale SCI's growth across the Caribbean region, including deployment into new territories and industries, given robust demand for flexible debt capital as economies begin recovering from the COVID-19 pandemic. SCI intends to have an annual review of its corporate credit rating by CariCRIS each year, and to remain a rated entity.

Balance Sheet Summary

At the end of 3 Month 2021, SCI had a record US$93.89 million in total assets, an increase of US$25.36 million or 37.0% over last year. This was mainly comprised of a record US$88.76 million in private credit investments, US$1.06 million in dry powder and US$3.58 million in interest income receivable. The growth in SCI's total assets was driven primarily by a US$25.78 million increase in share capital from its APO in January 2021. Total shareholders' equity increased by US$29.10 million or 77.4% to a record US$66.69 million. SCI's debt to equity was 0.35x and debt to total assets was 0.25x, reflective of a lowly leveraged balance sheet in keeping with global best practices for private credit companies. The balance sheet was further enhanced by an asset coverage ratio of 3.02x, above the minimum target threshold level of 1.50x, again in keeping with global standards.

Covid-19 Impact and Risk Management

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. Significant progress has been made in vaccination with more persons across the region becoming more open to vaccines, and vaccines becoming more accessible to Governments and the private sector. The virus has mutated which continues to complicate the path to "normalcy" and may result in a so called "fourth wave" of Covid-19 infections in coming quarters, thus presenting additional challenges for businesses to navigate. Despite these near-term challenges, the bridge to normalcy appears to be a combination of strong vaccination programs and enforcement of Covid-19 protocols, which is likely to occur at varying speeds across Caribbean territories. More importantly, many Caribbean economies have begun to reopen their borders to international travel, with increasing airlift and cruise ships calling on regional ports. In addition, many Caribbean islands have reported a recovery of sorts in their growth prospects during the June 2021 quarter, from the depths of the unprecedented economic rout that occurred during the similar quarter in 2020, when nearly all borders were completely closed.

While the assessment of the overall impact of COVID-19 is ongoing, 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 achieving three key priorities, namely:

- proactively managing the risk of its private credit portfolio, that is, minimizing "realized" credit losses, versus "expected credit losses". The latter will fluctuate based on market conditions, but the former represents permanent loss of shareholder value;
- maintaining ample liquidity and a flexible capital structure to support existing Portfolio Companies, while playing offense on its robust pipeline of investment opportunities across the Caribbean region;
- 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.

SYGNUS CREDIT INVESTMENTS LIMITED
Consolidated Statement of Financial Position
September 30, 2021
(Expressed in United States Dollars)

	Unaudited 30-Sep-21 $	Unaudited 30-Sep-20 $	Audited 30-Jun-21 $
ASSETS			
Cash and cash equivalents	1,055,802	3,900,744	1,029,391
Interest receivable	3,575,090	2,296,917	3,232,954
Other receivables	501,355	41,072	197,229
Due from related parties	-	-	613,395
Lease receivables	2,158,998	1,933,622	2,287,083
Investments	86,596,172	60,340,960	80,510,395
Deferred tax assets	-	18,416	-
	93,887,417	**68,531,731**	**87,870,447**
LIABILITIES			
Accounts payable and accrued liabilities	1,502,048	2,254,452	1,174,870
Due to related parties	423,367	398,919	510,647
Dividends payable	1,801,087	1,065,274	247,582
Interest payable	95,398	377,262	50,862
Taxation payable	22,816	-	2,348
Deferred tax liability	9,755	-	-
Notes payable	19,640,748	14,787,400	14,670,025
Loans and borrowings	3,697,561	12,049,943	4,478,037
	27,192,780	**30,933,250**	**21,134,371**
EQUITY			
Share capital	60,883,532	35,107,673	60,883,532
Retained earnings	5,811,105	2,490,808	5,852,544
	66,694,637	**37,598,481**	**66,736,076**
TOTAL LIABILITIES AND EQUITY	**93,887,417**	**68,531,731**	**87,870,447**

Director
Dr. Ike Johnson

Director
Linval Freeman

SYGNUS CREDIT INVESTMENTS LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Three Months ended September 30, 2021

(Expressed in United States Dollars)

	Unaudited Three months ended 30-Sep-21 $	Unaudited Three months ended 30-Sep-20 $	Audited Year Ended 30-Jun-21 $
Income			
Interest income calculated using the effective interest method	2,239,647	1,698,688	8,221,661
Interest expense	(416,011)	(412,546)	(1,797,459)
	1,823,636	1,286,142	6,424,202
Fair value gains from financial instruments at FVTPL	448,765	47,744	1,416,793
Gain on sale of investments	-	-	24,175
Other income	-	22,997	62,786
	2,272,401	**1,356,883**	**7,927,956**
Expenses			
Management fees	442,875	303,004	1,456,937
Performance fees	50,939	-	349,514
Corporate service fees	77,177	58,555	265,663
Net foreign exchange loss	10,325	34,198	72,988
Impairment allowance on financial assets	29,148	54,718	69,710
Other expenses	124,797	108,568	654,817
	735,261	**559,043**	**2,869,629**
Profit before taxation	**1,537,140**	**797,840**	**5,058,327**
Tax charge	(30,223)	-	(30,010)
Profit for the period, being total comprehensive income	**1,506,917**	**797,840**	**5,028,317**
Earnings per stock unit (cents)	**0.25**	**0.23**	**1.11**

SYGNUS CREDIT INVESTMENTS LIMITED
Consolidated Statement of Changes in Equity
Three Months ended September 30, 2021
(Expressed in United States Dollars)

	Share capital $	Retained earnings $	Total $
Balance as at 30 June 2019	35,107,673	2,564,686	37,672,359
Profit, being total comprehensive income for the period	-	797,840	797,840
Transaction with owners			
Dividends declared	-	(871,718)	(871,718)
Balance as at 30 September 2020	35,107,673	2,490,808	37,598,481
Balance as at 30 June 2021	60,883,532	5,852,544	66,736,076
Profit, being total comprehensive income for the period	-	1,506,917	1,506,917
Transaction with owners			
Dividends declared	-	(1,548,356)	(1,548,356)
Balance as at 30 September 2021	60,883,532	5,811,105	66,694,637

SYGNUS CREDIT INVESTMENTS LIMITED
Consolidated Statement of Cash Flows
Three Months ended September 30, 2021
(Expressed in United States Dollars)

	Unaudited Three months ended 30-Sep-21 $	Unaudited Three months ended 30-Sep-20 $	Audited Year ended 30-Jun-21 $
Cash flows from operating activities			
Profit for the period	1,506,917	797,840	5,028,317
Adjustments for:			
Interest income	(2,239,647)	(1,698,688)	(8,221,661)
Interest expense	416,011	412,546	1,797,459
Impairment allowance on financial assets	29,148	54,718	69,710
Taxation	30,223	-	30,010
Amortisation of transaction costs on notes issued	27,487	27,925	167,791
Fair value gains	(448,765)	(47,744)	(1,416,793)
	(678,626)	(453,403)	(2,545,167)
Changes in operating assets and liabilities:			
Other receivables	(304,126)	(7,766)	(163,923)
Due from related parties	613,395	-	(613,395)
Accounts payable and other accrued liabilities	397,240	765,811	(571,012)
Due to related parties	(87,280)	187,859	299,587
	(59,397)	492,501	(3,593,910)
Taxation paid	-	-	(9,246)
Net cash (used in)/provided by operating activities	(59,397)	492,501	(3,603,156)
Cash flows from investing activities			
Purchase of investments	(6,886,263)	(16,206,042)	(56,602,971)
Encashment of investments	1,220,102	7,404,342	28,985,821
Lease receivables, net	128,085	115,870	(237,519)
Purchase of securities purchased under resale agreements	-	-	(7,084,980)
Encashment of securities purchased under resale agreements	-	2,500,000	9,584,980
Interest income received	1,897,511	1,287,939	6,874,875
Net cash used in investing activities	(3,640,565)	(4,897,891)	(18,479,794)
Cash flows from financing activities			
Dividends paid	5,149	(25,249)	(1,711,682)
Proceeds from issuance of shares	-	5,536,381	27,102,262
Transaction costs associated with shares issued	-	-	(1,326,403)
Loans and borrowings, net	(780,476)	-	(2,035,525)
Proceeds from the issue of notes, net of transaction costs	4,873,175	-	-
Interest paid	(371,475)	(210,995)	(1,922,308)
Net cash provided by financing activities	3,726,373	5,300,137	20,106,344
Net increase/(decrease) in cash and cash equivalents	26,411	894,747	(1,976,606)
Cash and cash equivalents at beginning of period	1,029,391	3,005,997	3,005,997
Cash and cash equivalents at end of period	**1,055,802**	**3,900,744**	**1,029,391**

1. Identification

Sygnus Credit Investments Limited (the "Company") was incorporated in Saint Lucia on January 13, 2017 under the International Business Companies Act as an International Business Company ("IBC"). The Company is domiciled in Saint Lucia with its registered office at McNamara Corporate Services Inc., Bella Rosa Road, Gros Islet, Saint Lucia.

The Company is a specialty credit investment company, dedicated to providing non-traditional financing to medium-sized firms across the Caribbean region. Non-traditional forms of credit are more customized and flexible than traditional financing. The Company offers an alternative channel through which medium-sized firms, which are typically underserved by traditional forms of financing, can access capital to drive their expansion and growth.

The investment portfolio of the Company is managed and administered by Sygnus Capital Limited ("SCL"), a related company incorporated in Jamaica.

The Company has a wholly owned subsidiary Sygnus Credit Investments Jamaica Limited, which was incorporated in Jamaica on May 7, 2019. The Company and its subsidiary are collectively referred to as "the Group" in these condensed financial statements.

2. Statement of compliance and basis of preparation

(a) Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, and should be read in conjunction with the Group's audited financial statements for the year ended June 30, 2021. The notes to these condensed consolidated financial statements provide an explanation of events and transactions that are significant to understanding the changes in the financial position and performance of the Group since its financial year ended June 30, 2021.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended June 30, 2021 which were prepared in accordance with International Financial Reporting Standards (IFRS).

<u>New standards effective in the current year</u>

There are several new standards and amendments to published standards that came into effect during the current financial year. No significant impact to the interim consolidated financial statements has been determined from the adoption of these standards.

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

(b) Basis of preparation

The interim consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair value. All financial information has been presented in United States dollars, which is the functional currency of the Group.

3. Significant accounting policies

(a) Basis of consolidation

The interim consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiary presented as a single economic entity. Balances and transactions between companies within the Group, and any unrealized gains and losses arising from those transactions, are eliminated.

(b) Securities purchased under resale agreements

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

(c) 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.

(i) Classification and measurement

The classification of financial assets is determined based on the business model under which the financial asset is held, as well as the contractual cash flow characteristics of the financial asset. In applying IFRS 9, the Group classified its financial assets as fair value through profit or loss (FVTPL) or amortised cost.

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

- 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).

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Impairment

The Group recognizes allowances for expected losses (ECLs) on the financial instruments measured at amortised cost. Under IFRS 9, there is a 'three-stage' model for impairment based on changes in credit quality since initial recognition:

Stage 1 - financial instruments that are not credit impaired are included in Stage 1. The ECL is measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months.

Stage 2 - when there is a significant increase in credit risk since initial recognition, but the financial instrument is not considered to be in default, it is included in Stage 2. This requires the computation of ECL based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 - a financial asset is credit impaired and included in Stage 3 when one or more events that have a detrimental impact on the estimated future cash flows of the financial instrument has occurred. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

4. Net foreign exchange gains and losses

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 and for the three months ended September 30, 2021 an overall net foreign exchange loss was incurred by the Group. The average foreign exchange rate moved from J$146.7234 to US$1 as at the financial year ended June 30, 2021 to J$146.3464 to US$1 as at September 30, 2021.

5. Dividends

On September 10, 2021 the Board of Directors approved the payment of an interim dividend of US$0.00262 per share amounting to $1,548,356 which was paid on October 15, 2021 to shareholders on record as at September 30, 2021. For the comparative quarter ended September 30, 2020 the dividend per share recorded was $871,718 (US$0.00249 per share).

6. Earnings per share

Earnings per stock unit is calculated by dividing the profit attributable to stockholders, by the weighted average number of ordinary stock units in issue. The Group does not have any instrument that has a dilutive effect on its basic earnings per share.

	30-Sep-21	30-Sep-20
Profit attributable to stockholders ($)	1,506,917	797,840
Weighted average number of ordinary stock units in issue	590,975,463	350,087,563
Basic earnings per stock unit	0.25¢	0.23¢

7. Notes payable

This balance represents unsecured J$ and US$ fixed rate debt issued in tranches and bearing interest rates ranging from 4.00% to 6.50% per annum, payable on a quarterly basis. The notes currently mature in December 2021, April 2022 and December 2022.

8. Loans and borrowings

This represents net borrowings which include bank credit lines at rates ranging between 6.50% to 8.00% per annum.

9. Related party transactions

Investment management services are provided to the Group under a separate Investment Management Agreement, for which management and performance fees of $442,875 (2020: $303,004) and $50,939 (2020: $NIL) respectively, were expensed over the three-month period.

Corporate and accounting services are also provided to the Group under a governing Corporate Services Agreement. An amount totaling $77,177 (2020: $58,555) was expensed for the three-month period in respect of services that have been provided under this agreement.

10. Capital raise

The Company received US$5 Million from the first tranche of a US$22 Million equivalent bond raise during the first quarter ended September 30, 2021. The remaining tranches of the capital raise are expected to be completed during the second quarter of the financial year.

11. Impact assessment of Coronavirus (COVID-19)

Management continues to evaluate the impact of COVID-19 on financial performance, primarily in the assessment of security values and the probability of default in performing expected credit loss calculations. The Group maintains a well-diversified portfolio of investments that is expected to cushion the impact of the crisis, however, Management continues to monitor the turn of events closely, and is actively working on implementing the necessary strategic actions to mitigate the effect on business activities.

Top Ten Shareholders			
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%**

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	0.17%
			Zane Williams	
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	Dr Ike J. Johnson	95,300	N/A	0.02%
7	Linval Freeman	200,000	Donna Freeman	0.03%
			Kristifer Freeman	
			Kimberly Freeman	
	Subtotal	**1,389,335**	**N/A**	**0.24%**
Shareholdings of Connected Parties				
1	Sygnus Capital Group Limited	6,481,100	Dr Ike J Johnson	1.10%
	Total	**590,975,463**	**N/A**	**100.0%**

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