INNOVATE. ELEVATE. TRANSFORM.

2023 ANNUAL REPORT

SYGNUS CREDIT INVESTMENTS

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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

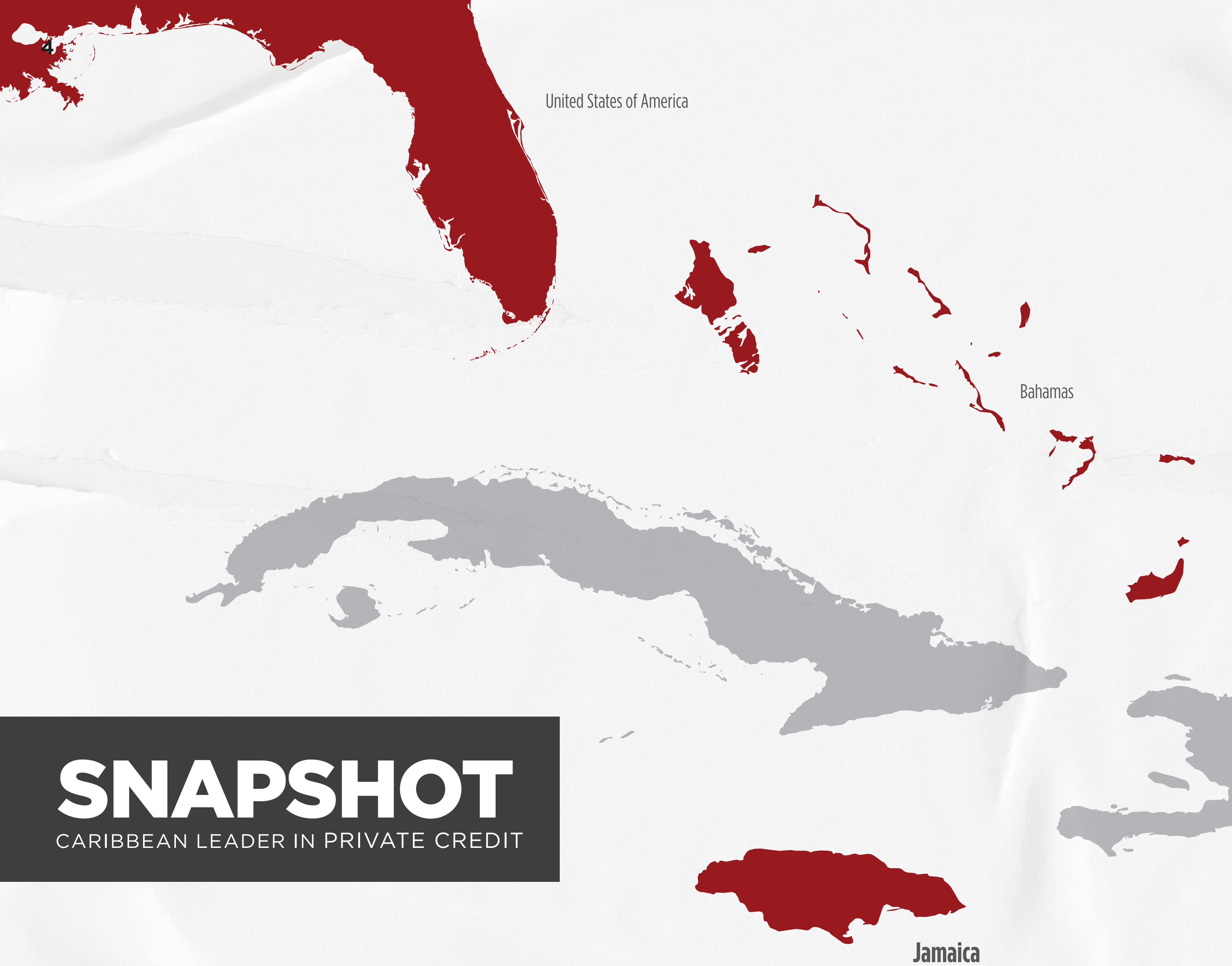
Ensures your interests come first.

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 middle-market 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

Private Credit Platform*

US$151.5M Investment Portfolio | **39** Investments | **13** Industries | **7** Territories | English, Dutch and Spanish-speaking Caribbean.

*Includes the acquisition of Acrecent Financial Corporation but excludes its private credit portfolio

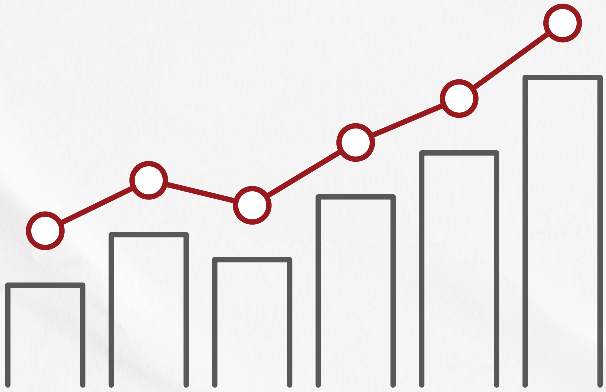
ACRECENT FINANCIAL CORPORATION

US$24.9M

95% Share ownership of **Acrecent Financial Corporation** in Puerto Rico.

US$163.9M

Total Assets up **19.8%**



US$8.9M

Record **Total Investment Income** up **7.8%**

US$5.1M

Net Investment Income down **3.5%**

US$5.1M

Record **Net Profits** up **34.3%**

US$2.55M

Dividends paid & declared

jmBBB+/Stable Outlook

CariBBB-/Stable Outlook

Reaffirmed

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of SYGNUS CREDIT INVESTMENTS LIMITED ("SCI") will be held on Wednesday, January 17, 2024, at 11:00 a.m. at Bella Rosa Road, Gros Islet, Saint Lucia, in a hybrid format which includes a physical meeting and video conferencing, 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, 2023, 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$0.00169 paid in April 2023 and the US$0.00272 paid in October 2023 be treated on the recommendation of the Directors as the final dividend for the financial year ended June 30, 2023."

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 **Mr. Linval McDougal Freeman** and **Ms. Hope Patricia Fisher**, who being eligible, offer themselves for re-election.

The proposed resolutions are as follows:

a) "That, Mr. Linval McDougal Freeman, 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 re-elected a director of the Company".

b) "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 re-elected a director of the Company".

4. To Approve Directors' Remuneration

Resolution No. 4
"THAT the amount shown in the Audited Company Accounts for the financial year ended June 30, 2023, 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 by the Directors of the Company."

By Order of the Board

Dated the 27th day of October, 2023.

____

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 AC Hotel by Marriot, 38-42 Lady Musgrave Road, Kingston 5, Jamaica. The Meeting will commence at 10:00 a.m. Jamaica time.

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, 2023.

Financial Highlights	FY June 2023 US$	FY June 2022 US$	% Change
Total Investment Income	8,886,890	8,246,222	8%
Net Profit Attributable to Shareholders	5,134,638	3,823,104	34%
Total Assets	163,864,434	136,793,967	20%
Total Shareholders' Equity	69,807,053	67,462,469	3%

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$0.00272 per share to all shareholders on record as of October 2, 2023, and payable on October 13, 2023, subject to compliance with applicable laws. The ex-dividend date was September 29, 2023.

Meetings

There were seven (7) Board meetings held during the year. The Audit and Governance Committee and the Enterprise Risk Committee each held five (5) and four (4) meetings during the year, respectively.

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 credit 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), responsible for making all investment decisions. We provide additional details on our risk management policies on page 30 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$164M
TOTAL ASSETS

US$66M
EQUITY CAPITAL RAISED

US$251M
GROSS INVESTMENT DEPLOYED

Private Credit Pioneers

Sygnus Credit Investments Ltd. is the largest publicly listed specialty private credit investment ("PCI") company in the Caribbean, with total assets of US$164 million. During the financial year, SCI increased its stake of Acrecent Financial Corporation (AFC) to 95% ahead of the full integration of the company into its operations. As a private credit firm in the US territory of Puerto Rico, AFC boasts assets under administration of US$129 million, of which total portfolio assets were US$70.7 million. AFC is not consolidated into SCI.

The Company has successfully raised US$66 million in equity capital during the 6 years in 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, an additional public offering ("APO") in 2020 and a preference share raise in 2022. 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 6 years, SCI has deployed over US$251 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 specialized structured product offerings. These forms of financing are typically more aligned with the growth and expansion plans of Portfolio Companies.

In the previous financial year, the Company received an investment-grade rating of jmBBB+ with a stable outlook on the Jamaican national scale and cariBBB- with a stable outlook on the regional rating scale. In the current financial year, the Company's corporate credit rating from the Caribbean rating agency CariCRIS has been reaffirmed.

CORPORATE STRUCTURE

Ordinary Shareholders

US$ SHARES / J$ SHARES

Sygnus Credit Investments Ltd.
Listed on the Jamaica Stock Exchange Main Market

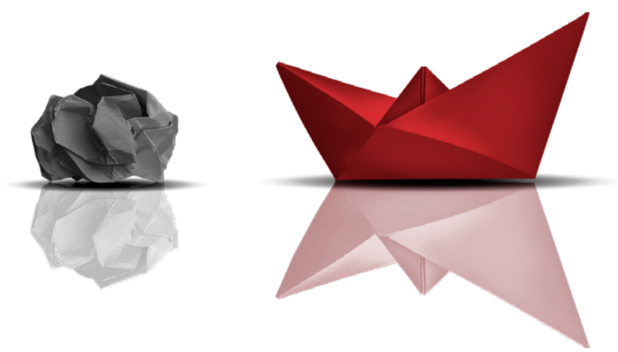
100%
Sygnus Credit Investments Jamaica Limited

100%
SCI PR Holdings Ltd.

100%
SCI Puerto Rico Inc.

95%
Sygnus Credit Investments Puerto Rico Fund

100%
Acrecent Financial Corporation Inc. (AFC)



The investment assets of the Company are managed by its Investment Manager, Sygnus Capital Limited (SCL), a subsidiary of Sygnus Capital Group Limited (SCG). SCL is a licensed securities dealer regulated by the Financial Services Commission Jamaica. On February 28, 2022, SCI, through a wholly owned subsidiary, acquired 93.66% of Acrecent Financial Corporation (AFC), which in June 2023 was increased to 95% of the private credit investment company in the US territory of Puerto Rico. AFC is not consolidated all the way up to SCI.

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 is entitled to receive only the subscribed amount of US$1.00 in the event of a winding up, with no further rights to asset distributions. 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 also former Credit Analyst at Barclays (UK).

Jason Morris, CFA
Jason is Executive Vice President and Chief Investment Officer at Sygnus Group. He is an immediate past Director of the Caribbean Alternative Investment Association (CARAIA).

Prior to this role, Jason worked at Scotia Investments Jamaica Limited (SIJL), where he served as Assistant Vice President of Product Development and later as Vice President of Business Analytics, Portfolio Advisory and Product Development.

In the early part of his career, Jason worked with the JMMB Group Limited. There, he served as their Investment Research and Sovereign Risk Analyst, and then 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, securitisation, mezzanine finance, project finance and corporate and investment banking.

The IAC comprises:

Chairman: Berisford Grey
Beris is President and Chief Executive Officer, Sygnus Group and President of the Caribbean Alternative Investment Association (CARAIA). He was the former Managing Director of Corporate & Investment Banking at CIBC FirstCaribbean, 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 Group. He was the former Assistant Vice President of Treasury and Trading at Scotia Investments Jamaica and the former Associate Director, Client Solutions Group at CIBC FirstCaribbean, 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
See SCI Board of Directors.

BOARD OF DIRECTORS

SYGNUS
CREDIT INVESTMENTS

Linval Freeman
Independent Chairman
Sygnus Credit Investments

Ian Williams
Independent Non-Executive Director
Sygnus Credit Investments

Damian Chin
Independent Non-Executive Director
Sygnus Credit Investments

Horace Messado
Independent Non-Executive Director
Sygnus Credit Investments

Hope Fisher
Independent Non-Executive Director
Sygnus Credit Investments

Peter Thompson
Independent Non-Executive Director
Sygnus Credit Investments

Ike Johnson
Non-Executive Director
Sygnus Credit Investments

BOARD OF DIRECTORS

SYGNUS
CREDIT INVESTMENTS

Chairman

Linval Freeman, FCA, FCCA
Independent Chairman
Linval is a Fellow of the Institute of Chartered Accountants of Jamaica (FCA), a Fellow of the Association of Chartered Certified Accountants (FCCA), and a Justice of the Peace for Kingston and St. Andrew.

Linval served as Director and Assurance Partner at Ernst & Young Caribbean (EY), Jamaica Office, between 2003 and 2018. During his tenure, Linval was instrumental in the establishment of the Advisory Service Line and the growth and development of the Assurance Service Line. He retired from the partnership on July 31, 2018. Prior to joining EY, he was a Director of PricewaterhouseCoopers (PwC).

Linval was appointed to the Board on December 19, 2019, and is also a member of the Board's Audit and Governance Committee.

Linval is the current Director and Chairman of the Audit and Governance Committee for Sygnus Real Estate Finance Limited. He is also a Director at Canopy Insurance Limited, Director and Chairman of the Audit Committee for Key Insurance Company Limited and Chairman of the National Housing Trust Board.

Directors

Ian Williams, MBA, BSc
Independent Non-Executive Director
Ian 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 the FCIB, Ian was the Director and Head of Foreign Exchange Sales.

Ian was appointed to the Board on July 1, 2017, and is also a member of the Board's Audit and Governance Committee.

Damian Chin, MSc, BA, BSc
Independent Non-Executive Director
Damian is Corporate Director - Finance & Planning at Sandals Resorts International Limited. He is also a Director of the ATL Group Pension Fund Trustees Nominee Limited.

Damian was appointed to the Board on November 9, 2017, and is the Chairman of the Board's Enterprise Risk Committee.

Horace Messado, FCA, MBA
Independent Non-Executive Director
Horace is Chairman of Sygnus Real Estate Finance Limited and is a financial and regulatory consultant practising in the Jamaican and US markets. Some previous roles that Horace held include Director of Corporate Finance and Financial Controller at the Jamaica Public Service Company Limited; Group Controller at MaruEnergy Caribbean Limited; Audit Senior at Ernst & Young and Senior Accountant at KPMG. He also acted in the roles of Trustee and Chairman of the Investment Committee of one of the largest pension funds in Jamaica.

Horace was appointed to the Board on March 25, 2022. He is also the Chairman of the Audit and Governance Committee.

BOARD OF DIRECTORS

SYGNUS
CREDIT INVESTMENTS

Directors continued

Hope Fisher, BSc
Independent Non-Executive Director
Hope 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 of the fixed-income portfolio and developing the strategy to capitalise on investment opportunities.

Hope was appointed to the Board on February 16, 2018, and is a member of the Board's Enterprise Risk Committee.

Peter Thompson, CFA, MSc
Independent Non-Executive Director
Peter is a 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 the Senior Investment Manager for Client Portfolios, Manager for Group Product Portfolio and Business Development Manager at JMMB Ltd.

Peter was appointed to the Board on November 9, 2017, and is a member of the Board's Enterprise Risk Committee.

Dr. Ike Johnson, PhD, CFA
Non-Executive Director
Ike serves as the Executive Vice President and Chief Operating Officer of Sygnus Group, as well as the Managing Director of Sygnus Puerto Rico Group.

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 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.

Ike was appointed to the Board on January 13, 2017.

BOARD OF DIRECTORS

SYGNUS CAPITAL

Chairman

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

Directors

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)

Dr. Ike Johnson, PhD, CFA
Executive Director/ Executive Vice President and Chief Operating Officer
(See Board of Directors: SCI)

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

Directors continued

Dr. 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 and Regulatory), and 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.

Gassan Azan Jr.
Non-Executive Director
Gassan is 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.

CHAIRMAN'S REPORT

Transforming for Growth

We are pleased to submit the Annual Report for Sygnus Credit Investments Limited (SCI) for the year ended June 30, 2023 ("FYE Jun 2023"). The Company's sixth financial year was marked by a 34.3% growth in net profits to a record US$5.1 million while earnings per share grew to 0.87 US cents from 0.65 US cents in the previous financial year. This latest financial performance reflected SCI's role as a leader in the Caribbean alternative investment market focused on the private credit niche.

US$2.55M
dividends paid

SCI's transformation into a substantially larger private credit platform continued to take shape as its private credit portfolio exceeded US$150.0 million for the first time, fuelled by robust demand across the Caribbean for flexible debt capital. In fact, SCI's private credit platform is nearly US$200.0 million if we incorporate the underlying private credit portfolio of Acrecent Financial Corporation (AFC) in Puerto Rico, which was not consolidated into SCI's financial results.

Speaking of AFC, the decision to acquire a 93.7% stake in February 2022, which was increased to 95.0% in May 2023, has begun to bear fruit. The company originated US$65.1 million in private credit transactions during the 12-month period, by far its highest ever in 20 years of operations. At the start of the 2023 calendar year, the key business units in Puerto Rico were re-aligned, which partially contributed to the record volume of origination and deployment. AFC was fully integrated into SCI effective July 1, 2023, and is thus expected to play a substantial role in the transformation of SCI over the medium term.

SCI continues to celebrate its successes with Shareholders, since its first dividend payment in 2018.

The Company paid US$2.55 million in dividends during the financial year and has cumulatively returned US$10.3 million or 17.0% of share capital to shareholders as dividends. Subsequent to the year-end financial results, a record interim dividend of US$1.6 million was declared on September 15, 2023, and paid on October 13, 2023.

The Company's continued transformation was reflected in the announcement and launch of a three-year share buy-back program of up to US$9.0 million, in keeping with its articles of association. An equivalent US$246.0 thousand was used to acquire 2,614,799 shares, which was accretive to shareholders. The launching of the share buy-back program during a high interest rate environment with elevated stock market volatility is likely to be exceedingly advantageous to shareholders over the life of the share buy-back, with beneficial implications for per share earnings and dividends.

Credit rating agency Caricris affirmed SCI's jmBBB+ and CariBBB- corporate credit ratings with stable outlooks in August 2023. Since inception, SCI has operated with a very conservative balance sheet as measured by net debt/equity of less than 2.0 times. This allows the Company substantial flexibility to navigate challenging economic environments, such as the most recent global Covid-19 pandemic. This strategic management of the business, which is benchmarked against international best practice, will continue to drive business operations.

Over the six-year period of investing, SCI has remained vigilant and proactive about minimizing permanent or realized credit losses, which have a long-lasting impact on shareholder value. The Company's cumulative annualized loss rate was 0.2% on the over US$251.0 million of capital deployed, since inception while its expected credit loss was 0.8% for the 2023 financial year. The Company continues to pursue all options available for recovery of its capital on assets that have been charged off or placed in bankruptcy.

Innovate. Elevate. Transform.

SCI is in the middle of a transformative process to substantially grow and expand its innovative financing solutions to scale the business over the medium term. As part of this transformation, the Company is singularly focused on leading and participating in at least US$1.0 billion of private credit transactions across the English, Dutch and Spanish-speaking Caribbean within the next 3 to 4 years.

This thrust will be driven by three pillars: expansion of the private credit business within the English-speaking Caribbean underpinned by dedicated country-specific solutions and US$100.0 million in international credit facilities; expansion of the Puerto Rico private credit business underpinned by the sponsorship of a new fund product and the underwriting of larger transactions through co-investing and syndication partnerships. SCI's total investment income is anticipated to grow by 40% from the current US$8.9 million to exceed US$12.5 million by 2025, thus enhancing earnings and dividends to shareholders.

As part of the English-speaking Caribbean strategy, the Company is seeking to raise up to US$25.0 million in preference shares to finance a robust pipeline of transactions from Jamaican middle-market companies and Jamaican-led entrepreneurs. This offer, subject to approval from the relevant authorities, is expected to be launched by the end of November 2023. Jamaica represents approximately 28.4% of SCI's combined private credit platform allocation, and Jamaica's recent credit rating upgrade to BB- by rating agency Standard & Poor's warrants continued dedicated deployment of capital to the country over the next 12 to 24 months.

We wish to thank all the directors of the Company, the Investment Manager and its team, and the Acrecent management team and team members for their hard work and leadership in pursuing SCI's and Acrecent's strategic objectives. Most importantly, thank you to our shareholders and our various Portfolio Companies and partners as we look towards an even more successful future as we aim for the US$1.0 billion transaction target.

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.

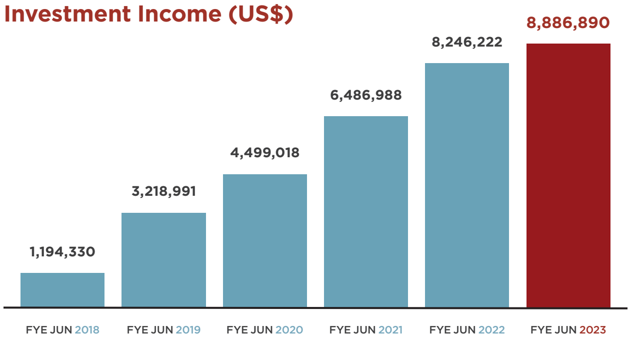
Results of Operations

Sygnus Credit Investments Limited's sixth financial year was marked by record total investment income of US$8.89 million, record net profits of US$5.13 million and growth in its private credit portfolio beyond the US$150.00 million threshold for the first time. SCI concluded the full integration of Acrecent Financial Corporation ("AFC" or "Acrecent") into its operations effective the end of the financial year, while increasing its stake from an initial 93.7% to 95.0% during the June quarter. AFC experienced its highest ever origination and deployment of capital during the period. The Group paid US$2.55 million in dividends to shareholders during the year, bringing total dividends paid since its first dividend in October 2018 to US$10.35 million, equivalent to 17.0% of share capital. In keeping with its promise to shareholders, the Group launched a 3-year share-buy-back program of up to US$9.00 million during the June quarter.

Caribbean rating agency, CariCRIS, reaffirmed SCI's credit ratings of jmBBB+ and CariBBB- with a stable outlook in August 2023. The effort to diversify SCI's financing mix by tapping US$100 million in credit facilities from international financing partners has advanced positively, with discussions currently ongoing. With the objective of transforming the business by establishing new streams of revenue, as well as, expanding and financing SCI's substantial pipeline of private credit opportunities, particularly from the Jamaican territory, the Group is awaiting final approval from regulatory authorities to launch a multi-tranche public offering of preference shares. The Group is focused on strategically implementing transformative steps to substantially deepen its private credit business in targeted English-speaking Caribbean territories, while the Puerto Rican private credit business is scheduled to launch its biggest financing product during the 2024 financial year.

Summary Results of Operations	FYE Jun 2023 US$	FYE Jun 2022 US$
Interest Income	14,085,331	10,217,443
Interest Expense	(5,949,995)	(3,112,690)
Net Interest Income	8,135,336	7,104,753
Participation and Commitment Fees	379,203	42,697
Puerto Rico Credit Fund Investment Income	372,351	1,098,772
Total Investment Income	**8,886,890**	**8,246,222**
Total Operating Expenses	3,803,689	2,979,980
Net Investment Income	**5,083,201**	**5,266,242**
Fair Value Gain	886,491	2,878,590
Net Foreign Exchange Gain (Loss)	146,069	(405,221)
Impairment Allowance on Financial Assets	(844,920)	(3,820,134)
Profit before Taxation	**5,270,841**	**3,919,477**
Taxation Charge	(136,203)	(96,373)
Profit Attributable to Shareholders	**5,134,638**	**3,823,104**
Earnings Per Share	**0.87¢**	**0.65¢**
Diluted Earnings Per Share	**0.82¢**	**0.65¢**
Net Investment Income Per Share	**0.86¢**	**0.89¢**

SCI Core Revenues or Total Investment Income (US$)



SCI's results for FYE June 2023 were driven by a larger portfolio of private credit investments relative to the similar period last year, sustained and focused efforts in investment origination and the structuring of investments with adequate downside protection aimed at effectively managing risk exposures. The impact of the global COVID-19 pandemic on the Caribbean region has subsided significantly. However, the lingering macro-economic impact of the pandemic, a higher inflation environment accompanied by higher interest rates and subsequent risks to economic growth, coupled with ongoing geopolitical risks, require the Group to stay vigilant in its overall monitoring of portfolio companies. Notwithstanding, SCI's private credit portfolio and robust pipeline of opportunities remains resilient and well positioned to navigate this uncertain period.

SCI's core revenues, or total investment income, grew by 7.8% or US$640.7 thousand to a record US$8.89 million for FYE June 2023. This compared with US$8.25 million for the financial year ended June 30, 2022 ("FYE June 2022"). This performance was driven primarily by growth in the private credit portfolio, which generated record net interest income of US$8.14 million driven by higher yields, record participation and commitment fees, which jumped by more than 7-fold to US$379.2 thousand. The higher interest income more than offset higher interest expenses, which was driven by increased levels of debt capital and a higher cost of debt. Note that net interest income included interest expense related to financing of the Acrecent acquisition, but there was no corresponding interest income revenue item, since AFC didn't meet the accounting requirements for consolidation. Thus, there was an apparent "gapping" of net interest income, reflecting lower than would be expected interest income.

The Puerto Rico Credit Fund ("PRCF") investment income effectively compensates for this apparent "gapping" in net interest income due to AFC and represented the value flowing through to SCI from the financials of the Puerto Rico business. This value was marked-to-market and carried as part of the total fair value represented in the audited financial statements. PRCF investment income was US$372.4 thousand compared with US$1.10 million in FYE June 2022. The lower figure was primarily driven by one-off tax-related adjustments in June 2023 and upfront provisioning in June 2023 related to record deployment of assets driven by record origination activity. SCI increased its investment in Acrecent by acquiring an additional 1.3%, thus increasing its stake to 95.0%. The additional shares were acquired at the same price as the initial 93.7% stake in February 2022. The full integration of Acrecent was completed effective the end of the financial year, with the company optimized for growth and expansion as of July 1, 2023.

net profit attributable to shareholders grew by **34.3%** or US$1.31 million to a record

US$5.13M

SCI's net investment income, or core earnings, fell by 3.5% or US$183.0 thousand to US$5.08 million for FYE June 2023 compared with US$5.27 million for FYE June 2022, as total operating expenses grew slightly faster than total investment income.

Net profit attributable to shareholders grew by 34.3% or US$1.31 million to a record US$5.13 million for FYE June 2023, compared with US$3.82 million for FYE June 2022. This growth was driven by a combination of record total investment income, the recognition of foreign exchange gains this financial year compared with foreign exchange losses in FY June 2022, and substantially lower impairment allowance on financial assets this financial year compared with FY June 2022.

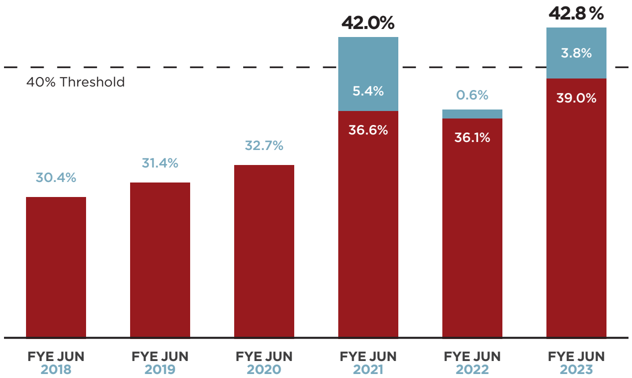
Earnings per share (EPS) was 0.87 US cents for FYE June 2023 versus 0.65 US cents for FYE June 2022. Diluted earnings per share was US$ 0.82 cents for FYE June 2023 versus US$0.65 cents last year. Net investment income per share (NIIPS) was US$0.86 cents versus US$0.89 US cents last year.

Total Operating Expenses

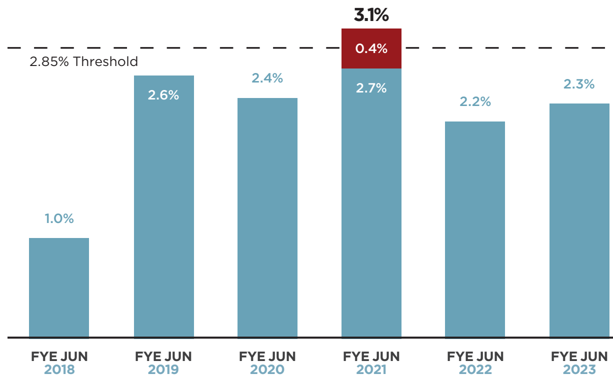
Total operating expenses increased by 27.6% or US$823.7 thousand to US$3.80 million for FYE June 2023 versus US$2.98 million for FYE June 2022. This increase was driven primarily by higher management and corporate services fees related to larger assets under management, performance fees related to exceeding the hurdle rate and higher professional fees. Management and corporate services fees were a combined 73.4% of operating expenses for FYE June 2023 relative to 76.2% last year. The performance fees were US$119.5 thousand or 3.1% of operating expenses relative to US$50.94 thousand for FYE June 2022, accounting for 1.7% of operating expenses. Professional fees were US$215.8 thousand relative to US$91.69 thousand last year. The growth in professional fees reflected one-off consultancy costs of US$75.00 thousand, increased costs for auditing, and legal costs.

Excluding management, corporate and performance fees, operating expenses were US$892.04 thousand for FYE June 2023, up US$232.9 thousand or 35.3% when compared to US$659.12 thousand in FYE June 2022.

SCI Operating Expenses/ Total Investment Income (Efficiency Ratio %)



SCI Operating Expenses/Assets Under Management (MER %)



Efficiency and Management Expense Ratios

SCI's core activities generated an efficiency ratio of 42.8% for FYE June 2023 versus 36.1% for FYE June 2022, marginally exceeding the threshold level of 40.0%. The efficiency ratio is measured by total operating expenses to total investment income. This year's result was impacted by the incurring of Performance Fees (1.3%) and Professional Fees (2.4%), chiefly related to SCI's capital raising activities during the year. SCI's management expense ratio (MER) increased marginally to 2.3% versus 2.2% last year and was well within the threshold level of 2.85%.

Fair Value Gains or Losses

Fair value gains on profit-sharing private credit investments for FYE June 2023 were US$1.18 million, a decline of US$2.89 million versus US$4.07 million recorded in FYE June 2022. The FY 2022 total primarily reflected one-off gains on one portfolio company. This year's figure reflected a lower amount of new fair value assets being added to the balance sheet, which more than offset the fair value losses from adverse movement in interest rates against the existing assets on the balance sheet. Interest rate movements may cause material fluctuations in fair value gains or losses from period to period. SCI had US$22.63 million in fair valued private credit investments versus US$25.86 million in the prior year. The reported fair value gains of US$1.18 million in the audited financial statements reflected US$805.9 thousand on private credit investments and the US$372.4 thousand attributable to the Puerto Rico Credit Fund investment income.

Net Foreign Exchange Gains or Losses

Net foreign exchange gains of US$146.1 thousand for FYE June 2023 was a reversal of net foreign exchange losses of US$405.2 thousand reported for FYE June 2022. The movement in foreign exchange gains and losses was a general reflection of realized gains or losses on FX transactions (buying or selling) and unrealized gains or losses from the Group's net exposure to Jamaican dollars, which fluctuate based on movements in the JMD/USD exchange rate. SCI's

JMD liabilities exceeded its JMD assets by 4.7%, versus 3.4% last year, which means that its balance sheet had a net negative exposure to the JMD, similar to its net negative exposure at FYE June 2022. SCI does not have a foreign currency trading business.

Change in Impairment Allowance on Financial Assets (IAFA)

The change in impairment allowance on financial assets for FYE June 2023 was a lower increase of US$886.5 thousand versus an increase of US$3.82 million for FYE June 2022. The lower allowance for this year primarily reflected fewer non-performing assets relative to last year when SCI took the full provision on a hospitality Portfolio Company in the Cayman Islands. The Portfolio Company was subsequently completely charged-off during the September quarter of this financial year. SCI is still pursuing all options in relation to the Cayman Islands asset. The FYE 2023 figure primarily reflected higher allowances for a Portfolio Company in the mining and quarrying industry. Impairment allowances are a non-cash unrealized charge, and reverses if an investment is exited without any realized credit losses or charge-offs. Over the past six years since SCI began operating, it has realized an annualized loss rate of less than 0.3% on the estimated US$251.0 million of capital deployed across the Caribbean region.

US$9.77M

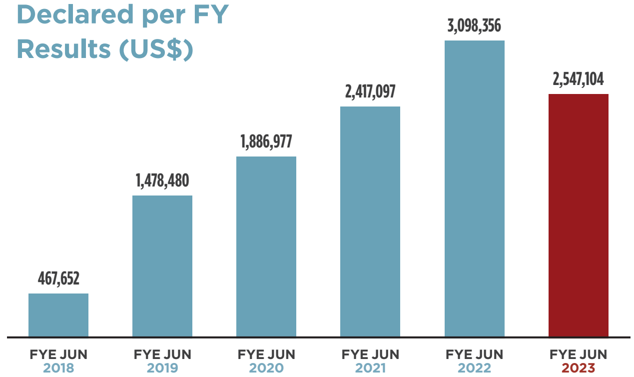
Total revenues for FYE June 2023

Total Revenues and Total Expenses

Total revenues were comprised of core revenues, or total investment income plus the non-core revenue items of fair value gains, net foreign exchange gains and gain on sale of investments. Total revenues were US$9.77 million for FYE June 2023 compared with US$11.12 million for FYE June 2022.

Similarly, SCI's total expenses were comprised of core operating expenses, plus the non-core items of net foreign exchange loss, fair value loss, change in impairment allowance on financial assets and loss on sale of investments. Total expenses were US$4.50 million for FYE June 2023 versus US$7.21 million for FYE June 2022. Non-core revenues and non-core expenses may fluctuate significantly from time to time based on market conditions.

SCI Dividends Paid/ Declared per FY Results (US$)



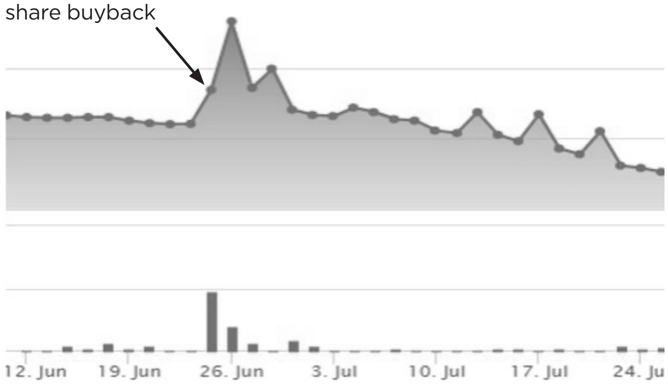
Dividends

The Group paid US$2.55 million (US$0.00431 per share) in dividends during the FYE June 2023 versus US$3.10 million (US$0.00524 per share) during the prior financial year. Total dividends paid since SCI's initial public offering in October 2018 amounted to US$10.35 million or 17.0% of SCI's share capital.

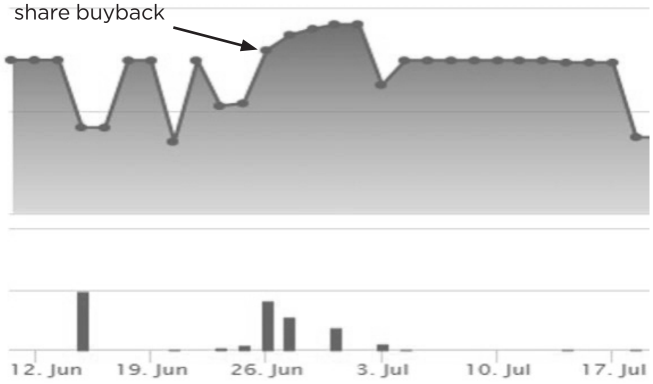
Subsequent to the audited financial results at a meeting of the Board of Directors on September 15, 2023, an interim dividend of US$0.00272 per share, or US$1.60 million, was declared to be paid on October 13, 2023.

Share Buy-back Program

In alignment with the Group's commitment to delivering shareholder value and its promise to shareholders as contained in SCI's articles of association, the Company launched its share buy-back program in June 2023. A total of 2,614,799 shares were repurchased on the open market, comprising 136,525 USD ordinary shares and 2,478,274 JMD ordinary shares. This amounted to approximately US$246,000 in total spend thus far. The transactions were executed over the last three trading days of the financial year. Going forward, our mandate of strategic repurchases resulting in accretive value to shareholders will continue to guide our buy-back program. The buy-back program will last for a period of 3 years from the launch and will be for an amount of up to US$9.00 million dollars. SCI will continue to make strategic repurchases resulting in accretive value to shareholders on an ongoing basis.



Sygnus Credit Investments (SCIJMD) JMD Shares



Sygnus Credit Investments (SCIUSD) USD Shares

Delisting of Cross-Listed Shares

SCI delisted its cross-listed JMD ordinary shares and cross-listed USD ordinary shares from the USD main market and the JMD main market of the Jamaica Stock Exchange during the Q3 March 2023 quarter. This action was taken given very low transaction volumes on the cross-listed market, which was not meeting the intended purpose of facilitating investor's free movement between JMD and USD shares. The Company will save the cost of the annual listing fees.

Private Credit Investment (PCI) Activity

SCI's investment in Portfolio Companies grew by 23.6% or US$28.97 million to a record US$151.48 million inclusive of the US$24.88 million PRCF investment. Excluding the PRCF, the portfolio grew by 28.7% or US$28.24 million to US$126.59 million, up from US$98.35 million last year. The number of Portfolio Company investments, excluding the PRCF, increased from 30 to 39. Prior to the FYE June 2023, SCI increased its stake in the Acrecent Financial Corporation acquisition to 95.0%, up from 93.7% (note: not consolidated into SCI). The full integration of AFC into SCI concluded at the end of the financial year, with AFC's balance sheet reflecting the new structure effective July 1, 2023, containing only net earning assets. AFC had US$70.7 million invested in 124 portfolio company investments at the end of June 2023. As part of the integration, administered assets are no longer a part of AFC's balance sheet. AFC had US$77.30 million in administered assets off the balance sheet in addition to its balance sheet assets at FYE Jun 2022.

Summary of Investment Activity	FYE Jun 2023 US$	FYE Jun 2022 US$
Fair Value of Investment in Portfolio Companies	151,476,730	122,509,031
Excluding PRCF	126,592,453	98,349,856
New Investments Commitments During Period	31,172,693	49,221,591
Dry Powder to be deployed*	4,464,694	8,470,884
Number of Portfolio Company Investments(#)	39	30
Average Investment per Portfolio Company	3,245,960	3,278,329
Weighted Average Term of Portfolio Company Investments(Years)	1.3	1.8
Weighted Average Fair Value Yield on Portfolio Companies	14.8%	13.3%
Non-Performing Portfolio Company Investments(NPI)	2	2
Non-performing Investments Ratio	1.4%	2.3%
Non-performing Investments Ratio**	2.3%	2.8%

All calculated metrics exclude investment in Puerto Rico Credit Fund (PRCF) of US$24.88M on the balance sheet
PRCF represents SCI's 95% ownership in the Puerto Rico Credit Fund
* Excludes credit lines of USS651.8k

Portfolio Company Investment Commitments and Origination

SCI financed new investment commitments valued at US$31.17 million for FYE June 2023, compared with US$49.22 million for FYE June 2022. The Company continues to see great demand for private credit investments, especially with regards to acquisition financing. SCI's investment origination is broadening its scope across various industries and regions, capitalizing on the enhanced visibility and established relationships facilitated by its investment in Puerto Rico. With respect to Puerto Rico, a record US$65.1 million in deployment across AFC's portfolio reflects the nascent transformation the business is experiencing as it capitalizes on the extensive opportunities and pipeline in the Spanish-speaking territory.

US$96.3M
private credit transactions
*Including PRCF

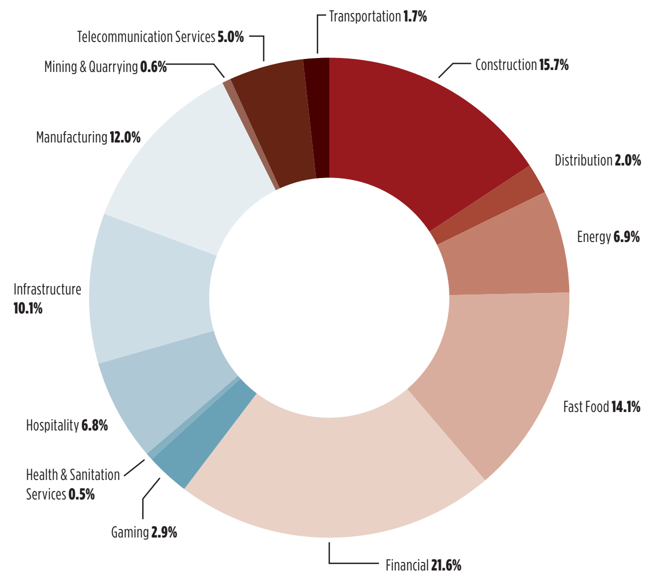
Weighted Average Investment Tenor and Investment Yield

At the end of FYE June 2023, the weighted average tenor of Portfolio Company investments declined to 1.3 years relative to 1.8 years in the corresponding June 2022 period. This reduction was mainly attributable to new investments made during the period, which had shorter-term maturities, which was advantageous to the business as it continued to reprice new investments at market rates in a higher interest rate environment. The weighted average fair value yield on Portfolio Companies increased to 14.8% compared with 13.3% last year. SCI's investment yield is expected to continue benefitting from the current high interest rate environment on a go-forward basis. In Puerto Rico, AFC's weighted average yield was just north of 11.0% with an average tenor of approximately 1.5 years, compared with an average yield north of 10.0% and an average tenor of under 3.0 years at the similar period last year.

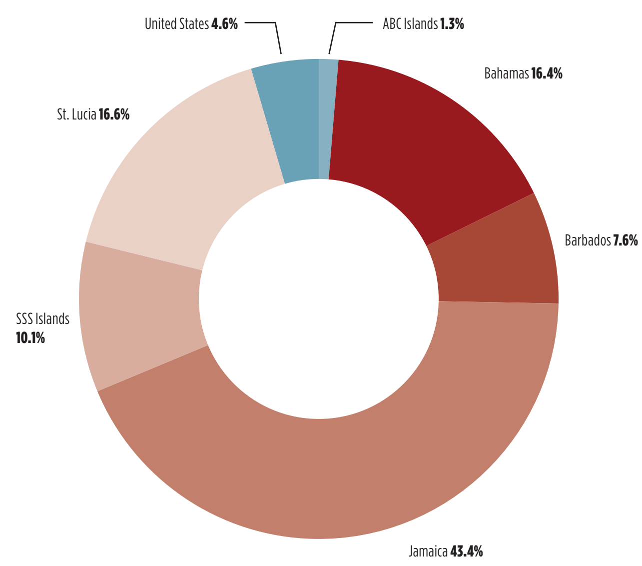
Non-performing Investments (NPI) Ratio

SCI's non-performing investment ratio for FYE June 2023 was 1.3% of its total private credit investment portfolio, compared with 2.3% for FYE June 2022.

Portfolio Company Allocation by Industry
Excluding PRCF: Jun 30, 2023

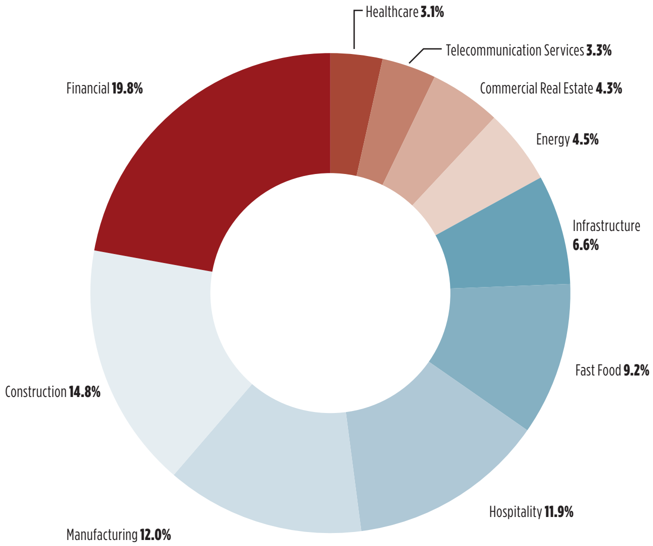


Portfolio Company Allocation by Region
Excluding PRCF: June 30, 2023

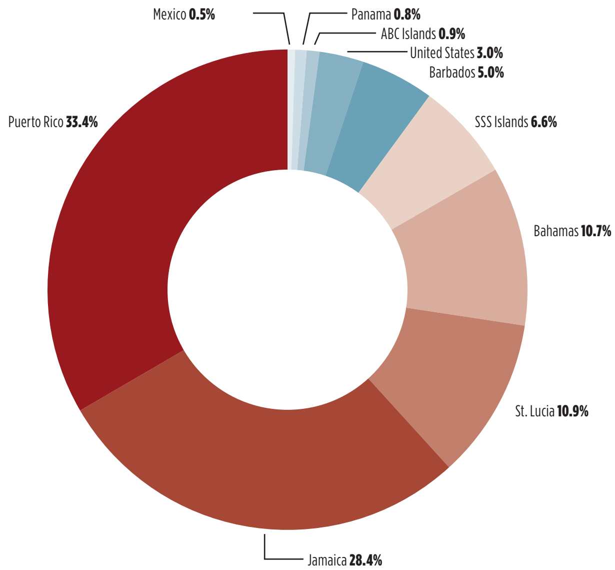


Allocation by Industry and Region
SCI's total investment in Portfolio Companies, exclusive of PRCF, was diversified across a record 13 major industries and 7 territories, compared with 11 industries and 8 territories for FYE Jun 2022. The newest industry exposures during the year were to a portfolio company in the health and sanitation business in Jamaica, and a transportation business in the Bahamas. Jamaica represented the largest territory allocation at 43.4%, while financial services represented the largest industry at 21.6%.

Portfolio Company Allocation by Industry
Including PRCF: Jun 30, 2023



Portfolio Company Allocation by Region
Including PRCF: June 30, 2023



For the combined portfolio, inclusive of PRCF's underlying holdings, investments were diversified across 22 industries (the most significant represented below) and 10 territories. Portfolio companies from Puerto Rico (33.4%) accounted for the highest allocation of SCI's combined portfolio, followed by Jamaica at 28.4%, St. Lucia at 10.9% and Bahamas at 10.7%. Assets from Panama and Mexico were legacy assets that were "ring-fenced" during the acquisition and are being closed out.

Liquidity and Capital Resources
Dry powder on the Group's balance sheet was US$4.47 million, comprising of short-term instruments and cash. The Company also had undrawn revolving credit lines with minor balances. SCI continued progressive discussions with international financing partners to access credit facilities that would advance SCI's scaling of its business segments and expansion of new revenue streams. SCI is targeting US$100.0 million in international credit facilities to meet the vast pipeline of opportunities in the regional private credit space. SCI has sought approval to launch a multi-tranche public offering of preference shares early during the new financial year to continue building and expanding its private credit business. This particular capital raise will primarily target pipeline opportunities originating from the Jamaican territory.

Balance Sheet Summary
At the end of FYE Jun 2023, SCI had a record US$163.86 million in total assets, an increase of US$27.1 million or 19.8% over the corresponding period last year. This was mainly comprised of US$151.48 million in private credit investments including, US$24.88 million attributed to the Puerto Rico Credit Fund, US$22.63 million in investments measured at fair value through profit and loss, US$103.70 million in investments measured at amortised cost and US$263.2 thousand in finance leases measured at amortised cost. The growth in SCI's total assets was financed by capital raised through its multi-series debt instruments and preference shares.

SCI had total liabilities of US$94.06 million at FYE June 2023, up from 69.33 million at FYE June 2022.

Summary Balance Sheet Information	FYE Jun 2023 US$	FYE Jun 2022 US$
Cash and Cash Equivalents	2,464,694	3,005,518
Un-deployed Cash / Dry Powder	**4,464,694**	**8,470,884**
Investments Measured at FV through P&L	22,628,408	25,856,260
Investments Measured at Amortised Cost	103,700,846	70,892,544
Finance Lease Measured at Amortised Cost	263,200	1,601,052
Investment in Portfolio Companies	**126,592,454**	**98,349,856**
Investment in Puerto Rico Credit Fund	**24,884,276**	**24,159,175**
Total Investments in Portfolio Companies	**151,476,730**	**122,509,031**
	155,941,424	**130,979,915**
Other Assets:		
Investment Income Receivable	5,199,704	3,675,584
Other Receivables	907,424	525,090
Due From Related Parties	1,812,232	1,612,232
Deferred Tax Asset	3,650	1,146
Total Assets	**163,864,434**	**136,793,967**
Share Capital	**60,883,532**	**60,883,532**
Treasury shares	**(242,950)**	**-**
Retained Earnings	**9,166,471**	**6,578,937**
Total Shareholders' Equity	**69,807,053**	**67,462,469**

The major components of liabilities were US$77.07 million in notes payable and US$7.96 million in loans & borrowings. Total shareholders' equity increased by US$2.33 million or 3.5% to US$69.81 million. SCI's debt to equity was 1.08x, below management's target threshold of 1.25x and below a limit of 2.0x, while debt to total assets was 0.49x, below the threshold level of 0.50x. Both ratios were 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 1.78x, which was above the minimum target threshold level of 1.50x, again in keeping with global standards.

Covid-19 Impact, Risk Management and Opportunities

The Caribbean region has recovered from the effects of the global COVID-19 pandemic, with varying degrees of impact on the economies in which SCI's Portfolio Companies operate. The negative effects of the global pandemic have been replaced by new risks, namely, a high inflation environment occasioned by multi-decades high interest rates providing headwinds for future global economic growth. Notwithstanding, Jamaica received in, September 2023, an upgrade from Standard and Poor's (S&P) Global Ratings, improving its long-term foreign and local currency issuer rating from B+ to BB- with a stable outlook. This marks the highest credit rating Jamaica has attained since its sovereign debt began being evaluated. The rating reflected continued fiscal discipline and stable downward debt levels relative to GDP. Additionally, this is a testament to the economic performance and trajectory of the country, which underpins what has been a transformative period for the country over the last decade. The Group has and will continue to benefit from such achievements in the countries that it focuses its business operations.

While the assessment of the overall impact of the current economic headwinds is ongoing, SCI continues to rely on the deep knowledge, experienced team and proven investment philosophy that has been developed by its Investment Advisor and Investment Manager.

SCI continues to focus on three key priorities during this post-covid adjustment period:

- **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 is permanent loss of shareholder value. SCI remains prudent in its evaluation of the current global economic landscape and its potential impact on the middle-market companies it serves as clients. These companies are better equipped to navigate an extended period of economic recession. Consequently, SCI's strategic capital deployment into suitable businesses is a critical component of its proactive risk management. As the leading player in the Caribbean's private credit market, SCI holds a particularly advantageous position due to its substantial private credit platform of approximately US$200 million, diversified revenue streams and product lines, a highly experienced private credit team, and strong relationships with financial sponsors throughout the region. Notably, SCI has maintained an annualized loss rate of 0.2% since its inception, while AFC recorded an annualized loss rate of less than 0.1%, in its 20 years of operations.

Summary Ratios	FYE Jun 2023 US$	FYE Jun 2022 US$
Sub-Total Debt (Notes, Loans and Borrowings)	**85,024,443**	**63,289,500**
Total Net Debt/Total Assets (<0.5X)	0.49	0.47
Asset Coverage Ratio (>1.5X)	1.78	2.01
Total Net Debt/Equity (<1.25X)	1.15	0.96

- **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.** 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 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 1.78x at FYE 2023 versus 2.00 at FYE Jun 2022. The threshold of 1.5x is in keeping with global standards.

Similarly, for leverage, measured by 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 limit of 2.0x and was <1.15x at FYE Jun 2023 versus <0.96x FYE Jun 2022. 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 moderate to 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.

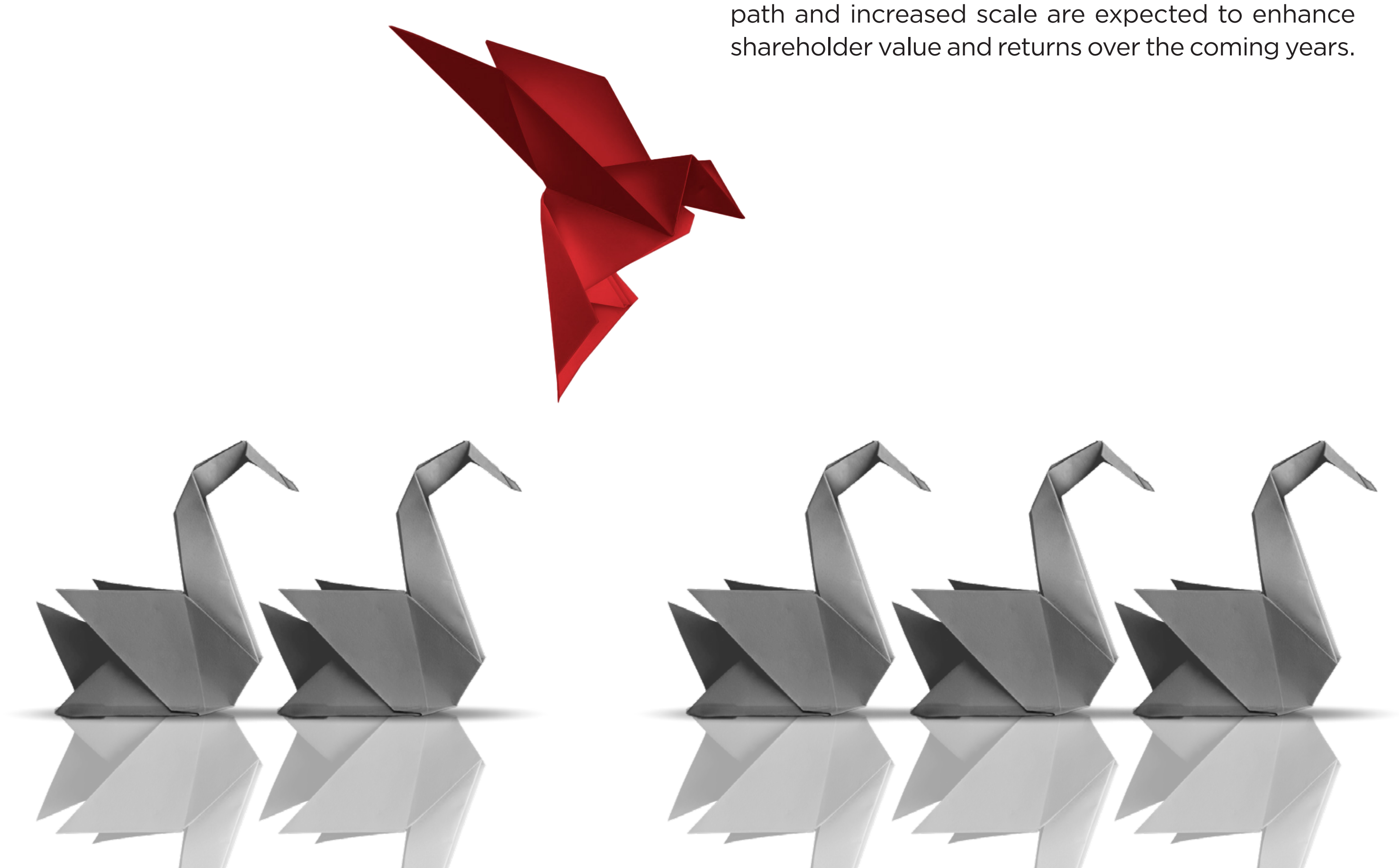
SCI focused on leading and participating in at least US$1 billion in transactions across the English, Dutch and Spanish-speaking Caribbean within the next 3 to 4 years.

- **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 current economic headwinds.** SCI recognizes an unprecedented opportunity to transform and strengthen its current partnerships while fostering new relationships with industry-leading companies and positioning itself as an innovative solutions provider. This involves working closely with a diverse range of international and regional financial institutions, government entities, quasi-governmental organizations, prominent entrepreneurs, and business luminaries to bolster Caribbean middle-market enterprises and entrepreneurial initiatives.

Strategic Direction and Outlook

Further to the full integration of AFC, SCI plans to strategically deploy capital to PRCF to sponsor a new special focused fund in 2024. Participation as an investor in this new product is in keeping with SCI's US$1.00 billion-dollar transaction goal. Likewise, the private credit platform maintains a strong investment pipeline that is progressing through various stages of execution. These investments will primarily receive funding through a combination of different forms of debt along with cash flows from the portfolio. The debt will be sought through our investment partnerships along with international and regional credit facilities. A central focus of the private credit platform is to strategically diversify revenue through country-focused funds and significantly augmenting non-interest revenue to complement the robust net interest income generated from its balance sheet assets, thereby enhancing return on equity and earnings per share.

As we continue to transform the business, SCI will strategically leverage debt capital as the primary source of financing for this accelerated growth. This approach is facilitated by SCI's resilient balance sheet and investment-grade credit ratings, jmBBB+ and CariBBB-, both with stable outlooks assessed by the rating agency CariCRIS. This accelerated growth path and increased scale are expected to enhance shareholder value and returns over the coming years.



CORPORATE DATA

Board of Directors

Linval Freeman, FCA, FCCA	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
Horace Messado, FCA, MBA	Independent Non-Executive Director

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Castries
St. Lucia

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Kingston 10
Jamaica

Sagicor Bank Jamaica Limited
Corporate Banking Division
17 Dominica Drive
Kingston 5
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JMMB Bank
6-8 Grenada Crescent
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Telephone
876-634-5005

RISK MANAGEMENT

As the Company continues its transformation of the alternative credit space, a critical pathway is to ensure that its risk management framework is characterized by systematic management practices to assess, monitor, and respond to the implicit risks of the Company and the various risks that arise. To ensure the success of its risk management framework, the Company continuously seeks to embed risk management in its culture and business processes.

A couple of the key pillars that the Company's risk management framework is built on are (i) a fit for purpose risk management policy, and (ii) the effective management of risks through monitoring and mitigating strategies executed within a governance framework that promotes separation of duties and clearly defined risk ownership.

Risk Management Policies

The Company has developed and implemented risk management policies that identify major risks that may threaten the existence of the Company. Risk mitigation processes and measures are formulated and clearly outlined in the policies and procedures. The risk management policies of the Company seek to adopt best practice measures to address any perceived or real conflicts of interest that may arise in the operations and management of the business. They are reviewed regularly to reflect changes in the market conditions and the Company's activities.

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 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 or appropriately delegates all investment recommendations.

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 is the chairman of the IAC.

As a private credit investment company, SCI faces several 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 counterparty to a financial contract failing to discharge its obligations. The Company's credit risk is concentrated primarily on 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 or appropriate committee delegated 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 the Portfolio Company invested in. 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 because 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, the IRMC and management committees delegated or charged by 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 a 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. utilizes 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 an 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 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;

   ii. invests primarily in instruments whose value is carried at amortized cost, thus minimizing 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;

d. **Business Disruption & Systems Failures** – utility disruptions, software failures, hardware failures; and

e. **Execution, Delivery, & 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 operating 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. Constantly assessing and forecasting liquidity needs to ensure appropriate liquidity management strategies; and

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

SYGNUS HEADS TO PUERTO RICO

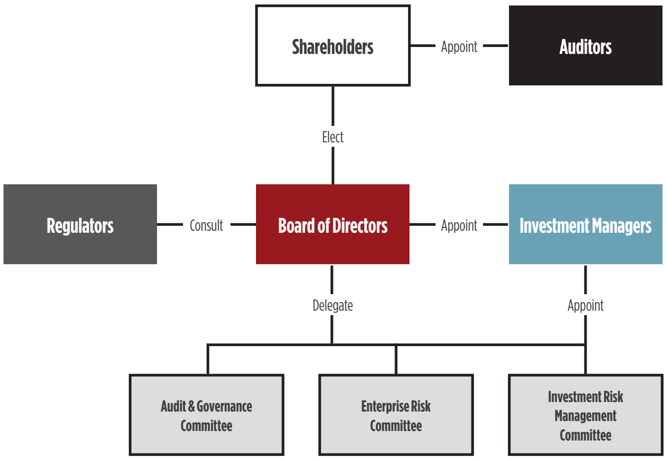
THE LAUNCH EVENT

The Sygnus Team officially introduced the Company to the Puerto Rican market on March 29, 2023, at the milestone event themed “Catalyzing Economic Growth Through Alternative Investments”. The event’s keynote speaker, The Distinguished Secretary of the Puerto Rico Department of Economic Development and Commerce, Manuel Cidre, shared his insights on investing in Puerto Rico. The partnership between Sygnus and Acrecent solidifies their vision of the growth of Alternative Investments across the region. The event brought together industry leaders, finance and investment experts, investors and entrepreneurs to discuss the opportunities for alternative investments and capital markets in Puerto Rico.

More highlights here:
sygnusgroup.com/sygnus-puerto-rico-launch/


THANK YOU
SYGNUS

CORPORATE GOVERNANCE



OVERVIEW

The Board of Directors of the Company understands that sound corporate governance is important for ensuring strategic alignment within the Company, accountability, ethical conduct, legal and regulatory compliance, sound risk management practices and protection of shareholder value. The Board of Directors is therefore committed to maintaining the highest standard of corporate governance at all times. The corporate governance structure of the Company incorporates international best practices and guidelines provided by regulators and other oversight bodies, as well as policies and terms of reference which have been adopted by the Company.

ROLES AND RESPONSIBILITIES OF THE BOARD

The principal 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 of Directors also provides guidance to management in determining the strategic objectives of the Company and assessing the Company's 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 Company's Board of Directors retains ultimate oversight responsibility for the Company's performance and the observance of high standards of corporate governance.

GOVERNANCE STRUCTURE

The Company's Board of Directors is elected by the Company's Shareholders. However, the Board may appoint a Director of the Company to either fill a casual vacancy or as an addition to the Board during any financial year. The Shareholders of the Company are also responsible for the appointment of the Company's auditors. The Board of Directors is responsible for the appointment of the Investment Manager and may also establish Committees of the Board to have responsibility for specific areas. The standing committees of the Board are the Audit and Governance Committee and the Enterprise Risk Committee.

DUTIES OF THE BOARD

The general responsibilities of the Board of Directors are to provide oversight, guidance, and strategic direction to the Company. In doing so, the Board of Directors has the following specific duties:

- Overseeing the financial and strategic planning process;
- Evaluating the Company's financial performance and approving the Company's Financial Statements;
- Ensuring the timely disclosure of all material information concerning the Company to shareholders and regulatory agencies and the Jamaica Stock Exchange;
- Ensuring that principal risks of the Company are identified and assessed and that the Company's management implements appropriate systems, policies, procedures and controls to manage these risks;
- Ensuring that the Company complies with applicable laws, including those relating to the issuance of securities and the prevention and detection of money laundering, terrorism financing and proliferation financing;
- Ensuring a proper system of succession planning and management performance and evaluation is implemented by the Company;

- Ensuring proper standards of corporate governance are observed by the Company; and
- Determining the terms of reference for the Committees of the Board of Directors and overseeing their activities.

In discharging its duties, the Board of Directors may consult with the Company's Investment Manager, legal advisors and regulatory and oversight agencies including the Financial Services Commission and the Jamaica Stock Exchange.

The Board of Directors is guided by a Corporate Governance Framework, which is subject to ongoing review and assessment to ensure that its provisions remain relevant and consistent with industry best practice and legal and regulatory requirements. The Corporate Governance Framework is designed to ensure the independence of the Board and its ability to effectively supervise the Company's management team. A copy of the Company's Corporate Governance Framework is available for review on the Company's website at **www.sygnusgroup.com**.

The Board of Directors has in place very formal and rigorous processes that independently verify and safeguard the integrity of the Company's reporting processes. The Board of Directors 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 the Company.

Members of the Investment Manager's management team are invited to attend meetings of the Board of Directors and Committees of the Board and may participate through the presentation of discussion documents, make submissions for consideration and approval, and respond to questions and comments by the Directors.

COMPOSITION OF THE BOARD

The Board of Directors is chaired by Mr. Linval Freeman and is comprised of the following seven (7) Directors:

Directors representing anchor shareholders are nominated by the anchor shareholders and elected by the members of the Company. Mr. Ike Johnson, the Chief Operating Officer of Sygnus Capital Limited (the Company's investment Manager and an affiliate of the Company) is the sole Executive Director.

A Director is deemed independent where he /she:

- has not been an employee of the Company within the last three (3) years;
- does not have or has not had within the last three (3) years, a material business relationship with the Company either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company;
- has not received or does not receive additional remuneration from the Company apart from a Director's remuneration; and does not participate in the Company's share option or a performance-related pay scheme;
- does not have close family ties with any of the Company's advisers, Directors or senior employees; and
- does not hold cross-directorships or have significant links with other Directors through involvement in other companies or bodies.

A Director is considered an executive director where the director is a member of the management team of the Company or its subsidiaries and affiliates.

Director	Executive/Non-Executive	Independence
Mr. Linval Freeman, JP, FCA, FCCA	Non-Executive/Chairman	Independent
Mr. Ian Williams, B.Sc., MBA	Non-Executive	Independent
Mr. Damian Chin, B.Sc., M.Sc.	Non-Executive	Independent
Mr. Peter Thompson, CFA, M.Sc.	Non-Executive	Independent
Ms. Hope Fisher, B.Sc.	Non-Executive	Independent
Mr. Horace Messado, FCA, MBA	Non-Executive	Independent
Mr. Ike Johnson, PhD, CFA	Executive	Not Independent

SKILLSET	Linval Freeman	Ian Williams	Damian Chin	Peter Thompson	Hope Fisher	Ike Johnson	Horace Messado
Finance/ Accounting	✔	✔	✔	✔	✔	✔	✔
Industry Knowledge		✔		✔	✔	✔	✔
Risk Management	✔		✔	✔	✔	✔	
Board/ Governance Experience	✔	✔	✔	✔	✔	✔	✔
Legal/ Regulatory/ Compliance/ Government	✔		✔				
Compensation/ Human Resources						✔	
Mergers & Acquisitions/ Corporate Finance/ Investment Banking/ Capital Markets		✔		✔	✔	✔	✔
Strategic Planning	✔	✔	✔	✔	✔	✔	✔

BOARD EXPERTISE

In keeping with the Company's Corporate Governance Framework, members of the Board of Directors are selected from candidates who possess appropriate expertise and skills which support the work of the Board of Directors and the strategic objectives of the Company. The members of the Board of Directors 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, as illustrated in the table above.

COMMITTEES OF THE BOARD

The Board of Directors has two (2) standing committees, the Audit & Governance Committee and the Enterprise Risk Committee. Each Committee is comprised of at least three (3) members of the Board of Directors and a majority of the Committee are required to be independent Directors. The Chairman of each Committee is also appointed by the Board of Directors and the term of each Director's appointment to each Committee is three (3) years. Appointments to each Committee may be extended for an additional three-year period, provided the Director remains independent.

Each Committee is governed by its own Terms of Reference which sets out the Committee's purpose, membership, quorum and other matters concerning the conduct of its meetings. The Committees typically meet on a quarterly basis or more frequently, if required, to examine issues that fall within their respective mandate. The Chairman of each Committee reports to the Board of Directors on the activities and decisions of each Committee.

Audit & Governance Committee

The Audit and Governance Committee is chaired by Mr. Horace Messado. The other two members of the Committee are Mr. Linval Freeman and Mr. Ian Williams. The primary purpose of the Audit and Governance Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the Company's financial and operational reporting processes, risk management, internal controls, audit processes and legal and regulatory compliance.

Audit and Governance Committee Meeting Attendance 2022/2023	August 24 2022	August 29 2022	November 8 2022	February 8 2023	May 11 2023
Mr. Linval Freeman	✔	✔	✔	✔	✔
Mr. Ian Williams	✔	✔	✔	✔	✔
Mr. Horace Messado	✔	✔	✔	✔	✔

Enterprise Risk Committee

The Enterprise Risk Committee is chaired by Mr. Damian Chin. The other two members of the Committee are Ms. Hope Fisher and Mr. Peter Thompson. The primary purpose of the Enterprise Risk Committee is to have oversight of the Company's risk governance framework, including the identification of key business risks and the implementation of mitigating measures by the Company's management.

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 investment risk to the Investment and Risk Management Committee of the Board of Directors of the Company's Investment Manager, Sygnus Capital Limited ("SCL"). The Investment and Risk Management Committee has oversight responsibility for all investment decisions relating to the Company's investment portfolio. SCL is a licensed Securities Dealer in Jamaica regulated by the Financial Services Commission and is also a wholly owned subsidiary of Sygnus Capital Group. The Investment and Risk Management Committee is guided by a Credit Risk Policy which sets out the Company's guiding principles and policies for credit risk management.

The Investment and Risk Management Committee of SCL consists of three (3) directors of SCL, two (2) of whom are independent directors.

The Chairman of the Committee is Mr. Milton Brady, who is an independent director. The other members of the Committee are Mr. Simon Cawdery and Mr. Jason Morris, Chief Investment Officer of Sygnus Capital Limited. The members of the Committee are each appointed by the Board of Directors of SCL.

Enterprise Risk Committee Meeting Attendance 2022/2023	August 30 2022	November 9 2022	February 10 2023	May 27 2023
Mr. Damian Chin	✔	✔	✔	✔
Mr. Peter Thompson	✔	✔	✔	✔
Ms. Hope Fisher	✔	✔	✔	✔

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. However, a retiring Director is 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, the Directors to retire 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 next Annual General Meeting, when they shall retire.

To support the Company's commitment to strong corporate governance by fostering new leadership and reducing entrenchment of Directors, Directors are subject to a term limit that seeks to achieve ongoing renewal of the Board of Directors. All non-executive Directors will therefore 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 (3) years term, a director's term may be renewed for a further three (3) years term. The Company's Shareholders may, however, choose to re-elect an independent Director who has already served for six (6) years. The Board of Directors may remove a director by a resolution.

BOARD MEETINGS

In the discharge of its oversight responsibilities for the affairs of the Company, the Board of Directors typically meets on a quarterly basis. However, meetings may be convened on a more regular basis where the circumstances require. There were seven (7) meetings of the Board of Directors during the year. The Audit and Governance Committee held five (5) meetings during the year and the Enterprise Risk Committee held four (4) meetings during the year. The attendance record of each of the Directors at Board meetings and the Board Committee meetings is detailed above.

DIRECTOR COMPENSATION

The Company's philosophy is to ensure that the level of compensation paid to its Directors is 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 Director. Executive Directors receive no additional compensation from the Company, however, non-executive Directors are paid an annual retainer and fees for attendance at Board and Committee meetings throughout each year.

CODE OF CONDUCT

The Board of Directors has adopted a Code of Conduct affirming their commitment to the high standards of professionalism expected of Directors 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 have 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 Company 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

CONFLICT OF INTEREST

The Company's Code of Conduct for Directors addresses actual, potential and perceived conflicts of interest and provides guidance to Directors on the standard to be adopted with respect to disclosure and avoiding conflicts of interest. Where the personal or business relationships or interests of any Director 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 should also recuse themselves from the meeting when the subject giving rise to the conflict of interest is being discussed. Directors are also required to disclose the nature or extent of their interest in contracts with the Company, including relationships with any person, company or body that 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.

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

BOARD EVALUATION

Periodic evaluation of the Board of Directors is an important part of good corporate governance to assess the performance of the Board, ensure accountability, identify opportunities for improvement and ensure the alignment of the Board of Directors with Company's goals. The Board of Directors of the Company is committed to periodic evaluations of its composition, structure and performance. Also to identifying areas for improvement where deficiencies or any incompatibility with best practice and the principles of good corporate governance are identified.

BOARD ORIENTATION & TRAINING

The Company is committed to proper Director orientation exercises to familiarise new Directors with the Company's mission, goals, operations, governance structure and management. Directors are also required to undergo periodic training to develop, improve and maintain their knowledge so that they remain well-positioned to discharge their duties and responsibilities fully and effectively.

SHAREHOLDER ENGAGEMENT

The Board of Directors and Management of the Company understand that shareholder engagement is critical to keeping Shareholders informed about developments within the Company's business and the strategic direction of the Company. While the Company's Annual General Meeting provides an excellent opportunity for Shareholder's to get to know the Sygnus team and personally engage with the Directors and Management, the Board encourages shareholders and other stakeholders to engage with the Company by utilising other channels of communication. Feedback can be provided by emailing the Board members or the Investment Manager at **sci@sygnusgroup.com** or **info@sygnusgroup.com**.

The Company makes extensive use of conventional and social media channels to keep Shareholders and stakeholders informed about developments concerning Sygnus and its business. To ensure that shareholders are kept informed on the performance of the Company, the Company hosts a live investor briefing (earnings call) at the end of each financial quarter. The session is open to the general public. Recording of each presentation is available on the investor relations section of Sygnus' website at **https://sygnusgroup.com/investor-relations/investor-relations-sci/**.

SHAREHOLDERS' INFORMATION

Shareholders	Shareholdings	Approx. % Issued Capital
Sygnus Capital Group Limited	1 Special Share	0.00%
Sygnus Capital Group Limited	6,581,100 Ordinary Shares	1.12%
Investment Manager (SCL)	Nil	0.00%
Existing Shareholders	581,779,564 Ordinary Shares	98.88%
Total Issued Shares	**588,360,664 Ordinary Shares**	**100.00%**

Shareholdings of Directors, Senior Managers & Connected Parties

No.	Director	Shareholdings	Connected Parties	% Holdings
1	Ian Williams	998,835	Ladesa Williams, Zane Williams	0.17%
2	Hope Fisher	Nil	N/A	0.00%
3	Damian Chin	Nil	N/A	0.00%
4	Peter Thompson	Nil	N/A	0.00%
5	Dr. Ike J. Johnson	95,300	N/A	0.02%
6	Linval Freeman	200,000	Donna Freeman, Kristifer Freeman, Kimberly Freeman	0.03%
7	Horace Messado	783,884	Lisa-Gaye Camille Messado	0.13%
Shareholdings of Connected Parties				
1	Sygnus Capital Group Limited	6,581,100	Dr. Ike J Johnson	1.12%
	Total	**588,360,664**	**N/A**	**100.00%**

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	24,268,691	4.1%
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	JCSD Trustee Services Ltd - Sigma Optima	13,059,955	2.2%
8	MF&G Asset Management Ltd	13,035,000	2.2%
9	Sagicor Pooled Equity Fund	12,729,600	2.2%
10	Sagicor JPS Employees Pension Plan	11,418,700	1.9%
	Subtotal	**184,869,537**	**31.4%**
	Total	**588,360,664**	**100.00%**

CORPORATE SOCIAL RESPONSIBILITY 2023

Readers Are Leaders

SCI Supports Read Across Jamaica Day

On May 9, 2023, as part of our Corporate Social Responsibility (CSR) activities, SCI participated in Read Across Jamaica Day and celebrated Child Month with a visit to the Riverton Meadows Early Childhood Centre. During this visit, our team engaged with the children by reading stories, organising outdoor activities, and fostering a spirit of learning and fun.

As a gesture of support for education, we donated a variety of books and educational games to enhance the reading corners at the Riverton Meadows Early Childhood Centre. In honour of Teacher's Day, celebrated on May 10, we gifted the Riverton Meadows teachers with a celebratory cake and special gifts.

Riverton Meadows Early Childhood Centre is one of the four centres operated by the St. Patrick's Foundation, an organisation that Sygnus has proudly supported for the past five years. In recognition of our ongoing partnership, the centre expressed their gratitude by presenting Sygnus with a certificate of appreciation. This initiative reflects our commitment to promoting education, supporting local communities, and fostering a positive impact on the lives of children and educators alike.

SCI Donates J$500,000.00 In Support of Breast Cancer Awareness

On October 25, 2022, as part of our ongoing commitment to corporate social responsibility, Sygnus continued its tradition of supporting Breast Cancer Awareness Month. We collaborated once again with the Jamaica Cancer Society (JCS) and extended our support to their affiliate, Jamaica Reach to Recovery (JR2R).

In a significant contribution, we donated a total of $500,000.00, with J$300,000.00 going toward assisting women and men across the island with mammogram screenings. Through this donation, we were able to provide 60 persons with an opportunity to get free mammogram screenings. We extended our assistance to Jamaica Reach to Recovery, providing J$200,000.00 of the total donation for their initiative, which will go towards providing financial aid for those suffering from the disease.

A partner of the Ministry of Health and Wellness, JCS is a non-profit, non-governmental organisation that provides select cancer diagnostic and treatment services, raises public awareness around cancer, and provides counselling and support services for cancer patients and their families. JR2R, an affiliate of the JCS, is a voluntary group of breast cancer survivors whose sole purpose is to provide educational, psychological, emotional and financial support for Breast Cancer patients.

Our commitment to this cause goes beyond the annual observance of Breast Cancer Awareness Month, as we strive to make a lasting impact by supporting early detection and the journey to recovery for those affected by this disease.

FINANCIAL STATEMENTS

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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 subsidiaries (collectively, "the Group"), set out on pages 51 to 113, which comprise the Group's and Company's statements of financial position as at June 30, 2023, 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, 2023, 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 IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

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 Group and 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$47,512,684 (2022:US$50,015,435) includes significant assumptions and judgments about the performance of the counterparties over the tenure of the investments. The most significant are those related to expected cash flows and market comparable price/book value multiples. Furthermore, the valuation methodology relies on unobservable inputs such as profitability achievement rate, risk-adjusted discount rates and control premium, 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. *[see notes 4(e), 9 and 25 of the financial statements]*	Our procedures in this area, in the main, included the following: • Assessing and testing the design and operating effectiveness of the Group Investment Manager's review and approval controls over the determination and computation of fair values. • Involving our own valuation specialists to assist us in assessing the reasonableness of the valuation methodologies employed and the fair value conclusions. We considered the requirements of the financial reporting framework and tested, on a sample basis, the sources of data and underlying assumptions utilised to value the investments and evaluated the impact of any variations.

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, in the main, included the following (continued): • Assessing the adequacy and clarity of the disclosures, including the degree of estimation uncertainty involved in determining fair values in line with the requirements of the financial reporting framework.

2. Measurement of expected credit losses on financial assets

The key audit matter	How the matter was addressed in our audit
The financial reporting framework requires the Group to recognise expected credit losses (‘ECL’) on financial assets. The determination of ECL is highly subjective and requires the application of significant judgements and assumptions.	Our procedures in this area, in the main, included the following: • Obtaining an understanding of the model used by the Group for the calculation of expected credit losses through evaluation of related model documentation, inquiries and walkthroughs. This further included consideration of the governance over the determination and approval of key judgements and assumptions.

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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. Management considered the following: • Qualitative factors that result in changes to SICR. • Increased uncertainty about potential future economic scenarios and their impact on credit losses.	Our procedures in this area, in the main, included the following (continued): • Assessing and testing the design and operating effectiveness of the key control performed by the Group over the computation and approval of the expected credit losses. • Tested, on a sample basis, the completeness and accuracy of the data used in the model by tracing selected significant data back to relevant source documents and to the underlying accounting records. • Involving our financial risk modelling specialists to assist us in evaluating the appropriateness of the Group's impairment methodologies, including the SICR criteria used, and in independently assessing the assumptions for probabilities of default, losses given default, exposures at default and the incorporation of forward-looking information.

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 26(b) to the financial statements]*	Our procedures in this area, in the main, included the following (continued): • Assessing the adequacy and clarity of the disclosures of the key assumptions and judgements considering the requirements of the financial reporting framework.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's 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 Group's 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 Standards, 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 49-50, forms part of our auditors' report.

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

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Chartered Accountants
Castries, Saint Lucia
August 31, 2023

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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 matters 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, 2023 (Expressed in United States dollars)

	Notes	Group 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
ASSETS					
Cash and cash equivalents	5	4,464,694	8,470,884	4,406,522	8,164,108
Interest receivable		5,199,704	3,675,584	4,945,545	3,675,584
Other receivables	6	907,424	525,090	906,741	522,970
Due from related parties	7(a)	1,812,232	1,612,232	25,227,258	22,920,226
Lease receivables	8	263,200	1,601,052	263,200	1,601,052
Investments	9	151,213,530	120,907,979	126,601,155	96,748,804
Deferred tax asset	10	3,650	1,146	3,650	1,146
Investments in subsidiaries	11	-	-	23,089,552	22,785,901
Total Assets		163,864,434	136,793,967	185,443,623	156,419,791
LIABILITIES					
Accounts payable and accrued liabilities	12	1,969,862	3,958,088	1,934,712	2,147,047
Due to related parties	7(a)	1,106,066	241,973	23,891,891	23,024,247
Dividends payable	13	484,214	388,885	484,214	388,885
Interest payable	14	415,741	231,492	415,741	231,492
Taxation payable		131,998	73,951	131,998	73,951
Notes payable	15	77,065,698	60,285,928	59,212,591	42,454,748
Preference shares	16	4,925,057	1,147,609	4,925,057	1,147,609
Loans and borrowings	17	7,958,745	3,003,572	25,384,520	20,189,193
Total Liabilities		94,057,381	69,331,498	116,380,724	89,657,172
EQUITY					
Share capital	18	60,883,532	60,883,532	60,883,532	60,883,532
Treasury shares	19	(242,950)	-	(242,950)	-
Retained earnings		9,166,471	6,578,937	8,422,317	5,879,087
Total Equity		69,807,053	67,462,469	69,062,899	66,762,619
Total Liabilities and Equity		163,864,434	136,793,967	185,443,623	156,419,791

The financial statements on pages 51 to 113 were approved by the Board of Directors on August 25, 2023.

Director
Dr. Ike Johnson

Director
Horace Messado

Statement of Profit or Loss and Other Comprehensive Income

Year ended June 30, 2023 (Expressed in United States dollars)

	Notes	Group 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Income					
Interest income calculated using the effective interest method	20	12,623,404	8,827,586	12,636,194	8,827,586
Other interest income	20	1,461,927	1,389,857	1,461,927	1,389,857
Interest expense	20	(5,949,995)	(3,112,690)	(5,612,532)	(2,930,341)
		8,135,336	7,104,753	8,485,589	7,287,102
Fair value gains from financial instruments at FVTPL	25(b)	1,178,284	4,069,942	805,933	2,878,590
Fair value adjustment on contingent consideration payable	12(i)	80,558	(92,580)	-	-
Fee income	21	379,203	42,697	379,203	27,714
		9,773,381	11,124,812	9,670,725	10,193,406
Expenses					
Management fees	7(b)	2,358,589	1,933,561	2,358,589	1,933,561
Performance fees	7(b)	119,445	50,939	119,445	50,939
Corporate service fees	7(b)	433,613	336,363	433,613	336,363
Net foreign exchange (gain)/loss		(146,069)	405,221	(146,125)	408,654
Impairment allowance on financial assets	26(b)(vi)	844,920	3,820,134	839,967	3,820,134
Other expenses	22	892,042	659,117	838,699	623,207
		4,502,540	7,205,335	4,444,188	7,172,858
Profit before taxation		5,270,841	3,919,477	5,226,537	3,020,548
Taxation	23(a)	(136,203)	(96,373)	(136,203)	(96,373)
Profit for the year, being total comprehensive income		5,134,638	3,823,104	5,090,334	2,924,175
Earnings per stock unit	24	0.87¢	0.65¢		
Diluted earnings per stock unit	24	0.82¢	0.65¢		

Group Statement of Changes in Equity

Year ended June 30, 2023 (Expressed in United States dollars)

	Share capital (note 18) $	Treasury shares (note 19) $	Retained earnings $	Total $
Balances at June 30, 2021	60,883,532	-	5,852,544	66,736,076
Profit for the year, being total comprehensive income for the year	-	-	3,823,104	3,823,104
Transaction with owners				
Dividends declared (note 13)	-	-	(3,096,711)	(3,096,711)
Balances at June 30, 2022	60,883,532	-	6,578,937	67,462,469
Profit for the year, being total comprehensive income for the year	-	-	5,134,638	5,134,638
Transactions with owners				
Treasury shares acquired	-	(242,950)	-	(242,950)
Dividends declared (note 13)	-	-	(2,547,104)	(2,547,104)
Balances at June 30, 2023	60,883,532	(242,950)	9,166,471	69,807,053

Company Statement of Changes in Equity

Year ended June 30, 2023 (Expressed in United States dollars)

	Share capital (note 18) $	Treasury shares (note 19) $	Retained earnings $	Total $
Balances at June 30, 2021	60,883,532	-	6,051,623	66,935,155
Profit for the year, being total comprehensive income for the year	-	-	2,924,175	2,924,175
Transaction with owners				
Dividends declared (note 13)	-	-	(3,096,711)	(3,096,711)
Balances at June 30, 2022	60,883,532	-	5,879,087	66,762,619
Profit for the year, being total comprehensive income for the year	-	-	5,090,334	5,090,334
Transactions with owners				
Treasury shares acquired	-	(242,950)	-	(242,950)
Dividends declared (note 13)	-	-	(2,547,104)	(2,547,104)
Balances at June 30, 2023	60,883,532	(242,950)	8,422,317	69,062,899

Statement of Cash Flows

Year ended June 30, 2023 (Expressed in United States dollars)

	Notes	Group 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Cash flows from operating activities					
Profit for the year		5,134,638	3,823,104	5,090,334	2,924,175
Adjustments for:					
Interest income	20	(14,085,331)	(10,217,443)	(14,098,121)	(10,217,443)
Interest expense	20	5,949,995	3,112,690	5,612,532	2,930,341
Impairment allowance on financial assets	26(b)(vi)	844,920	3,820,134	839,967	3,820,134
Taxation	23(a)	136,203	96,373	136,203	96,373
Amortisation of transaction costs on issued notes and preference shares		652,812	546,006	601,342	390,822
Fair value (gain)/loss on contingent consideration		(80,558)	92,580	-	-
Fair value gains on investments	25(b)	(1,178,284)	(4,069,942)	(805,933)	(2,878,590)
		(2,625,605)	(2,796,498)	(2,623,676)	(2,934,188)
Changes in operating assets and liabilities:					
Other receivables		(382,334)	(327,861)	(383,771)	(326,467)
Due from related parties		(200,000)	(998,837)	(2,307,032)	(22,152,356)
Accounts payable and accrued liabilities		(1,907,668)	2,690,638	(212,335)	974,478
Due to related parties		864,093	(268,674)	867,644	22,513,600
		(4,251,514)	(1,701,232)	(4,659,170)	(1,924,933)
Taxation paid		(80,660)	(25,916)	(80,660)	(25,916)
Net cash used in operating activities		(4,332,174)	(1,727,148)	(4,739,830)	(1,950,849)
Cash flows from investing activities					
Purchase of investments		(41,955,682)	(63,089,089)	(44,103,755)	(40,121,266)
Encashment of investments		11,983,495	23,437,610	14,217,370	23,437,610
Investments in subsidiaries		-	-	(303,651)	(22,785,825)
Proceeds from lease receivables		1,337,852	686,031	1,337,852	686,031
Purchase of resale agreements		-	(800,000)	-	(800,000)
Proceeds from resale agreements		-	800,000	-	800,000
Interest income received		12,561,211	9,278,516	12,828,160	9,278,516
Net cash used in investing activities		(16,073,124)	(29,686,932)	(16,024,024)	(29,504,934)
Cash flows from financing activities					
Dividends paid		(2,451,775)	(2,955,408)	(2,451,775)	(2,955,408)
Repurchase of treasury shares		(242,950)	-	(242,950)	-
Proceeds from preference shares	15	3,696,465	1,147,609	3,696,465	1,147,609
Proceeds from notes payable	15	49,816,410	45,069,897	31,802,334	35,319,793
Repayments of notes payable	15	(33,608,469)	-	(15,564,850)	-
Proceeds from loans and borrowings	15	15,847,749	12,063,075	19,616,903	21,366,256
Repayments of loans and borrowings	15	(10,892,576)	(13,537,540)	(14,421,576)	(13,537,541)
Interest paid		(5,765,746)	(2,932,060)	(5,428,283)	(2,749,756)
Net cash from financing activities		16,399,108	38,855,573	17,006,268	38,590,953
Net (decrease)/increase in cash and cash equivalents		(4,006,190)	7,441,493	(3,757,586)	7,135,170
Cash and cash equivalents at beginning of year		8,470,884	1,029,391	8,164,108	1,028,938
Cash and cash equivalents at end of year		4,464,694	8,470,884	4,406,522	8,164,108

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

Notes to the Financial Statements

Year ended June 30, 2023 (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. 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 is managed and administered by Sygnus Capital Limited, a related company incorporated in Jamaica that is licensed and regulated by the Financial Services Commission.

The Company has interest in several subsidiaries, which are listed below. The Company and its subsidiaries are collectively referred to as "the Group".

Subsidiaries	Country of Incorporation	Principal Activities	Percentage Ownership
Sygnus Credit Investments Jamaica Limited (SCIJL)	Jamaica	Finance raising	100%
SCI PR Holdings Limited (SCIPR)	Saint Lucia	Holding company	100%
SCI Puerto Rico Inc. (SCIPRI)	Puerto Rico	Holding company	100%

SCIJL was incorporated on May 7, 2019 and the business operations commenced in October 2019.

SCI PR Holdings Limited was incorporated on July 1, 2021 under the International Business Companies Act. Business operations commenced on February 28, 2022.

SCI Puerto Rico Inc ("SCIPRI") was incorporated on September 24, 2021 as a Domestic Corporation and is a wholly owned subsidiary of SCIPR. Business operations commenced on February 28, 2022. SCIPRI held a 93.66% membership interest in Sygnus Credit Investments Puerto Rico Fund LLC ("SCIPRF or Fund"), which was increased to 95.00% on June 1, 2023. The membership interest held in SCIPRF is reflected as an equity investment at the end of the reporting period, as it was determined under IFRS 10 *Consolidated Financial Statements* that SCIPRI does not have power over the relevant activities of this Fund.

Sygnus Credit Investments Puerto Rico Fund LLC is a Fund which was incorporated under the laws of Puerto Rico on January 10, 2022. It acquired 100% of Acrecent Financial Corporation ("AFC") on February 28, 2022.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

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 Standards").

New and amended standards and interpretations that became effective during the year:

Certain new and amended standards came into effect during the current financial year, none of which had any significant impact on these financial statements.

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:

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions - e.g. leases and decommissioning provisions.

  The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

  For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

  The Group is assessing the impact that the amendment will have on its financial statements.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (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 IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments are consistent with the refined definition of material:

  "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements".

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

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (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 IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (continued)

  Developing an accounting estimate includes both:

  - selecting a measurement technique (estimation or valuation technique) - e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and

  - choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

  The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

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

- Amendments to IFRS 16 *Leases* will apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019. The amendments confirm the following

  (i) On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

  (ii) After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

  The Group does not expect the amendment to have a significant impact on its 2025 financial statements.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (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 IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2024. 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, companies classify a liability as current when they do 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, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company 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 company 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 a company 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 company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company 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 amendments to have a significant impact on its 2025 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, 2023 (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 [see note 26 (b)]

Measurement of the expected credit loss (ECL) allowance:

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:

- Establishing the criteria for determining whether credit risk has increased significantly since initial recognition;
- 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 groups of similar financial assets for the purposes of measuring ECL.

(ii) Fair value of financial instruments [see note 25]

When the fair values of financial assets and financial liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Management uses its judgement in selecting the appropriate valuation techniques to determine fair value of financial instruments. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk both own and counterparty, funding value adjustments, correlation and volatility. 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, 2023 (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.

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, 2023 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(i) Business combinations (continued):

The consideration the acquirer transfers in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The acquirer shall recognise the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree. Contingent consideration that is classified as a liability is remeasured to fair value at each reporting date, with changes included in the income statement in the post-combination period. Contingent consideration that is classified as equity is not remeasured in the post-combination period.

(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.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(c) Securities purchased under resale agreements (continued)

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.

(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, interest receivable, due from related parties and lease receivables. Financial liabilities include accounts payable and accrued liabilities, notes payable, interest payable, dividends payable, loans and borrowings, preference shares and due to related parties.

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial assets

(ii) 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).

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(ii) Classification and subsequent measurement (continued)

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').

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.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(iii) 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.

(iv) 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.

(v) 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.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(v) Impairment of financial assets (continued)

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.

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.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets (continued)

(v) Impairment of financial assets (continued)

Measurement of ECL (continued)

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.

Write-off

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts, or that proceeds from collateral will not be sufficient to pay back the entire exposure. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income.

(vi) Financial liabilities

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

(vii) 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, 2023 (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.

The Group recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

(f) Investment in subsidiary

The Company measures investment in subsidiary in the financial statements at cost, less any impairment loss.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (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.

(iii) Net income from financial instruments at fair value through profit or loss

Net income from financial instruments at FVTPL includes fair value changes, interest, dividends and foreign exchange differences.

(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.

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

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(j) Leases (continued)

Finance lease (continued):

Lessor (continued)

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.

(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.

(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.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(l) Taxation (continued)

(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

(i) Ordinary shares

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. Dividends on ordinary shares are recognized as distributions within equity. Dividends to ordinary shareholders are recorded in the financial statements in the period in which they are declared.

(ii) Preference shares

The Group's redeemable preference shares are redeemable on specific dates, and bear entitlements to distributions that are cumulative, and not at the discretion of the directors. Accordingly, they are presented as financial liabilities. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instrument. Dividends on preference shares are recognized as interest expense in the statement of profit or loss.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(o) Share capital (continued)

(iii) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes direct attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within capital contribution.

(p) 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.

(q) 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).

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

4. Significant accounting policies (continued)

(q) Related parties (continued)

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

(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.

(r) Segment reporting

An operating segment is a component of an entity:

(i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(iii) for which discrete financial information is available.

The Group maintains an integrated operating structure and its operations are reviewed by management and directors as a whole and not in segments. The operations of the subsidiaries are not material for segment disclosure. Consequently, no segment disclosures are included in the financial statements.

5. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Cash and bank balances	2,464,694	3,005,518	2,406,522	2,698,742
Short term deposit	-	213,395	-	213,395
Securities purchased under resale agreements [see (i)]	2,000,000	5,251,971	2,000,000	5,251,971
	4,464,694	8,470,884	4,406,522	8,164,108

(i) At the reporting date, the fair value of the securities held as collateral for resale agreements was $2,301,200 (2022: $5,986,458).

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

6. Other receivables

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Prepaid expenses	41,585	47,974	41,585	45,854
Client receivables [see (i)]	715,388	477,116	715,388	477,116
Other receivables	150,451	-	149,768	-
	907,424	525,090	906,741	522,970

The aging of client receivables is as follows:

	Group and Company	
	2023	2022
	$	$
1-30 days	58,167	452,116
31-60 days	10,875	-
61-90 days	327,785	-
91-180 days	207,750	5,000
181-360 days	12,153	-
Over 360 days	98,658	20,000
	715,388	477,116

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

(ii) The expected credit losses on client receivables are immaterial.

7. Related party balances and transactions

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

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

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Due from related parties:				
Subsidiaries [see (i)]:				
SCI Puerto Rico Inc	-	-	24,647,975	22,870,226
SCI PR Holdings	-	-	7,278	-
Sygnus Credit Investments Jamaica Limited	-	-	322,005	-
Other related parties [see (ii)]:				
SCI Puerto Rico Fund	1,812,232	1,612,232	250,000	50,000
	1,812,232	1,612,232	25,227,258	22,920,226

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

7. 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 (continued):

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Due to related parties:				
Subsidiary [see (i)]:				
SCI PR Holdings Limited	-	-	23,089,476	22,785,825
Other related parties [see (i)]:				
SCI Puerto Rico Fund	303,651	-	-	-
Sygnus Capital Limited	802,415	238,422	802,415	238,422
Sygnus Tax Advisory Limited	-	3,551	-	-
	1,106,066	241,973	23,891,891	23,024,247

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Interest receivable from related parties:				
Sygnus Credit Investments Jamaica Limited	-	-	128,209	-
Sygnus Deneb Investments Limited	70,750	-	25,972	-
Sygnus Real Estate Finance Limited	337,590	41,637	-	41,637
	408,340	41,637	154,181	41,637

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Investments [note 9(iii)]:				
Sygnus Credit Investments Jamaica Limited	-	-	4,500,823	-
Sygnus Deneb Investments Limited	2,549,630	-	549,872	-
Sygnus Real Estate Finance Limited	2,229,164	2,233,875	-	2,233,875
	4,778,794	2,223,875	5,050,695	2,223,875
Loans and borrowings (note 17):				
Sygnus Credit Investments Jamaica Limited	-	-	17,425,775	17,185,621

(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) The balance in the current and prior periods represent amounts reimbursable for general and acquisition-related expenses. These balances are unsecured, interest free, repayable on demand and are considered low credit risk.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

7. Related party balances and transactions (continued)

(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	
	2023	2022	2023	2022
	$	$	$	$
Income:				
Interest income	366,702	84,513	379,492	84,513
Operating expenses:				
Management fees [see (i)]	2,358,589	1,933,561	2,358,589	1,933,561
Performance fees [see (ii)]	119,445	50,939	119,445	50,939
Corporate service fees [see (iii)]	433,613	336,363	433,613	336,363
Professional fees	10,953	17,892	7,599	9,668
Interest expense	10,336	5,333	1,124,538	679,138

(i) The Group has engaged a related party, Sygnus Capital Limited, to provide investment management services in relation to its investment portfolio. Under the governing investment management agreement, a fee is charged at 1.90% of the assets under management as at the end of each month.

(ii) 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.

(iii) Corporate services in relation to the operations of the Group are provided by a related entity, Sygnus Capital Limited. Corporate service fees are charged at 0.45%, 0.35%, 0.25% and 0.20% of the monthly assets under management within brackets of up to $25,000,000, $25,000,000 to $50,000,000, $50,000,000 to $100,000,000, and over $100,000,000; respectively.

(c) Transactions with key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the relevant activities of the Group, directly or indirectly. Such persons comprise the directors.

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Directors' fees and related expenses	135,549	79,211	135,349	79,211

8. Lease receivables

The Group leases out certain equipment under finance leases in its capacity as a lessor. The Group has classified these leases as finance leases, because substantially all of the risk and rewards incidental to the ownership of the assets are transferred.

For interest income on the Group's lease receivables, see note 20.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

8. Lease receivables (continued)

Information about leases for which the Group acts as a lessor is presented below:

	Group and Company	
	2023	2022
	$	$
Net investment in the lease	274,575	1,686,994
Less: unearned finance income	(11,247)	(83,513)
Less: impairment allowance [see note 26(b)(v)]	(128)	(2,429)
	263,200	1,601,052
The lease payments are receivable as follows:		
Within one year	274,575	1,438,187
Within one - two years	-	248,807
	274,575	1,686,994

Proceeds from lease receivables during the year was $1,337,852 (2022: $686,031). There were no new assets acquired or originated during this financial year or in the prior period.

9. Investments

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Fair value through profit or loss				
Preference shares - profit participation and conversion options (i) [note 25(c)]	22,628,408	25,856,260	22,628,408	25,856,260
Investment in private credit fund (ii) [note 25(c)]	24,884,276	24,159,175	-	-
	47,512,684	50,015,435	22,628,408	25,856,260
Amortised cost				
Short-term notes (iii)	60,864,511	35,081,622	61,131,459	35,081,622
Medium term notes (iv)	43,902,243	39,386,109	43,902,243	39,386,109
	104,766,754	74,467,731	105,033,702	74,467,731
Less: impairment allowance [see note 26(b)(v)]	(1,065,908)	(3,575,187)	(1,060,955)	(3,575,187)
	103,700,846	70,892,544	103,972,747	70,892,544
	151,213,530	120,907,979	126,601,155	96,748,804

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

9. Investments (continued)

The maturity profile of investments as at the reporting date is as follows:

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Fair value through profit or loss:				
Preference shares				
Within 3 months	-	6,525,217	-	6,525,217
From 1 year to 5 years	22,628,408	19,331,043	22,628,408	19,331,043
	22,628,408	25,856,260	22,628,408	25,856,260
Other equity investments - no fixed maturity	24,884,276	24,159,175	-	-
Amortized cost:				
Within 3 months	21,213,821	8,323,958	19,769,946	8,323,958
From 3 months to 1 year	39,650,690	26,757,664	41,361,513	26,757,664
From 1 year to 5 years	43,902,243	39,386,109	43,902,243	39,386,109
	104,766,754	74,467,731	105,033,702	74,467,731
	152,279,438	124,483,166	127,662,110	100,323,991

(i) This represents five (5) convertible preference shares maturing within one to five years. These investments were carried out with companies in the betting and gaming, fast food, financial and manufacturing 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.

(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) On February 28, 2022, the Group acquired a 93.66% membership interest in a private credit fund through its subsidiary SCI Puerto Rico Inc. On June 1, 2023 the Group acquired a further 1.34% membership interest increasing its holdings to 95%. It has been determined that the Group does not control the activities of this private credit fund. The Group has accounted for this equity investment applying a market valuation approach, detailed under Note 25(a).

(iii) This represents short-term notes maturing within one year from the reporting date. Included in this balance for the Group are short-term notes with related parties for $4,778,794 (2022: $2,223,875) net of impairment allowances.

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

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

10. Deferred tax asset

The amount comprising the deferred income tax account and the movements therein is as follows:

	Company and Group 2023		
	Balance at July 1, 2022	Recognised in profit or loss [Note 23(a)]	Balance at June 30, 2023
	$	$	$
Expected credit losses	1,146	2,504	3,650
Deferred income tax asset	1,146	2,504	3,650

	Company and Group 2022		
	Balance at July 1, 2021	Recognised in profit or loss [Note 23(a)]	Balance at June 30, 2022
	$	$	$
Expected credit losses	-	1,146	1,146
Deferred income tax asset	-	1,146	1,146

11. Investments in subsidiaries

Investments in subsidiaries represent shares at cost (see note 1). The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities.

	Company	
	2023	2022
	$	$
Shares at cost:		
SCI PR Holdings Limited	23,089,476	22,785,825
Sygnus Credit Investments Jamaica Limited	76	76
	23,089,552	22,785,901

12. Accounts payable and accrued liabilities

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Accounts payable	228,522	246,359	228,522	246,359
Audit fees	120,600	95,700	85,600	95,700
Post-acquisition costs [see (i)]	-	1,809,028	-	-
Directors' fees and related expenses	20,988	36,724	20,988	36,724
Professional fees	43,742	194,018	43,742	194,018
Security deposits [see (ii)]	1,517,131	1,543,752	1,517,131	1,543,752
Other payables and accrued expenses	38,879	32,507	38,729	30,494
	1,969,862	3,958,088	1,934,712	2,147,047

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

12. Accounts payable and accrued liabilities (continued)

(i) At the end of the prior period, the Group had recognized post-acquisition costs associated with the acquisition of outstanding shares in Acrecent Financial Corporation ("AFC"). These costs were settled during the financial year. Arising from a re-measurement of the contingent consideration associated with the acquisition, a fair value gain of $80,558 (2022: fair value loss of $92,580) was recognized in the statement of profit or loss and other comprehensive income.

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

13. Dividends

	Group and Company	
	2023	2022
	$	$
Final dividend in respect of 2022 @ 0.0026 $ per share	1,548,356	-
Interim dividend in respect of 2023 @ 0.0017 $ per share	998,748	-
Final dividend in respect of 2021 @ 0.0026 $ per share	-	1,548,355
Interim dividend in respect of 2022 @ 0.0026 $ per share	-	1,548,356
	2,547,104	3,096,711

As at the reporting date, $484,214 (2022: $388,885) was unpaid.

14. Interest payable

	Group and Company	
	2023	2022
	$	$
Revolving line of credit	40,290	18,968
Notes payable	375,451	211,771
Preference shares	-	753
	415,741	231,492

15. Notes payable

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Senior unsecured J$ notes [see (i)]	9,732,372	9,881,125	9,732,372	9,881,125
Senior unsecured US$ notes [see (ii)]	32,765,960	32,686,440	14,912,853	14,855,260
Unsecured US$ indexed notes [see (iii)]	31,167,366	17,718,363	31,167,366	17,718,363
Secured US$ indexed note [see (iv)]	3,400,000	-	3,400,000	-
	77,065,698	60,285,928	59,212,591	42,454,748

(i) This represents fixed rate unsecured notes with interest rates ranging between 6.50% and 9.25% per annum, payable on a quarterly basis. These notes mature between October 29, 2023 and January 2, 2024. The current portion of these notes amounted to $9,732,372 (2022: $7,919,058).

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

15. Notes payable (continued)

(ii) This represents fixed rate unsecured notes with interest rates ranging between 5.00% and 7.50% per annum, payable on a quarterly basis. The notes mature between October 29, 2023 and October 28, 2026. The current portion of these notes amounted to $28,829,720 (2022: $17,831,180).

(iii) This represents fixed rate unsecured notes with interest rates ranging between 5.00% and 9.25% per annum, payable on a quarterly basis. The notes mature between October 29, 2023 and October 28, 2026. The current portion of these notes amounted to $21,211,890 (2022: $6,985,500).

(iv) This represents a fixed rate secured note bearing an interest rate of 8.00% per annum payable at maturity. The note matures on November 22, 2023 and is secured by a deed of assignment over the receivables of a client in the manufacturing industry amounting to $3,400,000 (2022: Nil).

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Group			Company		
	Notes payable	Preference shares (note 16)	Loans and borrowings (note 17)	Notes payable	Preference shares (note 16)	Loans borrowings (note 17)
	$	$	$	$	$	$
Balance as at 1 July, 2022	60,285,928	1,147,609	3,003,572	42,454,748	1,147,609	20,189,193
Proceeds received during the year	49,816,410	3,696,465	15,847,749	31,802,334	3,696,465	19,616,903
Repayments made during the year	(33,608,469)	-	(10,892,576)	(15,564,850)	-	(14,421,576)
Interest paid	(4,923,583)	(412,461)	(429,702)	(3,471,918)	(412,461)	(1,543,904)
Changes from finance cash flows	11,284,358	3,284,004	4,525,471	12,765,566	3,284,004	3,651,423
Other change						
Movement of interest payable	(163,680)	753	(21,322)	(163,680)	753	(21,322)
Amortisation of transaction	571,829	80,983	-	520,359	80,983	-
Interest expense	5,087,263	411,708	451,024	3,635,598	411,708	1,565,226
Balance as at June 30, 2023	77,065,698	4,925,057	7,958,745	59,212,591	4,925,057	25,384,520

	Group			Company		
	Notes payable	Preference shares (note 16)	Loans and borrowings (note 17)	Notes payable	Preference shares (note 16)	Loans borrowings (note 17)
	$	$	$	$	$	$
Balance as at 1 July, 2021	14,670,025	-	4,478,037	6,744,133	-	12,360,478
Proceeds received during the year	45,069,897	1,147,609	12,063,075	35,319,793	1,147,609	21,366,256
Repayments made during the year	-	-	(13,537,540)	-	-	(13,537,541)
Interest paid	(2,661,769)	-	(270,291)	(1,790,823)	-	(958,933)
Changes from finance cash flows	42,408,128	1,147,609	(1,744,756)	33,528,970	1,147,609	6,869,782
Other changes						
Movement of interest payable	(196,979)	(753)	17,102	(211,771)	(753)	31,939
Amortisation of transaction	546,006	-	-	390,822	-	-
Interest expense	2,858,748	753	253,189	2,002,594	753	926,994
Balance as at June 30, 2022	60,285,928	1,147,609	3,003,572	42,454,748	1,147,609	20,189,193

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

16. Preference shares

	Group and Company	
	2023	2022
	$	$
8.5% Cumulative convertible preference shares (JMD)	2,090,491	1,044,881
6.0% Cumulative convertible preference shares (USD)	2,834,566	102,728
(see note 18)	4,925,057	1,147,609

During the financial year, the Company closed the subscription for the issue by private placement, of fixed rate JMD and USD indexed cumulative redeemable preference shares at a price of J$100 and US$10 respectively. The above issued preference shares are net of transaction costs.

The significant terms and conditions of the preference shares are as follows:

(i) The right to a cumulative dividend payable quarterly at the rate agreed for each class;

(ii) The right, on winding up, to receive all dividends and repayment of capital in priority to the ordinary shareholders;

(iii) The option to convert the preference shares and any accumulated dividend into common ordinary shares in the event of a public offering; and

(iv) The right to a bonus dividend payment at redemption at the rate agreed for each class.

17. Loans and borrowings

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Revolving lines of credit [see (i)]	3,192,745	3,003,572	3,192,745	3,003,572
Revolving lines of credit [see (ii)]	4,766,000	-	4,766,000	-
Loans from related parties [see (iii), note 7(a)]	-	-	17,425,775	17,185,621
	7,958,745	3,003,572	25,384,520	20,189,193
Less: transaction costs				
Incurred during the year	(67,160)	(26,659)	(67,160)	(26,659)
Amortised for the year	67,160	26,659	67,160	26,659
	7,958,745	3,003,572	25,384,520	20,189,193

(i) This represents an unsecured dual-currency facility of US$790,000 and up to J$452,168,000 (or US$ equivalent). Interest is payable quarterly at 6.75% (JMD rate of 10.00%). The facility matures on February 13, 2024.

The Company temporarily breached its current asset ratio due to timing differences between maturing short-term debt facilities and short-term assets. This breach is expected to be rectified during the new financial year by new short-term asset and the refinancing of short-term term debt into longer-term debt. As is customary, the Company has requested waivers for the breach from its creditors, which are expected to be approved early during the new financial year. Accordingly, the facility was not payable on demand at June 30, 2023.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

17. Loans and borrowings (continued)

(ii) This represents an unsecured dual-currency facility of up to J$750,000,000 or US$ equivalent. Interest is payable quarterly at 8.00% (JMD rate of 10.00%). The facility matures on March 31, 2024.

(iii) This represents unsecured loans in the Company from its subsidiary at interest rates ranging between 6.85% and 7.70%. The loans mature on December 31, 2023.

18. Share capital

Authorised capital:

(i) Unlimited ordinary shares, no par value
(ii) 23,000,000 Fixed rate cumulative convertible preference shares
(ii) One (1) special rights redeemable share of US$1

	2023 $	2022 $
Issued and fully paid:		
588,360,664 (2022: 590,975,463) ordinary stock units and one (1) special rights redeemable share	60,883,532	60,883,532
3,260,210 (2022: 1,630,000) 8.5% cumulative convertible preference shares	2,090,491	1,044,881
288,783 (2022: 10,483) 6.0% cumulative convertible preference shares	2,834,566	102,728
	65,808,589	62,031,141
Less: preference shares classified as liability (note 16)	(4,925,057)	(1,147,609)
	60,883,532	60,883,532

At the reporting date, one (1) special rights redeemable share and 6,581,100 ordinary stock units were held by Sygnus Capital Group Limited, a related entity. 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.

The holders of ordinary stock units are entitled to dividends as declared from time to time and are entitled to one vote per stock at general meetings of the Company.

The rights and entitlements of the holders of the preference shares are detailed at note 16.

19. Treasury shares

Treasury shares represent the cost of the Company's shares repurchased and held by the Company. At the reporting date, the Company held 2,614,799 of its own shares (2022: Nil).

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

20. Net interest income

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Interest income, calculated using the effective interest method				
Cash and cash equivalents	2,994	2,161	2,994	2,161
Resale agreements	74,758	135,209	74,758	135,209
Lease receivables	76,979	210,768	76,979	210,768
Notes with related entities	366,702	84,513	379,492	84,513
Investments	12,101,971	8,394,935	12,101,971	8,394,935
	12,623,404	8,827,586	12,636,194	8,827,586
Other interest income	1,461,927	1,389,857	1,461,927	1,389,857
Interest expense, calculated using the effective interest method				
Notes payable	5,087,263	2,858,748	3,635,598	2,002,594
Loans and borrowings	451,024	253,189	1,565,226	926,994
Preference shares	411,708	753	411,708	753
	5,949,995	3,112,690	5,612,532	2,930,341
Net interest income	8,135,336	7,104,753	8,485,589	7,287,102

21. Fee income

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

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Participation fees	193,203	27,714	193,203	27,714
Commitment and undrawn fees	186,000	-	186,000	-
Other	-	14,983	-	-
	379,203	42,697	379,203	27,714

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

22. Other expenses

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Advertising	28,348	18,428	28,348	18,428
Audit fees and expenses	132,799	97,860	97,799	97,860
Bank charges	23,479	12,387	20,226	10,166
Broker and commitment fees	-	25,626	-	25,626
Directors' fees and related expenses	135,549	79,211	135,549	79,211
Insurance	32,685	29,404	32,685	29,404
Irrecoverable tax	142,969	115,554	142,328	111,767
Listing fees	63,488	42,419	63,488	42,419
Professional fees	215,793	91,692	205,847	80,836
Registration fees	85,944	102,112	81,538	83,066
Software subscription	25,017	34,938	25,017	34,938
Other	5,971	9,486	5,874	9,486
	892,042	659,117	838,699	623,207

23. Taxation

(a) The government of St Lucia issued economic substance guidelines which took effect on July 1, 2022 for International Business Companies (IBCs), which are incorporated in St Lucia. Depending on the jurisdiction and nature of business, income tax for the Group is computed between 25% to 37.5% of profit for the year. The provision for income tax on the results for the year, adjusted for tax purposes, is $136,203 (2022: $96,373) at the end of the reporting period.

	Group and Company	
	2023	2022
	$	$
Current year tax	138,707	76,227
Prior year under provision	-	21,292
Deferred tax arising from temporary differences (note 10)	(2,504)	(1,146)
	136,203	96,373

(b) The effective tax rate for the Group was 2.58% (2022: 2.46%) and 2.61% (2022: 3.19%) for the Company. The actual taxation charge differs from the "expected" tax charge for the year as follows:

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Profit before taxation	5,270,841	3,919,477	5,226,537	3,020,548
Computed "expected" tax charge of 30%	1,566,843	905,099	1,567,961	906,164
Computed "expected" tax charge of 37.50%	155,160	411,950	-	-
Computed "expected" tax credit of 25%	(91,432)	(49,013)	-	-
Balance carried forward to page 45	1,630,571	1,268,036	1,567,961	906,164

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

23. Taxation (continued)

(b) (Continued)

	Group 2023 $	Group 2022 $	Company 2023 $	Company 2022 $
Balance brought forward from page 44	1,630,571	1,268,036	1,567,961	906,164
Tax effect of treating items differently for financial statements and tax reporting purposes:				
Net foreign exchange	(47,629)	119,481	(47,629)	119,481
Interest income from CARICOM member states	(4,179,718)	(3,052,337)	(3,872,313)	(2,906,127)
Fair value gains from investments in CARICOM member states	(241,780)	(863,577)	(241,780)	(863,577)
Prior year under provision	-	21,292	-	21,292
Disallowed income and expenses and other items	2,947,759	2,603,478	2,729,964	2,819,140
Actual tax charge recognised	136,203	96,373	136,203	96,373

24. Earnings per stock unit

Basic earnings per stock unit is computed by dividing the profit attributable to stockholders of the parent by the weighted average number of ordinary stock units in issue during the year.

	2023	2022
Net profit attributable to stockholders of the parent ($)	5,134,638	3,823,104
Weighted average number of ordinary stock units in issue (#)	588,360,664	590,975,463
Basic earnings per stock unit ($)	0.87¢	0.65¢

Diluted earnings per stock unit reflects the impact of convertible preference shares.

	2023	2022
Net profit attributable to stockholders of the parent ($)	5,134,638	3,823,104
Weighted average number of ordinary stock units in issue (#)	588,360,664	590,975,463
Convertible preference shares (#)	41,037,487	76,557
	629,398,151	591,052,020
Diluted earnings per stock unit ($)	0.82¢	0.65¢

25. Fair value of financial instruments

The amounts included in the financial statements for cash and cash equivalents, securities purchased under resale agreements, lease receivables, 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 the short-term maturity of these instruments.

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

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

25. Fair value of financial instruments (continued)

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 2 and Level 3 in the fair value hierarchy. There were no transfers between levels during the year.

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

Instrument	Valuation techniques	Significant observable and unobservable inputs	Range of estimates for observable and unobservable inputs	Sensitivity between key observable and unobservable inputs and fair value measurement
Preference shares	Discounted cash flow method	• Adjusted profit of the issuer(s) based on probability of achievement • Risk-adjusted discount rates	• Probability of achievement of 30% • Fixed income discount rate of 9.77% to 10.76% and equity discount rate of 17.16% to 24.73%	The estimated fair value would increase/(decrease) if: • Adjusted profit was higher/(lower) • The cost of debt was (higher)/lower • Interest rates changed
Investment in private credit fund	Market approach, specifically the guideline public company method, using an average of market price/ book value multiples	• Market comparable price/book value multiples • Adjustments to the average market multiple for: (i) control premium and (ii) discount for lack of marketability and size	• Control premium of 10.3% • Discount for lack of marketability and size of 12.6%	The estimated fair value would increase/(decrease) if: • The book value of the investment in private credit fund was higher/(lower) • Comparable market price/book value multiple was higher/(lower) • Control premium was higher/(lower) • Discount for lack of marketability and size was lower/(higher)

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

25. Fair value of financial instruments (continued)

(a) (Continued)

For the medium-term notes, the carrying value is assumed to be equal to their fair value, as gains and losses offset each other. Changes in the credit quality of the notes within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the amount of the provisions for expected credit losses.

(b) The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

	Group		Company	
	2023	2022	2023	2022
	$	$	$	$
Opening balances	50,015,435	20,572,410	25,856,260	20,572,410
Purchases	2,352,750	25,467,823	2,000,000	2,500,000
Maturities	(5,955,680)	-	(5,955,680)	-
Gains/(losses)				
Fair value gains in profit or loss	1,178,284	4,069,942	805,933	2,878,590
Foreign exchange adjustments	(78,105)	(94,740)	(78,105)	(94,740)
	47,512,684	50,015,435	22,628,408	25,856,260

(c) Accounting classification and fair values:

	Group 2023				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
	$	$	$	$	$
Financial assets measured at fair value:					
Preference shares	22,628,408	-	-	22,628,408	22,628,408
Investment in private credit fund	24,884,276	-	-	24,884,276	24,884,276
	47,512,684	-	-	47,512,684	47,512,684
Financial assets measured at amortised cost:					
Cash and cash equivalents	4,464,694	-	4,464,694	-	4,464,694
Interest receivable	5,199,704	-	5,199,704	-	5,199,704
Other receivables	907,424	-	907,424	-	907,424
Due from related parties	1,812,232	-	1,812,232	-	1,812,232
Lease receivables	263,200	-	263,200	-	263,200
Short and medium term notes	104,766,754	-	104,766,754	-	104,766,754
	117,414,008	-	117,414,008	-	117,414,008

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

25. Fair value of financial instruments (continued)

(c) Accounting classification and fair values (continued):

	Company 2023				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
	$	$	$	$	$
Financial assets measured at fair value:					
Preference shares	22,628,408	-	-	22,628,408	22,628,408
Financial assets measured at amortised cost:					
Cash and cash equivalents	4,406,522	-	4,406,522	-	4,406,522
Interest receivable	4,945,545	-	4,945,545	-	4,945,545
Other receivables	906,741	-	906,741	-	906,741
Due from related parties	25,227,258	-	25,227,258	-	25,227,258
Lease receivables	263,200	-	263,200	-	263,200
Short and medium term notes	105,033,702	-	105,033,702	-	105,033,702
	140,782,968	-	140,782,968	-	140,782,968

	Group 2022				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
	$	$	$	$	$
Financial assets measured at fair value:					
Preference shares	25,856,260	-	-	25,856,260	25,856,260
Investment in private credit fund	24,159,175	-	-	24,159,175	24,159,175
	50,015,435	-	-	50,015,435	50,015,435
Financial assets measured at amortised cost:					
Cash and cash equivalents	8,470,884	-	8,470,884	-	8,470,884
Interest receivable	4,171,881	-	4,171,881	-	4,171,881
Other receivables	525,090	-	525,090	-	525,090
Due from related parties	1,612,232	-	1,612,232	-	1,612,232
Lease receivables	1,603,481	-	1,603,481	-	1,603,481
Short and medium term notes	74,467,731	-	74,467,731	-	74,467,731
	90,851,299	-	90,851,299	-	90,851,299

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

25. Fair value of financial instruments (continued)

(c) Accounting classification and fair values (continued):

	Company 2022				
	Carrying amount	**Fair value**			
		Level 1	Level 2	Level 3	Total
	$	$	$	$	$
Financial assets measured at fair value:					
Preference shares	25,856,260	-	-	25,856,260	25,856,260
Financial assets measured at amortised cost:					
Cash and cash equivalents	8,164,108	-	8,164,108	-	8,164,108
Interest receivable	4,171,881	-	4,171,881	-	4,171,881
Other receivables	522,970	-	522,970	-	522,970
Due from related parties	22,920,226	-	22,920,226	-	22,920,226
Lease receivables	1,603,481	-	1,603,481	-	1,603,481
Short and medium term notes	74,467,731	-	74,467,731	-	74,467,731
	111,850,397	-	111,850,397	-	111,850,397

There were no reclassifications between level 1, level 2 and level 3 during this financial year or in the prior period.

26. Financial risk management

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

(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:

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(a) Overview (continued)

(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 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) Investment and Risk Management Committee

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 a minimum 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.

(iii) Enterprise Risk Committee

In addition to the IRMC, the Group has also established an Enterprise Risk 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.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(a) Overview (continued)

(iv) Investment Advisory Committee (continued)

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.

(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 Committee.

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

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 the associated loss ratios, and default correlations between counterparties. The Company measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD).

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk (continued):

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 extended to customers within Jamaica, other Caribbean territories, United States of America and Central America:

	Group			
	Investments $	Lease receivables $	Total 2023 $	Total 2022 $
Betting and gaming	3,709,257	-	3,709,257	3,442,473
Construction	19,938,695	-	19,938,695	13,057,246
Distribution	2,406,192	164,378	2,570,570	3,300,712
Energy	8,780,500	-	8,780,500	8,865,126
Fast food	17,912,157	-	17,912,157	8,446,257
Financial	57,795,973	-	57,795,973	44,943,611
Hospitality	8,566,665	98,950	8,665,615	13,052,701
Infrastructure	13,125,964	-	13,125,964	12,667,477
Janitorial	619,242	-	619,242	-
Manufacturing	15,194,176	-	15,194,176	11,406,989
Mining and quarrying	1,275,275	-	1,275,275	1,304,055
Telecommunications	738,500	-	738,500	5,600,000
Transport	2,216,842	-	2,216,842	-
	152,279,438	263,328	152,542,766	126,086,647
Less: Impairment allowance [see note 26(b)(vi)]	(1,065,908)	(128)	(1,066,036)	(3,577,616)
	151,213,530	263,200	151,476,730	122,509,031

	Company			
	Investments $	Lease receivables $	Total 2023 $	Total 2022 $
Betting and gaming	3,709,257	-	3,709,257	3,442,473
Construction	19,938,695	-	19,938,695	13,057,246
Distribution	2,406,192	164,378	2,570,570	3,300,712
Energy	8,780,500	-	8,780,500	8,865,126
Fast food	17,912,157	-	17,912,157	8,446,257
Financial	33,178,645	-	33,178,645	20,784,436
Hospitality	8,566,665	98,950	8,665,615	13,052,701
Infrastructure	13,125,964	-	13,125,964	12,667,477
Janitorial	619,242	-	619,242	-
Manufacturing	15,194,176	-	15,194,176	11,406,989
Mining and quarrying	1,275,275	-	1,275,275	1,304,055
Telecommunications	738,500	-	738,500	5,600,000
Transport	2,216,842	-	2,216,842	-
	127,662,110	263,328	127,925,438	101,927,472
Less: Impairment allowance [see note 26(b)(vi)]	(1,060,955)	(128)	(1,061,083)	(3,577,616)
	126,601,155	263,200	126,864,355	98,349,856

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. 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.

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).

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

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

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, 2023 (Expressed in United States dollars)

26. 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**	**Average PD %**
1	Exceptional	Portfolio company is performing exceptional	Standard Monitoring	0.01
2	Very Good	Portfolio company is performing very good		0.02
3	Good	Portfolio company is performing good		0.07
4	Average	Portfolio company is performing average		0.23
5	Below average	Portfolio company is performing below average	Early Warning	0.90
6	Underperforming	Portfolio company is underperforming	Enhanced Monitoring	3 - 6.6
7	Non-performing	Portfolio company is non-performing	Restructured/ Default	29.10 - 100

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			
	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$	$	$	$
Credit grade:				
Standard monitoring	97,258,052	-	-	97,258,052
Early warning	-	5,233,427	-	5,233,427
Restructured/default	-	-	2,275,275	2,275,275
	97,258,052	5,233,427	2,275,275	104,766,754
Impairment allowance				
- investments (note 9)	(488,516)	(37,574)	(539,818)	(1,065,908)
	96,769,536	5,195,853	1,735,457	103,700,846

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(v) *Credit quality analysis (continued)*

	Company			
	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$	$	$	$
Credit grade:				
Standard monitoring	97,525,000	-	-	97,525,000
Early warning	-	5,233,427	-	5,233,427
Restructured/default	-	-	2,275,275	2,275,275
	97,525,000	5,233,427	2,275,275	105,033,702
Impairment allowance - investments (note 9)	(483,563)	(37,574)	(539,818)	(1,060,955)
	97,041,437	5,195,853	1,735,457	103,972,747

Investments and resale agreements at amortised cost

	Group and Company			
	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$	$	$	$
Credit grade-				
Standard monitoring	68,807,176	-	-	68,807,176
Restructured/default	-	-	5,660,555	5,660,555
	68,807,176	-	5,660,555	74,467,731
Impairment allowance - investments (note 9)	(218,687)	-	(3,356,500)	(3,575,187)
	68,588,489	-	2,304,055	70,892,544

Lease receivables at amortised cost

	Group and Company	
	2023	2022
	Stage 1	Stage 1
	$	$
Credit grade:		
Standard monitoring	263,328	1,603,481
Impairment allowance (see note 8)	(128)	(2,429)
	263,200	1,601,052

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(v) *Credit quality analysis (continued)*

Interest receivable

	Group 2023			
	Stage 1 $	**Stage 2** $	**Stage 3** $	**Total** $
Credit grade:				
Standard monitoring	4,447,670	-	-	4,447,670
Early warning	-	258,490	-	258,490
Restructured/default	-	-	493,544	493,544
	4,447,670	258,490	493,544	5,199,704
Impairment allowance	-	-	-	-
	4,447,670	258,490	493,544	5,199,704

	Company 2023			
	Stage 1 $	**Stage 2** $	**Stage 3** $	**Total** $
Credit grade:				
Standard monitoring	4,193,511	-	-	4,193,511
Early warning	-	258,490	-	258,490
Restructured/default	-	-	493,544	493,544
	4,193,511	258,490	493,544	4,945,545
Impairment allowance	-	-	-	-
	4,193,511	258,490	493,544	4,945,545

	Group and Company 2022		
	Stage 1 $	**Stage 3** $	**Total** $
Credit grade:			
Standard monitoring	3,229,330	-	3,229,330
Restructured/default	-	942,551	942,551
	3,229,330	942,551	4,171,881
Impairment allowance	-	(496,297)	(496,297)
	3,229,330	446,254	3,675,584

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(v) *Credit quality analysis (continued)*

The Group holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

Principal type of collateral held	Percentage of exposure that is subject to collateral 2023	2022
Investment		
Real Estate	172	116
Contracts	345	-
Cash	68	-
Inventory	105	-
Equipment	57	53
Lease receivables		
Computer and other telephone equipment	77	112

(vi) *Impairment allowance*

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

Investments and resale agreements at amortised cost

	Group 2023			
	Stage 1 12-Month ECL $	**Stage 2** Lifetime ECL $	**Stage 3** Lifetime ECL $	**Total** $
Balance at July 1, 2022	218,687	-	3,356,500	3,575,187
Transfer from stage 1 to stage 2	(30)	30	-	-
Amounts derecognised during the year	(1,240)	-	-	(1,240)
Write-offs during the year	-	-	(3,356,500)	(3,356,500)
New amounts recognised during the year	62,049	-	-	62,049
Net remeasurement of impairment allowance	209,050	37,544	539,818	786,412
Impairment allowance at June 30, 2023	488,516	37,574	539,818	1,065,908

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(vi) *Impairment allowance (continued)*

(i) The stage 3 ECL at the beginning of the period was related solely to a facility granted to the owner of a hotel in the Cayman Islands. The investment value of $3,356,500 was moved from Stage 2 to Stage 3 in November 2021 and was written off during this financial year.

	Company 2023			
	Stage 1 12-Month ECL $	**Stage 2** Lifetime ECL $	**Stage 3** Lifetime ECL $	**Total** $
Balance at July 1, 2022	218,687	-	3,356,500	3,575,187
Transfer from stage 1 to stage 2	(30)	30	-	-
Amounts derecognised during the year	(1,240)	-	-	(1,240)
Write-offs during the year	-	-	(3,356,500)	(3,356,500)
New amounts recognised during the year	57,096	-	-	57,096
Net remeasurement of impairment allowance	209,050	37,544	539,818	786,412
Impairment allowance at June 30, 2023	483,563	37,574	539,818	1,060,955

	Group and Company 2022			
	Stage 1 12-Month ECL $	**Stage 2** Lifetime ECL $	**Stage 3** Lifetime ECL $	**Total** $
Balance at July 1, 2021	211,620	2,202	34,769	248,591
Amounts derecognised during the year	-	(2,202)	-	(2,202)
New amounts recognised during the year	2,060	-	3,356,500	3,358,560
Net remeasurement of impairment allowance	5,007	-	(34,769)	(29,762)
Impairment allowance at June 30, 2022	218,687	-	3,356,500	3,575,187

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued):

(vi) *Impairment allowance (continued)*

Lease receivables at amortised cost

	Group and Company	
	2023	2022
	Stage 1 12 month ECL $	**Stage 1** 12 month ECL $
Balance at July 1	2,429	5,188
Net remeasurement of impairment allowance	(2,301)	(2,759)
Balance at June 30	128	2,429

Interest receivable

	Group and Company	
	2023	2022
	Stage 3 Lifetime ECL $	**Stage 3** Lifetime ECL $
Balance at July 1	496,297	-
Amounts recognised during the year	-	496,297
Write-offs during the year	(496,297)	-
Balance at June 30	-	496,297

	Group	
	2023 $	2022 $
Total impairment allowance as at June 30	1,066,036	4,073,913

	Company	
	2023 $	2022 $
Total impairment allowance as at June 30	1,061,083	4,073,913

Total impairment loss recognised during the current year by the Group and the Company amounted to $844,920 (2022: $3,820,134) and $839,967 (2022:$3,820,134) respectively.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(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.

An analysis of the undiscounted cash flows required to settle the Group's financial liabilities on the basis of their earliest possible contractual maturity is presented below. The Group does not expect that all its lenders will demand the payment of funds at the earliest date possible.

	Group						
	2023						
	Within 3 months $'000	3-12 months $'000	1-2 years $'000	2-5 years $'000	No specific maturity date $'000	Total contractual cashflows $'000	Total carrying amounts $'000
Financial assets							
Cash and cash equivalents	4,464,694	-	-	-	-	4,464,694	4,464,694
Interest receivable	5,199,704	-	-	-	-	5,199,704	5,199,704
Other receivables	907,424	-	-	-	-	907,424	907,424
Due from related parties	1,812,232	-	-	-	-	1,812,232	1,812,232
Lease receivables	150,172	124,403	-	-	-	274,575	263,200
Investments	23,734,962	45,057,825	25,849,112	47,072,972	24,884,276	166,599,147	151,213,530
	36,269,188	45,182,228	25,849,112	47,072,972	24,884,276	179,257,776	163,860,784
Financial liabilities							
Accounts payable and accrued liabilities	1,969,862	-	-	-	-	1,969,862	1,969,862
Due to related parties	1,106,066	-	-	-	-	1,106,066	1,106,066
Interest payable	415,741	-	-	-	-	415,741	415,741
Note payable	1,515,178	64,774,262	5,196,451	10,208,935	-	81,694,826	77,065,698
Preference shares	88,323	5,188,528	-	-	-	5,276,851	4,925,057
Loans and borrowings	116,601	8,178,528	-	-	-	8,295,129	7,958,745
	5,211,771	78,141,318	5,196,451	10,208,935	-	98,758,475	93,441,169
Total liquidity gap	31,057,417	(32,959,090)	20,652,661	36,864,037	24,884,276	80,499,301	70,419,615
Cumulative gap	31,057,417	(1,901,673)	18,750,988	55,615,025	80,499,301		

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(c) Liquidity risk (continued)

	Group 2022						
Financial assets	Within 3 months $'000	3-12 months $'000	1-2 years $'000	2-5 years $'000	No specific maturity date $'000	Total contractual cashflows $'000	Total carrying amounts $'000
Cash and cash equivalents	8,470,884	-	-	-	-	8,470,884	8,470,884
Interest receivable	3,675,584	-	-	-	-	3,675,584	3,675,584
Other receivables	525,090	-	-	-	-	525,090	525,090
Due from related parties	1,612,232	-	-	-	-	1,612,232	1,612,232
Lease receivables	936,752	501,436	248,806	-	-	1,686,994	1,601,052
Investments	13,658,593	31,951,540	20,986,519	45,490,541	24,159,175	136,246,368	120,907,979
	28,879,135	32,452,976	21,235,325	45,490,541	24,159,175	152,217,152	136,792,821
Financial liabilities							
Accounts payable and accrued liabilities	3,958,088	-	-	-	-	3,958,088	3,958,088
Due to related parties	241,973	-	-	-	-	241,973	241,973
Interest payable	231,492	-	-	-	-	231,492	231,492
Note payable	876,537	34,376,838	19,145,418	10,747,142	-	65,145,935	60,285,928
Preference shares	23,558	73,742	1,245,931	-	-	1,343,231	1,147,609
Loans and borrowings	38,265	3,111,370	-	-	-	3,149,635	3,003,572
	5,369,913	37,561,950	20,391,349	10,747,142	-	74,070,354	68,868,662
Total liquidity gap	23,509,222	(5,108,974)	843,976	34,743,399	24,159,175	78,146,798	67,924,159
Cumulative gap	23,509,222	18,400,248	19,244,224	53,987,623	78,146,798		

	Company 2023					
Financial assets	Within 3 months $'000	3-12 months $'000	1-2 years $'000	2-5 years $'000	Total contractual cashflows $'000	Total carrying amounts $'000
Cash and cash equivalents	4,406,522	-	-	-	4,406,522	4,406,522
Interest receivable	4,945,545	-	-	-	4,945,545	4,945,545
Other receivables	906,741	-	-	-	906,741	906,741
Due from related parties	25,227,258	-	-	-	25,227,258	25,227,258
Lease receivables	150,172	124,403	-	-	274,575	263,200
Investments	22,248,071	46,755,315	25,849,112	47,072,972	141,925,470	126,601,155
	57,884,309	46,879,718	25,849,112	47,072,972	177,686,111	162,350,421
Financial liabilities						
Accounts payable and accrued liabilities	1,934,712	-	-	-	1,934,712	1,934,712
Due to related parties	23,891,891	-	-	-	23,891,891	23,891,891
Interest payable	415,741	-	-	-	415,741	415,741
Note payable	1,414,390	46,818,127	5,196,451	10,208,935	63,637,903	59,212,591
Preference shares	88,323	5,188,528	-	-	5,276,851	4,925,057
Loans and borrowings	425,409	25,913,110	-	-	26,338,519	25,384,520
	28,170,466	77,919,765	5,196,451	10,208,935	121,495,617	115,764,512
Total liquidity gap	29,713,843	(31,040,047)	20,652,661	36,864,037	56,190,494	46,585,909
Cumulative gap	29,713,843	(1,326,204)	19,326,457	56,190,494		

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(c) Liquidity risk (continued)

	Company					
	2022					
Financial assets	Within 3 months $'000	3-12 months $'000	1-2 years $'000	2-5 years $'000	Total contractual cashflows $'000	Total carrying amounts $'000
Cash and cash equivalents	8,164,108	-	-	-	8,164,108	8,164,108
Interest receivable	3,675,584	-	-	-	3,675,584	3,675,584
Other receivables	522,970	-	-	-	522,970	522,970
Due from related parties	22,920,226	-	-	-	22,920,226	22,920,226
Lease receivables	936,752	501,436	248,806	-	1,686,994	1,601,052
Investments	13,658,593	31,951,540	20,986,519	45,490,541	112,087,193	96,748,804
	49,878,233	32,452,976	21,235,325	45,490,541	149,057,075	133,632,744
Financial liabilities						
Accounts payable and accrued liabilities	2,147,047	-	-	-	2,147,047	2,147,047
Due to related parties	23,024,247	-	-	-	23,024,247	23,024,247
Interest payable	231,492	-	-	-	231,492	231,492
Note payable	610,287	16,279,408	19,145,418	10,747,142	46,782,255	42,454,748
Preference shares	23,558	73,742	1,245,931	-	1,343,231	1,147,609
Loans and borrowings	304,515	20,563,241	-	-	20,867,756	20,189,193
	26,341,146	36,916,391	20,391,349	10,747,142	94,396,028	89,194,336
Total liquidity gap	23,537,087	(4,463,415)	843,976	34,743,399	54,661,047	44,438,408
Cumulative gap	23,537,087	19,073,672	19,917,648	54,661,047		

(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:

(i) 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.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(d) Market risk (continued)

(i) Foreign currency risk (continued)

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

	Group			
	2023		2022	
	J$	US$ equivalent	J$	US$ equivalent
Foreign currency assets:				
Cash and cash equivalents	28,800,972	187,100	65,384,383	434,320
Interest receivable	75,708,519	491,826	89,944,980	597,466
Other receivables	-	-	46,796,361	310,848
Investments	1,034,646,637	6,721,378	1,086,480,105	7,217,022
	1,139,156,128	7,400,304	1,288,605,829	8,559,656

	Group			
	2023		2022	
	J$	US$ equivalent	J$	US$ equivalent
Foreign currency liabilities:				
Accounts payable and accrued liabilities	9,939,739	64,572	5,940,810	39,462
Due to related parties	-	-	4,068,128	27,023
Dividends payable	15,521,857	100,835	12,205,081	81,073
Interest payable	21,413,522	139,109	21,306,812	141,532
Notes payable	1,498,140,070	9,732,372	1,487,545,060	9,881,125
Preference shares	321,797,018	2,090,491	-	-
Loans and borrowings	369,863,431	2,402,745	452,170,030	3,003,572
	2,236,675,637	14,530,124	1,983,235,921	13,173,787
Net exposure	(1,097,519,509)	(7,129,820)	(694,630,092)	(4,614,131)

	Company			
	2023		2022	
	J$	US$ equivalent	J$	US$ equivalent
Foreign currency assets:				
Cash and cash equivalents	28,791,519	187,039	65,374,898	434,257
Interest receivable	75,708,519	491,826	89,944,980	597,466
Other receivables	-	-	46,796,361	310,848
Due from related parties	10,000	65	-	-
Investments	1,034,646,637	6,721,378	1,086,480,106	7,217,022
	1,139,156,675	7,400,308	1,288,596,345	8,559,593
Foreign currency liabilities:				
Accounts payable and accrued liabilities	9,939,739	64,572	5,940,810	39,462
Due to related parties	-	-	4,068,128	27,023
Dividends payable	15,521,857	100,835	12,205,081	81,073
Interest payable	21,413,522	139,109	21,306,812	141,532
Notes payable	1,498,140,070	9,732,372	1,487,545,060	9,881,125
Preference shares	321,797,018	2,090,491	-	-
Loans and borrowings	369,863,431	2,402,745	452,170,030	3,003,572
	2,236,675,637	14,530,124	1,983,235,921	13,173,787
Net exposure	(1,097,518,962)	(7,129,816)	(694,639,576)	(4,614,194)

Exchange rate for the US dollar to the Jamaica dollar was US$1 to J$153.94 (2022: J$150.54)

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(d) Market risk (continued)

(i) Foreign currency risk (continued)

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 2022.

	Group			
	2023		2022	
	% change in currency rate	Effect on profit $	% change in currency rate	Effect on profit $
JMD	-4%	274,224	-4%	177,467
JMD	+1%	(72,018)	+1%	(46,607)

	Company			
	2023		2022	
	% change in currency rate	Effect on profit $	% change in currency rate	Effect on profit $
JMD	-4%	274,224	-4%	177,469
JMD	+1%	(72,018)	+1%	(46,608)

(ii) 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.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

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

	Group and Company	
	2023	2022
	$	$
Variable rate instruments	2,269,305	2,019,140
Fixed rate instruments	126,592,454	98,349,856

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.

A 50 (2022: 200) 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 25 (2022: 50) 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	
	2023	2022
	$	$
Effect on profit		
Increase 50 (2022: 200) basis points	11,347	40,383
Effect on profit		
Decrease 25 (2022: 50) basis points	(5,673)	(10,096)

The analysis is done on the same basis as 2022 and assumes that all other variables remain constant.

The following table summarises the carrying amounts of recognised financial assets and financial liabilities to arrive at the Group's interest rate gap based on the earlier of contractual repricing and maturity dates. There were no off-balance-sheet financial instruments giving rise to interest rate risk.

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	Group 2023					
	Within 3 months $'000	3-12 months $'000	Over 1 year $'000	No-rate sensitive $'000	Total $'000	Weighted average interest rate %
Financial assets						
Cash and cash equivalents	4,269,305	-	-	195,389	4,464,694	4.45
Interest receivable	-		-	5,199,704	5,199,704	-
Other receivables	-	-	-	907,424	907,424	-
Due from related parties	-	-	-	1,812,232	1,812,232	-
Lease receivables	-	263,200	-	-	263,200	11.25
Investments	20,662,106	39,546,494	66,120,654	24,884,276	151,213,530	12.35
	24,931,411	39,809,694	66,120,654	32,999,025	163,860,784	
Financial liabilities						
Accounts payable and accrued liabilities	-	-	-	1,969,862	1,969,862	-
Due to related parties	-	-	-	1,106,066	1,106,066	-
Interest payable	-	-	-	415,741	415,741	-
Dividends payable	-	-	-	484,214	484,214	-
Note payable	-	63,173,982	13,891,716	-	77,065,698	6.82
Preference shares	-	4,925,057	-	-	4,925,057	7.25
Loans and borrowings	-	7,958,745	-	-	7,958,745	7.69
	-	76,057,784	13,891,716	3,975,883	93,925,383	
Total interest rate sensitivity	24,931,411	(36,248,090)	52,228,938	29,023,142	69,935,401	
Cumulative interest rate sensitivity gap	24,931,411	(11,316,679)	40,912,259	69,935,401		

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	Group					
	2022					
	Within 3 months $'000	3-12 months $'000	Over 1 year $'000	No-rate sensitive $'000	Total $'000	Weighted average interest rate %
Financial assets						
Cash and cash equivalents	7,271,111	-	-	1,199,773	8,470,884	4.56
Interest receivable	-	-	-	3,675,584	3,675,584	-
Other receivables	-	-	-	525,090	525,090	-
Due from related parties	-	-	-	1,612,232	1,612,232	-
Lease receivables	-	-	1,601,052	-	1,601,052	10.75
Investments	11,492,400	26,724,070	58,532,334	24,159,175	120,907,979	11.42
	18,763,511	26,724,070	60,133,386	31,171,854	136,792,821	
Financial liabilities						
Accounts payable and accrued liabilities	-	-	-	3,958,088	3,958,088	-
Due to related parties	-	-	-	241,973	241,973	-
Interest payable	-	-	-	231,492	231,492	-
Dividends payable	-	-	-	388,885	388,885	-
Note payable	-	32,733,739	27,552,189	-	60,285,928	5.88
Preference shares	-	-	1,147,609	-	1,147,609	7.25
Loans and borrowings	-	3,003,572	-	-	3,003,572	6.50
	-	35,737,311	28,699,798	4,820,438	69,257,547	
Total interest rate sensitivity	18,763,511	(9,013,241)	31,433,588	26,351,416	67,535,274	
Cumulative interest rate sensitivity gap	18,763,511	9,750,270	41,183,858	67,535,274		

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	Company 2023					
	Within 3 months $'000	3-12 months $'000	Over 1 year $'000	No-rate sensitive $'000	Total $'000	Weighted average interest rate %
Financial assets						
Cash and cash equivalents	4,269,305	-	-	137,217	4,406,522	4.45
Interest receivable	-	-	-	4,945,545	4,945,545	-
Other receivable	-	-	-	906,741	906,741	-
Due from related parties	-	-	-	25,227,258	25,227,258	-
Lease receivables	-	263,200	-	-	263,200	11.25
Investments	19,221,112	41,259,389	66,120,654	-	126,601,155	12.23
	23,490,417	41,522,589	66,120,654	31,216,761	162,350,421	
Financial liabilities						
Accounts payable and accrued liabilities	-	-	-	1,934,712	1,934,712	-
Due to related parties	-	-	-	23,891,891	23,891,891	-
Interest payable	-	-	-	415,741	415,741	-
Dividend payable	-	-	-	484,214	484,214	-
Note payable	-	45,320,875	13,891,716	-	59,212,591	5.88
Preference shares	-	4,925,057	-	-	4,925,057	7.25
Loans and borrowings	-	25,384,520	-	-	25,384,520	6.50
	-	75,630,452	13,891,716	26,726,558	116,248,726	
Total interest rate sensitivity	23,490,417	(34,107,863)	52,228,938	4,490,203	46,101,695	
Cumulative interest rate sensitivity gap	23,490,417	(10,617,446)	41,611,492	46,101,695		

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

26. Financial risk management (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	Company 2022					
	Within 3 months $'000	3-12 months $'000	Over 1 year $'000	No-rate sensitive $'000	Total $'000	Weighted average interest rate %
Financial assets						
Cash and cash equivalents	7,271,111	-	-	892,997	8,164,108	4.56
Interest receivable	-	-	-	3,675,584	3,675,584	-
Other receivable	-	-	-	522,970	522,970	-
Due from related parties	-	-	-	22,920,226	22,920,226	-
Lease receivables	-	-	1,601,052	-	1,601,052	10.75
Investments	11,492,400	26,724,070	58,532,334	-	96,748,804	11.42
	18,763,511	26,724,070	60,133,386	28,011,777	133,632,744	
Financial liabilities						
Accounts payable and accrued liabilities	-		-	2,147,047	2,147,047	-
Due to related parties	-		-	23,024,247	23,024,247	-
Interest payable	-		-	231,492	231,492	-
Dividend payable	-	-	-	388,885	388,885	-
Note payable	-	14,902,559	27,552,189	-	42,454,748	5.84
Preference shares	-	-	1,147,609	-	1,147,609	7.25
Loans and borrowings	-	20,189,193	-	-	20,189,193	6.50
	-	35,091,752	28,699,798	25,791,671	89,583,221	
Total interest rate sensitivity	18,763,511	(8,367,682)	31,433,588	2,220,106	44,049,523	
Cumulative interest rate sensitivity gap	18,763,511	10,395,829	41,829,417	44,049,523		

(iii) Equity price risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. A non–trading equity price risk exposure arises from the Group's investment in a private credit fund. As at the end of the reporting period, a 6% (2022: 5%) increase in the value of the Group's equity investment at FVTPL would have increased equity by $1,493,057 (2022: $1,207,942). A decrease of 3% (2022: 5%) in the value of the Group's equity investment at FVTPL would have reduced equity by $746,528 (2022: 1,207,942).

Notes to the Financial Statements (continued)

Year ended June 30, 2023 (Expressed in United States dollars)

27. Capital management

The Group's objective when managing capital is to safeguard its 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 Group's approach to capital management is monitored by the Enterprise Risk Committee and Board of Directors.

FORM OF PROXY

SYGNUS
CREDIT INVESTMENTS

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I/We ______________________________________ of ____ being a member(s) of the Company, HEREBY APPOINT the Chairperson of the Meeting (or his designate) or failing him __________________________________ of ____ as 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 Wednesday, January 17th, 2024 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** "THAT the Audited Company Accounts for the year ended June 30, 2023, and the Reports of the Directors and Auditors, circulated with the Notice convening the meeting, be and are hereby adopted."		
No. 2	**Ratification of Dividends** "THAT the interim dividends per stock unit of US$0.00169 paid in April 2023 and the US$0.00272 paid in October 2023 be treated on the recommendation of the Directors as the final dividend for the financial year ended June 30, 2023."		
No. 3	**Election of Directors**		
	a) "That, Mr. Linval McDougal Freeman 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 re-elected a director of the Company'.		
	b) "THAT Ms. Hope Patricia Fisher, who retires by rotation in accordance with Articles 149 and 150 of the Company's Amended and Restated Articles, and, who being eligible, offers herself for re-election as a director of the Company, be re-elected a director of the Company"		
No. 4	**Director's Renumeration** "THAT the amount shown in the Audited Company Accounts for the financial year ended June 30, 2023, 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.
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 proxy 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 delivered 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.