CREDIT INTELLIGENCE LIMITED

ACN 126 296 295

24 February 2020

Company Announcements Office
Australia Securities Exchange

Appendix 4D – Half Year Report

1. Name of Entity **Credit Intelligence Limited** **ABN 16 126 296 295**

Half year ended	31 December 2019
Reporting period	1 July 2019 to 31 December 2019
Previous period	1 July 2018 to 31 December 2018

2. Results for announcement to the market (A$)

		31 December 2019	**31 December 2018**	**% Change Up (Down)**
2.1	Revenues from ordinary activities	6,074,724	2,809,513	116%
2.2	Profit after tax from ordinary activities attributable to members	1,258,419	276,466	355%
2.3	Net profit attributable to members	1,258,419	276,466	355%

		Amount	**Amount per security**	**Franked Amount per security at 30% tax**
2.4	Dividends paid and proposed			
	2019 final unfranked dividend paid,	$468,064	$0.0005	Nil
	2020 interim – N/A	N/A	N/A	N/A
2.5	Record date for determining entitlements to interim dividend	N/A	N/A	N/A

2.6 An explanation of the above figures is contained in the "Review of Operations' included within the attached directors' report.

3.0 Net tangible assets per security

31 December 2019	31 December 2018
$0.002	$0.005

4.0 Details of entities over which control has been gained or lost during the period, including the following.

The Company acquired the following entity on 30 September 2019:

Name of Entity	Country of Incorporation	Ownership Interest 2019 %	Ownership Interest 2018 %	Principal Activities
Hup Hoe Credit Pte Ltd	Singapore	60%	Nil	Credit financing

The Company disposed the following entity on 30 September 2019:

Name of Entity	Country of Incorporation	Ownership Interest 2019 %	Ownership Interest 2018 %	Principal Activities
Credit Intelligence (Singapore) Pte Ltd	Singapore	51%	Nil	Personal Insolvency management Service

5.0 The Company declared an unfranked dividend of $0.0005 per share on 28 August 2019, amounting to $468,064, out of the profits for the year ended 30 June 2019. The dividend was paid on 15 November 2019 out of foreign source income.

6.0 There is no dividend reinvestment plan in operation.

7.0 There are no associates or joint venture entities.

8.0 The Company is not a foreign entity.

9.0 The accounts are not subject to any dispute or qualification.

-ENDS-

For more information, please contact:

Credit Intelligence Limited
Mr Jimmie Wong | Managing Director
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Mr Guy Robertson | Company Secretary
guyrobertson@ci1.com.au

About Credit Intelligence Limited (ASX:CI1)

Credit Intelligence Limited (ASX:CI1) is one of the leading diversified debt-restructuring and personal insolvency management services operating in Hong Kong in the credit funding sector. Credit Intelligence's main business includes the provision of bankruptcy admission services and Individual Voluntary Arrangement (IVA) proposal consultancy and implementation services. CI1 acquired 60% of two profitable Singapore based finance companies, ICS Funding Pte Limited (ICS) and Hup Hoe Credit Pte Limited (HHC) on 28 June 2019 and 30 September 2019 respectively. Both acquisitions are profit accretive to the group results for the financial year ending 30 June 2020.

Credit Intelligence acts for all the leading banks and financial institutions in Hong Kong with regular referrals from those banks and financial institutions to assist their defaulting personal clients. Two of the directors of the Company are registered Trustees in Bankruptcy in Hong Kong.

For the latest research and news on Credit Intelligence, please visit: www.ci1.com.au

ACN 126 296 295

CREDIT INTELLIGENCE LIMITED

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

CREDIT INTELLIGENCE LIMITED

ACN 126 296 295

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CREDIT INTELLIGENCE LIMITED
ACN 126 296 295

Corporate Data

Directors	Tony Ho Jimmie Wong King Wong Wilson Lim Mel Ashton Vincent Lai
Secretary	Guy Robertson
Registered office	Suite 506, Level 5 50 Clarence Street Sydney NSW 2000
Principal place of business	Level 4 & 5, Double Building 22 Stanley Street Central Hong Kong 3 Ang Mo Kio Street 62 #03-32 Link@AMK Singapore 569139 1 Rochor Canal #01-01 Sim Lim Square Singapore 188504
Independent auditor	Moore Stephens Level 15 Exchange Tower 2 The Esplanade Perth WA 6000
Home Exchange	Perth
ASX Code	CI1

Credit Intelligence Limited
ACN 126 296 295

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as CIL or "the Group") consisting of Credit Intelligence Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

The names of the Company's directors in office during or since the end of the half-year up to the date of this report are as follows.
Tony Ho
Jimmie Wong
King Wong
Wilson Lim (appointed 1 October 2019)
Mel Ashton
Vincent Lai

Review of Operations

Credit Intelligence Limited is one of the leading diversified debt restructuring and personal insolvency management businesses within the credit funding sector operating in Hong Kong and Singapore. Credit Intelligence's main business model includes the provision of bankruptcy administration services and Individual Voluntary Arrangement proposal consultancy, implementation services and credit funding for corporates and individuals.

Credit Intelligence acquired 60% of two profitable Singapore based finance companies, ICS Funding Pte. Limited (ICS) and Hup Hoe Credit Pte. Limited (HHC) on 28 June 2019 and 30 September 2019 respectively. Hence, 6 months results of ICS and 3 months results of HHC are consolidated into the Group.

Results for the half-year ended 31 December 2019 were as follows:
Results for the half-year to 31 December 2019 comprises CIL and subsidiaries while results for the half-year to 31 December 2018 did not include ICS and HHC. See Note 1.

	31 December 2019	31 December 2018	%
	$	$	
Revenue	6,074,724	2,809,513	116%
Profit after tax	1,258,419	276,466	355%
Add: one-off consultancy fee	190,003	-	
Underlying normalised profit	1,448,422	276,466	423%
Basic earnings per share	0.0013	0.0003	333%
Diluted earnings per share	0.0012	0.0003	300%

Revenue for the equivalent six months increased by 116% year on year. It included the results of Hong Kong and Singapore businesses. Hong Kong's business reported a 34% increase in revenue.

Expenses for the six months to 31 December 2019 included a non-cash share based payments expense of $306,916 relating to performance shares/rights issued to employees and directors of the Group. The results also included a one-off consultancy fee of $190,003 in relation to the acquisition of HHC.

Earnings per share improved by 333% over prior period, attributable to improved trading performance and reduced costs in the Hong Kong business, and through the acquisitions of ICS and HHC in Singapore.

From a cash flow perspective, the Group reported an operating cash inflow before changes in movements of operating assets for the half-year of $777,516 (2018: cash inflow $230,984), reflecting the positive cash generation from the Hong Kong Business.

Directors' Report

The Company's core business of Bankruptcy administration and Individual Voluntary Arrangement continues to trade well in the current social and political unrest in Hong Kong.

The contributions to the group results for the half-year to 31 December 2019 from recently acquired ICS and HHC exceeded the Profit Guarantee expectations. Both Singaporean companies are well managed and are investigating plans to grow their respective businesses.

The Group remains committed to expanding its operations in Australia and New Zealand in credit funding, which includes debt restructuring and insolvency practice. The group is also actively looking at acquisitions and/or joint ventures to achieve this objective and has had preliminary discussions with a number of prospective parties.

The Company declared an unfranked dividend of $0.0005 per share on 28 August 2019, amounting to $468,064, which represented an approximate 2% yield on the closing price as at this date.

On 25 November, the Company issued 250,000 Class B Performance Rights to a director approved by shareholders at the General Meeting held on 27 June 2019:

Director	Class B Performance Rights
Tony Ho	250,000

Each Class B Performance Right will convert into a fully paid ordinary share in the capital of the Company upon satisfaction of the following milestone: on the Company's 30-day volume weighted average share price reaching at least $0.03 three years from the date the Company re-commenced trading on the ASX, being 22 May 2018.

Significant changes in state of affairs

In the opinion of the Directors, other than the matters covered above in this report and the accounts and notes attached thereto, there were no significant changes in the state of affairs of the Group that occurred during the financial period under review.

Dividends

Other than the dividend of $468,064 paid on 15 November 2019, no other dividends have been paid or declared since the end of the previous financial year to the date of this report.

Events subsequent to reporting date

On 10 February 2020 the Company issued 43,272,500 ordinary shares on vesting of the Class A Performance Shares/Rights. The performance hurdle of a 30 day VWAP (Volume Weighted Average Price) of $0.025 was exceeded during the month ended 31 January 2020. The actual 30 day VWAP achieved was $0.027.

Other than as outlined above there have been no events subsequent to the end of the period which would have a material effect on the Group's financial statements for the half-year ended 31 December 2019.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Wong Ka Sek, Jimmie
CEO & Managing Director

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CREDIT INTELLIGENCE LIMITED

I declare that to the best of my knowledge and belief, during the half-year ended 31 December 2019, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review, and

b) any applicable code of professional conduct in relation to the review.

WEN-SHIEN CHAI
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 24th day of February 2020.

CREDIT INTELLIGENCE LIMITED
ACN 126 296 295

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2019

	Notes	Dec 2019 $	Dec 2018 $
Revenue	5	6,074,724	2,809,513
Other income	6	93,883	77,954
Allowance for doubtful debts		(176,403)	-
Bad debt written off		(325,039)	-
Bad debt recovery expenses		(104,729)	-
Bank charges and interests		(86,527)	(83,804)
Consultancy fee		(190,003)	-
Directors' fees		(85,004)	(133,196)
Directors' fees (Share-based payments)		(72,661)	(51,583)
Amortisation on right-of-use assets	2	(245,209)	-
Depreciation expense		(33,474)	(20,623)
Employee benefits expense (including Share-based payments)		(1,764,234)	(1,150,822)
Administration cost		(829,012)	(954,910)
Finance cost		(159,593)	-
Profit before income tax		2,096,719	492,529
Income tax expense	7	(486,608)	(216,063)
Profit after income tax		1,610,111	276,466
Profit for the half-year		1,610,111	276,466
Other comprehensive income			
Exchange differences on translating foreign operations, net of tax		(21,367)	81,148
Total other comprehensive income for the half-year, net of tax		(21,367)	81,148
Total comprehensive income for the half-year		1,588,744	357,614
Net profit attributable to:			
Members of the parent entity		1,258,419	276,466
Non-controlling interest		351,692	-
		1,610,111	276,466
Total comprehensive income attributable to:			
Members of the parent entity		1,236,470	357,614
Non-controlling interest		352,274	-
		1,588,744	357,614
Earnings per share			
Basic earnings per share		0.0013	0.0003
Diluted earnings per share		0.0012	0.0003

The accompanying notes form part of these consolidated financial statements.

CREDIT INTELLIGENCE LIMITED
ACN 126 296 295

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	Dec 2019 $	Jun 2019 $
CURRENT ASSETS			
Cash and cash equivalents	8	3,094,413	3,432,929
Trade and other receivables	9	436,702	319,065
Loan receivables	10	9,877,739	4,411,288
Other current assets		864,984	633,278
TOTAL CURRENT ASSETS		14,273,838	8,796,560
NON-CURRENT ASSETS			
Property, plant and equipment	12	214,385	232,495
Right-of-use assets	2	549,303	-
Loan receivables	10	304,217	19,738
Intangible assets	11	7,795,091	3,628,678
TOTAL NON-CURRENT ASSETS		8,862,996	3,880,911
TOTAL ASSETS		23,136,834	12,677,471
CURRENT LIABILITIES			
Trade and other payables		2,459,881	1,836,179
Lease liabilities	13	436,044	-
Amounts due to vendors of ICS & HHC	14	3,637,764	1,323,636
Current tax liabilities		728,924	195,739
TOTAL CURRENT LIABILITIES		7,262,613	3,355,554
NON-CURRENT LIABILITIES			
Lease liabilities	13	118,173	-
Amounts due to related party	15	6,412,597	2,526,486
Amounts due to vendors of ICS		-	498,475
TOTAL NON-CURRENT LIABILITIES		6,530,770	3,024,961
TOTAL LIABILITIES		13,793,383	6,380,515
NET ASSETS		9,343,451	6,296,956
EQUITY			
Issued capital	16	7,354,428	6,220,555
Reserves		871,070	585,521
Accumulated profit / (loss)		70,648	(719,707)
Equity attributable to owners of the parent entity		8,296,146	6,086,369
Non-controlling interest		1,047,305	210,587
TOTAL EQUITY		9,343,451	6,296,956

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2019

	Notes	Issued Capital	Retained Earnings	Merger Reserve	Foreign Currency Translation Reserve	Share-based Payment Reserve	Total	Non-controlling Interest	Total Equity
		$	$	$	$	$	$	$	$
Balance at 1.7.2018		4,485,035	(259,856)	11,037	28,960	36,734	4,301,910	-	4,301,910
Comprehensive income:									
Profit after tax for the half-year		-	276,466	-	-	-	276,466	-	276,466
Other comprehensive income for the year		-	-	-	81,148		81,148	-	81,148
Total comprehensive income for the year		4,485,035	16,610	11,037	110,108	36,734	4,659,524	-	4,659,524
Transactions with owners, in their capacity as owners, and other transfers									
Allotment of shares		-	-	-	-	-	-	-	-
Acquisition of subsidiary		-	-	-	-	-	-	-	-
Disposal of subsidiary		-	-	-	-	-	-	-	-
Share based payments expense recognised in the year		-	-	-	-	155,454	155,454	-	155,454
Dividends recognised for the period		-	(984,513)	-	-	-	(984,513)	-	(984,513)
Total transactions with owners and other transfers		-	(984,513)	-	-	155,454	(829,059)	-	(829,059)
Balance at 31.12.2018		4,485,035	(967,903)	11,037	110,108	192,188	3,830,465	-	3,830,465
Balance at 1.7.2019		6,220,555	(719,707)	11,037	98,644	475,840	6,086,369	210,587	6,296,956
Comprehensive income:									
Profit after tax for the half-year		-	1,258,419	-	-	-	1,258,419	351,692	1,610,111
Other comprehensive loss for the year		-	-	-	(21,367)	-	(21,367)	582	(20,785)
Total comprehensive income for the year		6,220,555	538,712	11,037	77,277	475,840	7,323,421	562,861	7,886,282
Transactions with owners, in their capacity as owners, and other transfers									
Allotment of shares		1,133,873	-	-	-	-	1,133,873	-	1,133,873
Acquisition of subsidiary		-	-	-	-	-	-	484,491	484,491
Disposal of subsidiary		-	-	-	-	-	-	(47)	(47)
Share based payments expense recognised in the year		-	-	-	-	306,916	306,916	-	306,916
Dividends recognised for the period		-	(468,064)	-	-	-	(468,064)	-	(468,064)
Total transactions with owners and other transfers		1,133,873	(468,064)	-	-	306,916	972,725	484,444	1,457,169
Balance at 31.12.2019		7,354,428	70,648	11,037	77,277	782,756	8,296,146	1,047,305	9,343,451

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2019

	Notes	Dec 2019 $	Dec 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,745,393	2,679,865
Payments to suppliers and employees		(2,899,876)	(2,368,765)
Interest received		174	3,688
Bank charges and interest		(86,527)	(83,804)
Income tax refunded		18,352	-
		777,516	230,984
Changes in operating assets arising from cash flow movements:			
Net funding of customer loans		(2,602,312)	-
Loan from related party		3,821,392	-
Net cash provided by operating activities	18	1,996,596	230,984
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(10,907)	(172,519)
Investment in subsidiary		(1,008,607)	-
Net cash outflow on disposal of subsidiary		(47)	-
Amount paid to vendors		(677,325)	-
Net cash used in investing activities		(1,696,886)	(172,519)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element of lease rentals paid		(240,192)	-
Interest element of lease rentals paid		(12,168)	-
Dividend paid		(468,064)	(984,513)
Net cash used in financing activities		(720,424)	(984,513)
Net decrease in cash held		(420,714)	(926,048)
Cash at beginning of the year		3,432,929	4,334,378
Effect of foreign currency translation		82,198	67,849
Cash at the end of the year		3,094,413	3,476,179

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2019

1 Summary of significant accounting policies

These interim financial statements and notes represent those of Credit Intelligence Limited (the “Company”) and its controlled entities (the “Group”).

The separate financial statements of the parent entity, Credit Intelligence Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The interim financial statements were authorised for issue on 24 February 2020 by the directors of the Company.

(a) Basis of preparation

Reporting Entity

Credit Intelligence Limited is a company limited by shares, incorporated and domiciled in Australia.

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 ‘Interim Financial Reporting’, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (‘AASB’). Compliance with AASB 134 ensures compliance with IAS 34 ‘Interim Financial Reporting’.

This half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Credit Intelligence Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The interim financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial report, the half-year has been treated as a discrete reporting period.

Unless stated otherwise, the accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Reporting Standards.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Credit Intelligence Limited ('Company' or 'Parent Entity') as at 31 December 2019 and the results of its controlled entities for the year then ended. Credit Intelligence Limited and its controlled entities together are referred to in these financial statements as the ”Consolidated entity”.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position and allocated to non-controlling interest where relevant. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Credit Intelligence Limited (CIL), being the ultimate legal parent, completed the legal acquisition of a majority interest 60% in ICS Funding Pte. Ltd (ICS) on 28 June 2019 and Hup Hoe Credit Pte. Limited (HHC) on 30 September 2019 through an intermediate holding company - Credit Intelligence (Singapore) Holdings Limited. As such, the post-acquisition result of ICS and HHC have been consolidated into the Group for the half-year ended 31 December 2019.

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2019

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

The consolidated entity for the half-year ended 31 December 2019 is Credit Intelligence Limited and its subsidiaries. Comparative figures for the previous half-year to 31 December 2018 are as below.

- The consolidated statement of profit or loss and comprehensive income and consolidated statement of cash flow:
  - for the period between 1 July 2019 to 31 December 2019 comprises 6 months of CIL, Credit Intelligence Holding Limited and subsidiaries (CIH), ICS and 3 months of HHC
  - for the comparative period between 1 July 2018 to 31 December 2018 comprises 6 months of CIL and its subsidiaries.

- The consolidated statement of financial position:
  - as at 31 December 2019 represents both CIL, CIH, ICS, and HHC as at that date; and
  - as at 31 December 2018 represents both CIL and CIH as at that date.

- The consolidated statement of changes in equity:
  - for the period between 1 July 2019 to 31 December 2019, CIL, CIH and ICS's balance at 1 July 2019, its profit for the period and transactions with equity holders for 6 months and HHC's profit for the period and transactions with equity holders for 3 months. It also comprises the equity value of CIL, CIH, ICS and HHC at 31 December 2019. The number of shares on issue at period end represent those of CIL only; and
  - for the period between 1 July 2018 to 31 December 2018, CIL and CIH's balance at 1 July 2018, its profit for the period and transactions with equity holders for 6 months and the equity value of CIL and CIH at 30 June 2018. The number of shares on issue at period end represent those of CIL only.

(c) New and amended standards adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

– AASB 16: *Leases*

The impact of the adoption of this Standard and the respective accounting policies is disclosed in below.

This note describes the nature and effect of the adoption of AASB 16: *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

1 Summary of significant accounting policies (continued)

(c) New and amended standards adopted by the Group (continued)

Initial application of AASB16: Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

1 Summary of significant accounting policies (continued)

(c) New and amended standards adopted by the Group (continued)

Initial application of AASB 16: Leases (continued)

The Group has adopted the modified retrospective approach under AASB 16: *Leases* at 1 July 2019. In accordance with AASB 16, the comparatives for the 2018 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: *Leases* where the Group is the lessee.

Lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets for the remaining leases have been measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and the prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same was as short-term leases.
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- applying AASB 16 to leases previously identified as leases under AASB 117: *Leases* and Interpretation 4: *Determining whether an arrangement contains a lease* without reassessing whether they are, or contain, a lease at the date of initial application.
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The difference of $4,079 between the lease liability $192,277 as at 1 July 2019 and the previously disclosed operating lease commitments as at 30 June 2019 of $196,356 comprises the effect of the discounted amount. Refer to Note 12 for further details.

The Group's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 3.62%.

2 Right-of-use assets

The Group leases properties under non-cancellable operating lease arrangements with lease term of two years without option to renew the lease term at the expiry date. The leases do not include contingent rentals.

(i) AASB 16 related amounts recognised in the balance sheet

	Dec 2019
	$
Right-of-use assets	
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	192,277
Addition to right-of-use assets	609,266
Amortisation expense for the half-year ended	(245,209)
Foreign exchange adjustment	(7,031)
Net carrying amount	549,303

(ii) AASB 16 related amounts recognised in the statement of profit or loss

Amortisation charge related to right-of-use assets	245,209
Interest expense on lease liabilities (under finance cost)	12,168
Short-term leases expense	12,877

	Dec 2019	Dec 2018
	$	$
Total half-yearly cash outflows for leases	252,360	-

3 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

3 Critical accounting estimates and judgements (continued)

(i) Determination of discount rate in respect of leases

In determining the discount rate in respect of the leases, the Group is required to exercise considerable judgement in relation to determine the discount rate taking into account the nature of the underlying assets and the terms and conditions of the leases, at both the commencement date and the effective date of the modification, if applicable.

(ii) Calculation of loss allowance

When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of loan receivables.

The accounting policies applied in this interim financial report are consistent with the annual financial report for the year ended 30 June 2019.

4 Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Credit Intelligence Limited (CIL), being the ultimate legal parent, completed the legal acquisition of a majority interest 60% in Hup Hoe Credit Pte. Ltd on 30 September 2019 through an intermediate holding company - Credit Intelligence (Singapore) Holdings Limited. As such, the post-acquisition results of HHC have been consolidated into the Group as at 31 December 2019.

The deemed acquisition costs to acquire HHC were allocated against the identifiable assets and liabilities of the listed company. Any excess of the deemed acquisition cost over the fair value of the assets and liabilities acquired represents goodwill and accounted for as an intangible asset on the balance sheet.

Details of the fair value of assets and liabilities acquired, and excess consideration are as follows:

Purchase consideration:	$
- Cash	1,327,206
- Shares	1,133,873
- Contingent consideration	2,571,270
	5,032,349
Less: fair value of net identifiable assets acquired (see below)	(726,736)
Excess consideration	4,305,613

The excess consideration has been recognised as Goodwill in the statement of financial position.

4 Business combinations (continued)

As at 31 December 2019, the Company has recognised contingent consideration of $2,571,270 in relation to forecast profit in excess of the profit guarantee payable to the vendor of HHC in accordance with the Share Purchase Agreement (2018: $nil).

Details of the fair value of identifiable assets and liabilities of HHC as at the date of acquisition are:

	$
Assets	
Loan receivables	1,491,691
Cash and cash equivalents	318,599
Rental and other deposit	8,747
Property, plant and equipment	3,625
	1,822,662
Liabilities	
Accruals and other payables	(47,265)
Amounts due to director	(123,481)
Dividend payable	(400,634)
Tax payable	(40,055)
	(611,435)
Net assets	1,211,227
Non-controlling interest	(484,491)
Fair value of net identifiable assets acquired	726,736

	Dec 2019 $	Dec 2018 $

5 Revenue

	Dec 2019 $	Dec 2018 $
Bankruptcy administration service income	3,737,252	2,753,898
IVA service income	40,339	55,615
Interest Income – ICS	1,430,627	-
Interest income – HHC	866,506	-
	6,074,724	2,809,513

6 Other income

	Dec 2019 $	Dec 2018 $
Bank interest income	174	3,688
Administrative charges	87,264	74,266
Other income	6,445	-
	93,883	77,954

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2019

7 Income tax

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax under these jurisdictions during the period presented.

Hong Kong Profits Tax is calculated at 8.25% of the first HK$ 2 million estimated assessable profit and 16.5% above HK$ 2 million estimated assessable profit derived in Hong Kong. Singapore Profits Tax is calculated at 17% of estimated assessable profit.

	Dec 2019 $	Jun 2019 $
The components of tax expense comprise:		
Current tax – Hong Kong	250,087	216,063
Current tax – Singapore	236,521	-
Income tax reported in statement of comprehensive income	486,608	216,063

8 Cash and cash equivalents

Cash at bank and in hand	3,094,413	3,432,929

9 Trade and other receivables

Trade debtors	436,702	319,065

All of the account receivables are expected to be recovered within one year.

Account receivables from creditors of bankrupts are generally deducted from the estate bank accounts in the name of bankrupts and paid when instructed by the bankruptcy trustees, Mr. Jimmie Wong and Mr. King Wong, who are also the directors of the Company. Account receivables from creditors of bankrupts are normally settled within 15 days from the month end when the Group is entitled to recognise any revenue arising from the provision of bankruptcy administration services. The management of the Company believes that no provision for impairment is necessary as at 31 December 2019 and 30 June 2019 as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Account receivables from nominees of IVA services are normally due within 30 days from the date of billing. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as at 31 December 2019 and 30 June 2019 as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

All account receivables are neither past due nor impaired. Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2019

10 Loan receivables

	Dec 2019 $	Jun 2019 $
Loan receivables – third parties	10,181,956	4,431,026
Current	9.877.739	4,411,288
Non-current	304,217	19,738
Loan receivables – unsecured moneylending (ICS and HHC)	10,181,956	4,431,026

Unsecured loans to customers in the moneylending segment are loans which are interest-bearing.

11 Intangible assets

	Goodwill
Half-year ended 31 December 2019	
Balance at the beginning of the year	3,628,678
Acquisitions through business combinations	4,305,613
Impairment losses	-
Foreign exchange adjustment	(139,200)
Closing value at 31 December 2019	7,795,091

The goodwill during the half-year arose from the acquisition of a 60% interest in Hup Hoe Credit Pte. Ltd (HHC). No impairment has been recognised in respect of goodwill at the end of the reporting period. See note 4.

12 Property, plant and equipment

During the half-year ended 31 December 2019 and 2018, the Group has acquired $10,907 and $172,519 of property, plant and equipment respectively and no items of property, plant and equipment were disposed of.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2019

13 Lease liabilities

The measurement principles of AASB 16 are only applied from 1 July 2019. At the date of initial application, the right-of-use assets equals to the lease liabilities and there was no adjustment to retained earnings. The liabilities are presented below:

	$
Operating lease commitment disclosed as at 30 June 2019	196,356
Discounting using leases incremental borrowing rate	(4,079)
Balance at 1 July 2019	192,277
New leases during the period	609,266
Payments	(252,360)
Interest charges during the period	12,168
Foreign exchange adjustment	(7,134)
Balance at 31 December 2019	554,217

	Dec 2019 $	Jun 2019 $
Current	436,044	-
Non-current	118,173	-
	554,217	-

14 Amounts due to vendors of ICS and HHC

Current	3,637,764	1,323,636
Non-current	-	498,475
	3,637,764	1,822,111

Amounts due to vendors of ICS and HHC comprise 18 monthly interest-free instalments for the acquisition of 60% of ICS and the contingent consideration of ICS and HHC.

15 Amounts due to related party

Amounts due to related party	6,412,597	2,526,486

The amount is trade in nature, unsecured, interest bearing and repayable within 24 months.

Notes to the Consolidated Financial Statements

For the year half-year ended 31 December 2019

16 Issued capital

The current period reflects the movements in the legal parent's capital structure for the half-year to 31 December 2019.

(a) Ordinary issued and paid up share capital	**Dec 2019 No.**	**Jun 2019 No.**	**Dec 2019 $**	**Jun 2019 $**
At the beginning of the reporting year	936,128,534	820,427,185	6,220,555	4,485,035
Shares issued to vendors	80,990,951	115,701,349	1,133,873	1,735,520
Total ordinary share capital at the end of the reporting period	1,017,119,485	936,128,534	7,354,428	6,220,555

As disclosed in note 18, subsequent to period end the Company issued 43,272,500 ordinary shares on vesting of the Class A Performance Shares/Rights.

(b) Share-based payment reserve				
At the beginning of the reporting year	86,795,000	40,000,000	475,840	36,734
Valuation of class A and class B performance shares at the end of the reporting period	-	-	306,468	297,948
Class A performance rights issued during the half-year ended 2019	-	24,772,500		84,919
Class B performance rights issued during the half-year ended 2019	250,000	22,022,500	448	56,239
Total performance shares/rights at the end of the reporting period	87,045,000	86,795,000	782,756	475,840

Each ordinary shareholder maintains, when present in person or by proxy or by attorney at any general meeting of the Company, the right to cast one vote for each ordinary share held.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

At the date of this report, there were no options on issue by the Company.

Notes to the Consolidated Financial Statements

For the year half-year ended 31 December 2019

17 Share-based payments

The following share-based payments were made during the half-year ended 31 December 2019:

Issue of Performance Rights to director and employees:

On 25 November 2019, the Company issued 250,000 Class B Performance Rights to a director which was approved at a General Meeting on 27 June 2019:

Director	Class B Performance Rights
Tony Ho	250,000

The performance rights entitle the holder to ordinary shares on the terms and conditions set out below.

Each Class B Performance Right will convert into one fully paid ordinary share in the capital of the Company upon satisfaction of the following milestone: on the Company's 30-day volume weighted average share price reaching at least $0.03 three years from the date the Company re-commenced trading on the ASX, being 22 May 2018.

A share based payments expense of $306,916 (directors $189,087 and employees $117,829) was recognised in the profit or loss account of the Company for the half-year ended 31 December 2019 (2018: $155,454).

18 Cash flow information

	Dec 2019 $	Dec 2018 $
Reconciliation of cash flow from operations with operating profit from ordinary activities after income tax:		
Profit from ordinary activities after income tax	1,610,111	276,466
Non-cash flows in profit from ordinary activities:		
Bad debt written off	501,442	-
Depreciation	33,474	20,623
Amortisation on right-of-use assets	245,209	-
Interest element of lease rentals paid	12,168	-
Interest expense on advance from shareholders	147,424	-
Share-based payment	306,916	155,454
Effect of foreign currency translation	(38,386)	4,628
Increase in trade and other receivables	(123,874)	(222,997)
Increase in loan receivables	(4,760,681)	-
Increase in loan from related party	3,738,687	-
Increase in other current assets	(222,959)	(82,620)
Increase/(decrease) in trade and other payables	53,935	(153,875)
Increase in income tax payable	493,130	233,305
Cash flow from operations	1,996,596	230,984

Notes to the Consolidated Financial Statements

For the year half-year ended 31 December 2019

19 Commitments and contingent liabilities

Capital expenditure commitments

As at 31 December 2019, the Group had no capital expenditure commitments (June 2019: $10,936).

Contingent liabilities

As at 31 December 2019, the Group had no contingent liabilities (June 2019: $nil).

20 Events subsequent to the end of the reporting period

On 10 February 2020 the Company issued 43,272,500 ordinary shares on vesting of the Class A Performance Shares/Rights. The performance hurdle of a 30 day VWAP (Volume Weighted Average Price) of $0.025 was exceeded during the month ended 31 January 2020. The actual 30 day VWAP achieved was $0.027.

Other than as outlined above there have been no events subsequent to the end of the period which would have a material effect on the Group's financial statements for the half-year ended 31 December 2019.

21 Dividends

Dividends paid or declared for payment during the half-year are as follows:

Final ordinary dividend of $0.0005 per share paid on 15 November 2019 out of retained profits at 30 June 2019	$468,064
Final ordinary dividend of $0.0012 per share paid on 16 November 2018 out of retained profits at 30 June 2018	$984,513

22 Segment information

Credit Intelligence is one of the leading diversified debt restructuring and personal insolvency management businesses operating in Hong Kong. For management purposes, the Group is organised into two main operating segments which involves provision of bankruptcy administration services and Individual Voluntary Arrangement proposal consultancy, implementation services and credit funding for corporate and individuals. All of the Group's activities are interrelated and financial information is reported to the Board as two single segments. Accordingly, all significant operating decisions are based upon analysis of the Group as two segments. The financial results from these segments are equivalent to the financial statements of the Group as a whole.

During the half-year ended 31 December 2019 the Group operated in the Hong Kong and Singapore markets. The Group operated only in the Hong Kong market during the half-year ended 31 December 2018. There are inter-segment sales of $186,798 between CIL and CIH in the current half-year (2018: Nil).

Notes to the Consolidated Financial Statements

For the year half-year ended 31 December 2019

23 Segment information (continued)

(i) Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	Dec 2019	Dec 2018
	$	$
Australia	-	-
Hong Kong	3,777,591	2,809,513
Singapore	2,297,133	-
Total revenue	6,074,724	2,809,513

(ii) Revenue by operating segment

Debt restructuring and personal insolvency	3,777,591	2,809,513
Credit Financing	2,297,133	-
Total revenue	6,074,724	2,809,513

(iii) Timing of revenue recognition

At point in time	625,446	-
Over time	5,449,278	2,809,513
Total revenue	6,074,724	2,809,513

(iv) Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

	Dec 2019	Jun 2019
	$	$
Australia	5,291,888	4,787,326
Hong Kong	3,428,918	1,491,612
Singapore	14,416,028	6,398,533
Total assets	23,136,834	12,677,471

CREDIT INTELLIGENCE LIMITED
ACN 126 296 295

Directors' Declaration

In the directors' opinion:

(a) the financial statements comprising the statements of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes set out on pages 10 to 24 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standard AASB 134: Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

This declaration is made in accordance with a resolution of the Board of Directors.

Wong Ka Sek, Jimmie
CEO & Managing Director

24 February 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CREDIT INTELLIGENCE LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Credit Intelligence Limited (the "company") and its controlled entities (the "group") which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001.*

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the group's financial position as at 31 December and its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001.*

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CREDIT INTELLIGENCE LIMITED (CONTINUED)

Auditor's Responsibility (continued)

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

WEN-SHIEN CHAI
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 24th day of February 2020.