

23 February 2023

**Company Announcements Office
Australia Securities Exchange**

Appendix 4D – Half Year Report

1.	Name of Entity	Credit Intelligence Limited		
	Half year ended	31 December 2022		
	Reporting period	1 July 2022 to 31 December 2022		
	Previous period	1 July 2021 to 31 December 2021		
2.	Results for announcement to the market (A\$)			
		31 December 2022	31 December 2021	% Change Up (Down)
2.1	Revenues from ordinary activities	8,324,989	7,549,164	10%
2.2	(Loss)/Profit after tax from ordinary activities attributable to members*	(1,831,388)	1,635,970	(212%)
2.3	Net (loss)/profit attributable to members*	(1,831,388)	1,635,970	(212%)
	*The normalised profit was \$182,208 excluding the impairment losses of \$2,013,596 in this current period.			
		Amount	Amount per security	Franked Amount per security
2.4	Dividends paid and proposed			
	2022 final unfranked dividend paid	NIL	N/A	N/A
	2023 interim dividend	NIL	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.	Net tangible assets per security			
		31 December 2022	31 December 2021 (Represented)	
		\$0.1473	\$0.1189	

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4. Details of entities over which control has been gained or lost during the period are as follows:

a) No entity has been acquired during the period.

b) The Company increased the ownership interest of the following entity on 1 October 2022.

Name of Entity	Country of Incorporation	Ownership Interest	Ownership Interest	Principal Activities
		31 Dec 2022 %	31 Dec 2021 %	
HKBNPL Investments Limited	Hong Kong	81.2%	72%	Buy Now Pay Later Services for individuals

c) No entity has been disposed during the period.

5. The Company has not declared dividend during the period.

6. There was no dividend reinvestment plan in operation during the period.

7. There are no associates or joint venture entities.

8. The Company is not a foreign entity.

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

-ENDS-

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For more information, please contact:

Credit Intelligence Limited
Mr Jimmie Wong | Executive Chairman
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Mr Nicholas Ong | Company Secretary
info@ci1.com.au



About Credit Intelligence Limited (ASX:CI1)

Credit Intelligence Limited (ASX:CI1) is a conglomerate fintech financial servicing group in Australia, Hong Kong and Singapore.

Australia

“Yoza Finance Pty Limited” - a SME focus buy now pay later (BNPL) fintech platform.

“Chapter Two Holdings Pty Ltd” - a Sydney based debt solutions business providing fintech debt negotiation and mortgage broking services to individuals who are experiencing financial hardship.

Hong Kong

“Hong Kong Debts Management Limited” - a leading diversified fintech debt-restructuring and personal insolvency management services group, acts for all the major banks and financial institutions in Hong Kong to solve their defaulting personal clients.

“HK BNPL” – an online platform offers individuals BNPL services.

“OneStep Information Technology Limited” – an AI & financial technology platform offers SMEs BNPL services.

Singapore

“ICS Funding Pte Limited (ICS)” - a SME loan and service provider, focus on secured and unsecured SME lending.

“Hup Hoe Credit Pte Limited (HHC)” – a branched consumer finance institution in Singapore, focus on personal loan.

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

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CREDIT INTELLIGENCE LIMITED

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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Corporate Data

Directors	Jimmie Wong (managing director) King Wong Mark Ng Michael Pixley Russell Goodman Vincent Lai
Joint Company Secretary	Nicholas Ong Arthur Ma
Registered Office	Level 8 99 St Georges Terrace West Perth, WA 6000 Australia
Principal Place of Business	Level 4 & 5, Double Building 22 Stanley Street Central Hong Kong Level 6,56 Pitt Street Sydney, NSW 2000 Australia 2 Kallang Avenue #05-06 CT Hub Singapore 339407 1 Rochor Canal #01-01 Sim Lim Square Singapore 188504
Independent Auditor	Moore Australia Audit (WA) Level 15 Exchange Tower 2 The Esplanade Perth, WA 6000 Australia
Home Exchange	Perth
ASX Code	C11

Directors' Report

The directors submit their report on the consolidated entity (referred to hereafter as the "Group") consisting of Credit Intelligence Limited (the "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2022 ("HY23").

Directors

The names of the Company's directors ("Directors") in office during the half-year and until the date of this report are as follows.

Jimmie Wong
King Wong
Mark Ng
Michael Pixley
Russell Goodman
Vincent Lai

Review of operations

Credit Intelligence Limited (Credit Intelligence, CI1 or the Company) is one of the leading diversified debt restructuring and personal insolvency management businesses within the credit funding sector operating in Australia, Hong Kong and Singapore. Credit Intelligence's business models include debt solution services, Buy Now Pay Later (BNPL) services, provision of bankruptcy administration services, Individual Voluntary Arrangement proposal consultancy and implementation services and credit financing for corporates and individuals.

Results for the half-year ended 31 December 2022 were as follows:

	31 Dec 2022	31 Dec 2021	%
	\$	\$	
Revenue	8,324,989	7,549,164	10%
Net (loss)/profit attributable to the members of the parent entity	(1,831,388)	1,635,970	(212%)
		Represented	
Basic (loss)/earnings per share	(0.0223)	0.0204	(209%)
Diluted (loss)/earnings per share	(0.0223)	0.0199	(212%)
Normalised profit			HY23 \$
Net loss attributable to the members of the parent entity		(1,831,388)	
Add: Impairment losses recognised during the half-year		2,013,596	
		<u>182,208</u>	

Note: The Board regularly review the carrying amount of non-financial assets. During the half-year ended 31 December 2022 impairment losses were recognised in the consolidated statement of profit or loss and other comprehensive income as the related assets' carrying amounts were higher than their recoverable amounts (value in use).

Impairment losses recognised during the half-year are as follow:

	\$
Goodwill	
ICS	1,032,324
Yozo	981,272
	<u>2,013,596</u>

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Review of operations (continued)

Australia

Since the launch of CHT's App, CHT has seen significant growth in client onboarding. With the increase in interest rates, CHT has started to see an increase in demand for debt management services and mortgage refinancing.

In comparison to the same period for the half-year ended 31 December 2022 ("HY22"), CHT saw an increase of 152% in client onboarding and an increase of 82% in gross revenue in debt management services. Similarly, CHT saw an increase in mortgage refinance revenue.

The rise in interest rates has put pressure on Australian households. CHT is seeing Australian consumers fall behind on their unsecured debts in order to keep up with their mortgage repayments. This is driving demand for debt management service as CHT negotiates with their creditors and manage and disburse client's funds on their behalf. Although rates are rising CHT has seen a rise in mortgage applications given the need to consolidate their unsecured debts into one manageable payment.

Yozo has increased revenue, kept minimum operation costs and achieved net profit. These were mainly due to the diversified loan risk portfolio and could keep the default rate to zero to date.

Hong Kong

The Group's core business in Hong Kong (provision of bankruptcy administration services, Individual Voluntary Arrangement proposal consultancy and implementation services) contributed positive result throughout the half-year.

OneStep's App initially offers Buy Now Pay Later services ("BNPL") service to clients who subscribed ongoing audit matching service through iProEx under OneStep online platform. During HY23, OneStep has transacted A\$236k funds to its clients with minimum operation costs.

HKBNPL is mainly engaged in providing BNPL to its users. Mobile applications named "Ekpay" and "Ekpay for merchants" were launched in July 2022 and it was welcome by merchants and users. As of 31 December 2022, there were more than 200 merchants (more than 300 POS) joined Ekpay and the number of users has increased gradually.

Singapore

ICS performed non-aggressive approach to mitigate credit risk exposure. The declining revenue of ICS was due to strict credit review of loan application.

HHC has performed consistently and contributed positively to the Group results for HY23.

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 period under review.

Dividends

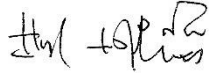
The Company did not propose an interim dividend during the period. The cash generated within the Group will be retained for business operations and development.

Events subsequent to reporting date

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 2022.

Independent Auditor's Independence Declaration

A copy of the independent auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.



Wong Ka Sek, Jimmie
Executive Chairman

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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 2022, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



SUAN LEE TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 23rd day of February 2023.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2022

	Notes	Dec 2022 \$	Dec 2021 \$
Service revenue	3a	6,177,502	5,359,671
Credit financing interest revenue	3b	2,147,487	2,189,493
Other income	4	206,818	182,753
Bad debt written off and loss allowance		(1,942,752)	(1,140,726)
Employee benefits expense		(4,002,815)	(2,296,974)
Other expenses		(1,607,995)	(1,660,157)
Impairment losses	8	(2,013,596)	-
Finance costs		(124,950)	(155,786)
(Loss)/Profit before income tax		(1,160,301)	2,478,274
Income tax expense	5	(248,409)	(236,390)
(Loss)/Profit for the half-year		(1,408,710)	2,241,884
Other comprehensive income			
Exchange differences on translating foreign operations, net of tax		662,720	563,781
Total comprehensive (loss)/income for the half-year, net of tax		(745,990)	2,805,665
Net (loss)/profit attributable to:			
Members of the parent entity		(1,831,388)	1,635,970
Non-controlling interest		422,678	605,914
		(1,408,710)	2,241,884
Total comprehensive income attributable to:			
Members of the parent entity		(1,308,171)	2,187,491
Non-controlling interest		562,181	618,174
		(745,990)	2,805,665
Earnings per share			
Basic (loss)/earnings per share		(0.0223)	0.0204
Diluted (loss)/earnings per share		(0.0223)	0.0199

The accompanying notes form part of these consolidated financial statements.

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Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	Dec 2022 \$	Jun 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		3,143,494	3,589,354
Trade and other receivables	6	934,873	783,762
Loan receivables	7	10,233,420	9,803,266
Other current assets		304,576	275,298
TOTAL CURRENT ASSETS		14,616,363	14,451,680
NON-CURRENT ASSETS			
Property, plant and equipment		265,401	298,081
Right-of-use assets		569,578	792,234
Trade and other receivables	6	2,158,460	1,393,175
Deferred tax assets		419,219	293,292
Intangible assets	8	13,469,556	15,356,252
TOTAL NON-CURRENT ASSETS		16,882,214	18,133,034
TOTAL ASSETS		31,498,577	32,584,714
CURRENT LIABILITIES			
Trade and other payables		1,229,004	1,205,753
Lease liabilities		459,963	704,244
Contract liabilities		688,815	644,296
Amounts due to vendors		128,824	370,449
Current tax liabilities		660,013	659,234
Other borrowings	9	1,298,914	2,201,150
TOTAL CURRENT LIABILITIES		4,465,533	5,785,126
NON-CURRENT LIABILITIES			
Lease liabilities		159,457	176,723
Deferred tax liabilities		652,615	405,581
Amounts due to vendors		-	128,000
Amounts due to related party		450,996	343,524
TOTAL NON-CURRENT LIABILITIES		1,263,068	1,053,828
TOTAL LIABILITIES		5,728,601	6,838,954
NET ASSETS		25,769,976	25,745,760
EQUITY			
Issued capital	11	22,074,790	21,705,165
Reserves		1,888,684	1,151,291
Retained earnings		(1,572,960)	199,334
Equity attributable to owners of the parent entity		22,390,514	23,055,790
Non-controlling interest		3,379,462	2,689,970
TOTAL EQUITY		25,769,976	25,745,760

The accompanying notes form part of these consolidated financial statements.

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Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2022

	Issued Capital	Retained Earnings	Merger Reserve	Foreign Currency Translation Reserve	Option Reserve	Total	Non- controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1.7.2021	21,705,165	937,795	11,037	(433,965)	163,054	22,383,086	1,702,365	24,085,451
Comprehensive income:								
Profit after tax for the half-year	-	1,635,970	-	-	-	1,635,970	605,914	2,241,884
Other comprehensive income for the half-year	-	103,960	-	447,561	-	551,521	12,260	563,781
Total comprehensive income for the half-year	-	1,739,930	-	447,561	-	2,187,491	618,174	2,805,665
Transactions with owners, in their capacity as owners, and other transfers								
Capital injection from non-controlling Interest	-	-	-	-	-	-	49,129	49,129
Options expense recognised in the half-year	-	-	-	-	58,726	58,726	-	58,726
Options expense derecognised in the half-year	-	-	-	-	(103,960)	(103,960)	-	(103,960)
Total transactions with owners and other transfers	-	-	-	-	(45,234)	(45,234)	49,129	3,895
Balance at 31.12.21	21,705,165	2,677,725	11,037	13,596	117,820	24,525,343	2,369,668	26,895,011
Balance at 1.7.2022	21,705,165	199,334	11,037	904,165	236,089	23,055,790	2,689,970	25,745,760
Comprehensive income:								
Loss after tax for the half-year	-	(1,831,388)	-	-	-	(1,831,388)	422,678	(1,408,710)
Other comprehensive income for the half-year	-	-	-	523,217	-	523,217	139,503	662,720
Total comprehensive (loss)/income for the half-year	-	(1,831,388)	-	523,217	-	(1,308,171)	562,181	(745,990)
Transactions with owners, in their capacity as owners, and other transfers								
Allotment of shares	369,625	-	-	-	-	369,625	-	369,625
Capital injection from non-controlling Interest	-	-	-	-	-	-	127,311	127,311
Options expense recognised in the half year	-	-	-	-	273,270	273,270	-	273,270
Expiry of option derecognised in the half-year	-	59,094	-	-	(59,094)	-	-	-
Total transactions with owners and other transfers	369,625	59,094	-	-	214,176	642,895	127,311	770,206
Balance at 31.12.2022	22,074,790	(1,572,960)	11,037	1,427,382	450,265	22,390,514	3,379,462	25,769,976

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2022

	Notes	Dec 2022 \$	Dec 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,199,922	3,863,850
Payments to suppliers and employees		(4,976,570)	(3,668,275)
Interest received		313	10
Bank charges and interest		(120,573)	(98,898)
Income tax (paid) / refunded		(140,229)	14,641
		(1,037,137)	111,328
Changes in operating assets arising from cash flow movements:			
Net funding of customer loans		1,418,603	1,318,377
Net cash provided by operating activities	10	381,466	1,429,705
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(22,321)	(23,397)
Purchase of intangible assets		-	(352,484)
Investment in subsidiaries		-	(418,224)
Capital injection from non-controlling Interest		127,311	49,129
Net cash provided by / (used in) investing activities		104,990	(744,976)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(337,931)	(257,937)
Receipt of loans from related parties		106,752	66,336
Net (payment of) / proceeds from other borrowings		(1,062,126)	172,105
Net cash used in financing activities		(1,293,305)	(19,496)
Net (decrease) / increase in cash held		(806,849)	665,233
Cash at beginning of the period		3,589,354	2,433,881
Effect of foreign currency translation		360,989	(88,454)
Cash at the end of the period		3,143,494	3,010,660

The accompanying notes form part of these financial statements.

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Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

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” or the “Consolidated entity”).

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 23 February 2023 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 2022 and any public announcements made by the Group 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 2022 and the results of its controlled entities for the half-year then ended. Credit Intelligence Limited and its controlled entities together are referred to in these financial statements as the “Group” or the “Consolidated entity”.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

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.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. 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.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

1 Summary of significant accounting policies (continued)

(c) Accounting Policies, Estimates and Judgements

The same accounting policies, estimates, judgements and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

2 Segment information

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

During HY23 the Group operated in the Australia, Hong Kong and Singapore markets.

(i) Revenue by operating segment

	Debt solution and finance service		Debt restructuring, personal insolvency and BNPL service		Credit financing		Total	
	Dec 2022	Dec 2021	Dec 2022	Dec 2021	Dec 2022	Dec 2021	Dec 2022	Dec 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
External sales	1,493,073	808,959	3,428,701	3,570,343	3,403,215	3,169,862	8,324,989	7,549,164
Inter-segment sales	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total segment revenue	1,493,073	808,959	3,428,701	3,570,343	3,403,215	3,169,862	8,324,989	7,549,164
Reconciliation of segment revenue to Group revenue								
Unallocated revenue	-	-	-	-	-	-	-	-
Total group revenue							8,324,989	7,549,164
Segment net profit before tax	681,645	334,936	105,618	1,590,185	857,928	1,198,029	1,645,191	3,123,150
Reconciliation of segment result to Group net profit/(loss) before tax								
Amounts not included in segment result but reviewed by the Board:								
Unallocated items:								
- Corporate charges							(791,896)	(644,876)
- Impairment loss on intangible assets							(2,013,596)	-
- Finance costs							-	-
- Other							-	-
Net (loss)/profit before tax from continuing operations							(1,160,301)	2,478,274
Net profit before tax from discontinuing operations							-	-

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

2 Segment information (continued)

(ii) Revenue by geographical region

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

	Dec 2022	Dec 2021
	\$	\$
Australia	1,493,073	808,959
Hong Kong	3,428,701	3,570,343
Singapore	3,403,215	3,169,862
Total revenue	8,324,989	7,549,164

(iii) Timing of revenue recognition

	Dec 2022	Dec 2021
	\$	\$
At point in time	1,376,265	764,337
Over time	6,948,724	6,784,827
Total revenue	8,324,989	7,549,164

(iv) Assets by geographical region

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

	Dec 2022	Jun 2022
	\$	\$
Australia	17,504,087	18,697,847
Hong Kong	2,125,140	2,590,386
Singapore	11,869,350	11,296,481
Total assets	31,498,577	32,584,714

3a Service Revenue

	Dec 2022	Dec 2021
	\$	\$
Debt solution and finance service	1,493,073	808,959
Debt restructuring, personal insolvency and BNPL service	3,428,701	3,570,343
Credit financing service income	1,255,728	980,369
	6,177,502	5,359,671

3b Credit financing interest revenue

Total revenue	2,147,487	2,189,493
	8,324,989	7,549,164

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

4 Other income

	Dec 2022	Dec 2021
	\$	\$
Bank interest income	313	10
Administrative charges	87,565	67,418
Other income	118,940	115,325
	<u>206,818</u>	<u>182,753</u>

5 Income tax expense

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.

The Company, CHT and Yozo are subject to Australian tax. 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 profits derived in Hong Kong. Singapore profits tax is calculated at 17% of estimated assessable profits.

	Dec 2022	Dec 2021
	\$	\$
The components of tax expense comprise:		
Deferred tax - Australia	121,107	-
Current tax – Hong Kong	5,532	316,501
Current tax – Singapore	121,770	(80,111)
Income tax reported in statement of comprehensive income	<u>248,409</u>	<u>236,390</u>

6 Trade and other receivables

	Dec 2022	Jun 2022
	\$	\$
Current	1,227,901	858,496
Allowance for impairment	<u>(293,028)</u>	<u>(74,734)</u>
	<u>934,873</u>	<u>783,762</u>
Non-current	2,158,460	1,393,175
Allowance for impairment	-	-
	<u>2,158,460</u>	<u>1,393,175</u>
Trade debtors	<u>3,093,333</u>	<u>2,176,937</u>

Account receivables from debt negotiation service normally span over 6-12 months from the date of billing. They are paid when the settlements are negotiated or if they are part of a refinance they are paid when the loan is settled. Account receivables from debt arrangement services span over 60 months from the date of billing. They are paid in equal monthly instalments.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

6 Trade and other receivables (continued)

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, Jimmie Wong and King Wong. 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 2022 and 30 June 2022 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 2022 and 30 June 2022 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 as at 31 December 2022 and 30 June 2022.

Account receivables from SME and individuals BNPL services normally span 3 months from the date of billing.

7 Loan receivables

	Dec 2022	Jun 2022
	\$	\$
Loan receivables – Third parties	13,504,421	12,736,801
Allowance for impairment	<u>(3,271,001)</u>	<u>(2,933,535)</u>
	<u>10,233,420</u>	<u>9,803,266</u>
Current portion	10,233,420	9,803,266
Non-current portion	-	-
	<u>10,233,420</u>	<u>9,803,266</u>

The maturity date of the loans ranges from 3 months to 12 months. They are due within 5 business days from the maturity date.

The loan receivables are bearing interest at 3% to 8% per month to corporates and not more than 4% per month to individuals. All the loan receivables to corporates are guaranteed by the shareholders and directors of these borrowers.

There has been no change in the estimation techniques or significant assumptions made during the reporting period.

A loan receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

There is no other class of financial assets that is past due and/or impaired except for loan receivables.

The parent entity did not have any loan receivable as at reporting dates.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

8 Intangible assets

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method);
- (iii) the acquisition date fair value of any previously held equity interest; and
- (iv) less the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

	Dec 2022	Jun 2022
<u>Goodwill</u>	\$	\$
ICS	4,959,448	4,620,319
HHC	8,291,515	7,724,539
CHT	691,396	691,396
Yozo	981,272	1,520,202
OneStep	-	1,816,563
Impairment loss	(2,013,596)	(2,488,827)
Foreign exchange adjustment	272,147	1,039,439
	13,182,182	14,923,631
	Dec 2022	Jun 2022
<u>Software</u>	\$	\$
Balance at 1 July	432,621	244,260
(Government grant)* / Additions	(139,996)	739,131
Amortisation	(11,469)	(63,557)
Impairment loss	-	(500,152)
Foreign exchange adjustment	6,218	12,939
Balance at 30 June	287,374	432,621
Total Intangible Assets	13,469,556	15,356,252

* Other Intangible assets comprise of software. During the half-year, the Group received a government grant of \$139,996. The amount of government grant received has been deducted from the carrying amount of software in accordance with AASB 120: Accounting for Government Grants and Disclosure of Government Assistance.

Goodwill impairment test

Goodwill is allocated to the Company's cash generating units "CGUs" which are based on individual entity's acquired by the Group. The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

In accordance with Australian Accounting Standard AASB 136, "Impairment of Assets", the Company performed its goodwill impairment test by comparing the recoverable amount of each CGU with its carrying amount. The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period with the period extending beyond 5 years extrapolated using an estimated long term growth rate. The cash flows are discounted using the yield of a 5-year weighted average cost of capital (WACC) at the beginning of the budget period.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

8 Intangible assets (continued)

The following key assumptions were used in the value-in-use calculations:

CGU	Long Term Growth Rate	Discount Rate
ICS	2.6%	8.89%
HHC	5.01%	8.77%
CHT	2.8%	12.33%
Yozo	1.2%	12.79%
OneStep	N/A	N/A

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

	Dec 2022 \$	Jun 2022 \$
Impairment loss		
Goodwill (ICS)	1,032,324	-
Goodwill (Yozo)	981,272	538,930
Goodwill (OneStep)	-	1,949,897
	2,013,596	2,488,827
Intangible assets (OneStep)	-	151,470
Intangible assets (HKBNPL)	-	348,682
	-	500,152
Total impairment loss	2,013,596	2,988,979

Based on the goodwill impairment assessment of ICS and Yozo, the goodwill allocated to the CGU's was determined to be impaired. As a result, an impairment loss of \$2,013,596 was recognised in the consolidated statement of profit or loss in the current half-year.

9 Other borrowings

	Dec 2022 \$	Jun 2022 \$
Bond	1,298,914	2,201,150

On 15 July 2022, the Group entered into bond subscription agreements with several individuals, which are independent third parties, to borrow an aggregate amount of \$1.2 million (including extension of part of the existing other borrowing amounting to \$740k). These new and/or extended borrowings are unsecured, interest-bearing at 15% per annum, repayable on 31 July 2023 and guaranteed by the ultimate holding Company (Credit Intelligence Limited). The bond included interest accrual amounting to \$76k (Jun 2022: \$266k) as of the reporting date.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

10 Cash flow information

	Dec 2022	Dec 2021
	\$	\$
Reconciliation of cash flow from operations with operating profit from ordinary activities after income tax:		
(Loss)/Profit after income tax	(1,408,710)	2,241,884
Bad debt written off and loss allowance	1,942,752	1,140,726
Depreciation	61,000	50,866
Amortisation on right-of-use assets	296,806	270,742
Amortisation on intangible assets	11,469	-
Impairment loss on goodwill	2,013,596	-
Finance costs	102,402	130,176
Share-based payment	273,270	58,726
Exchange (gain)/loss	(91,551)	6,165
Effect of foreign currency translation	167,173	194,403
Movements in working capital		
Increase in trade and other receivables	(776,399)	(579,531)
Increase in loan receivables	(2,372,906)	(2,288,155)
Increase in other current assets	(29,275)	(162,135)
Increase in loan from related parties	2,183	441
Increase in trade and other payables	23,251	3,545
Increase in contract liabilities	44,519	83,040
Increase in income tax payable	121,886	278,812
Cash flow from operations	381,466	1,429,705

11 Issued capital

The number of ordinary issued and paid up share capital and option for both periods have been adjusted to reflect the Share Consolidation during the year ended 30 June 2022. Accordingly, they are re-presented.

The current period reflects the movements in the legal parent's capital structure for the half-year ended 31 December 2022.

(a) Ordinary issued and paid up share capital	Dec 2022	Jun 2022	Dec 2022	Jun 2022
	No.	No.	\$	\$
At the beginning of the reporting period	80,137,020	1,602,723,518	21,705,165	21,705,165
Shares issued to vendors	3,362,140	-	369,625	-
Share consolidation*	-	(1,522,586,498)	-	-
Total ordinary share capital at the end of the reporting period	83,499,160	80,137,020	22,074,790	21,705,165

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2022

11 Issued capital (continued)

(b) Option reserve	Dec 2022 No.	Jun 2022 No.	Dec 2022 \$	Jun 2022 \$
At the beginning of the reporting period	10,140,000	21,480,000	236,089	163,054
Share options expense	-	-	273,270	-
Issue share option to directors and employees	-	44,200,000	-	176,995
Expiry of share option derecognised	(330,000)	(14,880,000)	(59,094)	(103,960)
Share consolidation*	-	(40,660,000)	-	-
Total option at the end of the reporting period	9,810,000	10,140,000	450,265	236,089

*Following shareholders' approval at the General Meeting held on 27 April 2022, the consolidation of the issued capital of the Company on the basis of one (1) share for every twenty (20) shares was completed. 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.

The Company issued 24,800,000 options to service provider on 30 October 2020 of which 3,320,000 options were exercised during year 2021, 14,880,000 options and 6,600,000 options (330,000 after share consolidation) expired on 30 October 2021 and 30 October 2022 respectively.

The Company granted 36,200,000 options to directors and employees on 23 July 2021. Each option will expire on 23 July 2024. The Options are exercisable at any time after the date that is two years following its date of issue; and on or prior to the Expiry Date (Exercise Period).

The Company granted 8,000,000 options to directors and employees on 16 May 2022. Each option will expire on 16 May 2024. The Options are exercisable at any time after the date that is one year following its date of issue; and on or prior to the Expiry Date (Exercise Period) (Details please read the announcement on 25 March 2022).

Options	Number of options	Exercise price \$	Expiry dates
Unlisted Options as at 31 December 2022			
23 July 2021 – Issue of KMP/employee options (post consolidation)	1,810,000	0.60	23 July 2024
2 May 2022 - Issue of KMP/employee options	8,000,000	0.24	2 May 2024
Balance at end of reporting period	9,810,000	0.31	WAEP (i)
(i) Weighted Average exercise price			

12 Events subsequent to the end of the reporting period

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 2022.

13 Dividends

No dividend has been paid or declared during the reporting period and the previous half-year.

14 Commitments and contingent liabilities

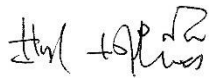
As at 31 December 2022, the Group had no capital expenditure commitments and contingent liabilities (30 June 2022: nil).

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and accompanying notes set out on pages 7 to 20 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 2022 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
Executive Chairman

23 February 2023

**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 Consolidated Entity or Group), which comprises the consolidated statement of financial position as at 31 December 2022, 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:

- i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard *AASB 134: Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements *ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors 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.

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and
- ii. complying with *Accounting Standard AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.



SUAN LEE TAN
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 23rd day of February 2023.