

24 February 2021

**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 2020
Reporting period 1 July 2019 to 31 December 2020
Previous period 1 July 2018 to 31 December 2019

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

		31 December 2020	31 December 2019	% Change Up (Down)
2.1	Revenues from ordinary activities	7,368,496	6,074,724	21%
2.2	Profit after tax from ordinary activities attributable to members	1,579,997	1,258,419	25%
2.3	Net profit attributable to members	1,579,997	1,258,419	25%
		Amount	Amount per security	Franked Amount per security at 30% tax
2.4	Dividends paid and proposed			
	2020 final unfranked dividend paid,	\$599,688	\$0.0005	Nil
	2021 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 2020	31 December 2019	
		\$0.0006	\$0.002	

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

a) The Company acquired the following entities during the period:

Name of Entity	Country of Incorporation	Ownership Interest 2020 %	Ownership Interest 2019 %	Principal Activities
Chapter Two Holdings Pty Ltd	Australia	60%	Nil	Debt solutions
Yozo Finance Pty Ltd	Australia	60%	Nil	Fintech Platform

b) The Company incorporated the following entity on 21 September 2020.

Name of Entity	Country of Incorporation	Ownership Interest 2020 %	Ownership Interest 2019 %	Principal Activities
BIBO Investment Holdings Ltd	BVI	100%	Nil	Holding company

c) No entity has been disposed during the period.

5.0 The Company declared an unfranked dividend of \$0.0005 per share on 31 August 2020, amounting to \$599,688, out of the profits for the year ended 30 June 2020. The dividend was paid on 20 November 2020 out of foreign source income.

6.0 The dividend reinvestment plan was adopted for the final dividend for the year ended 30 June 2020. The last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan was 30 October 2020. Shares are allotted at the weighted average sale price per share in the ten trading days before the record date for the dividend and the two trading days after the record date for the dividend. The participants were not charged brokerage fees, commission, stamp duty or any other administrative costs for any allotment of shares under the plan.

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 | Executive Chairman
jimmiewong@ci1.com.au

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 ended 30 June 2020.

On 1 July 2020 CI1 acquired a 60% interest in Chapter Two Holdings Pty Ltd a Sydney based debt solutions business providing debt negotiation and mortgage broking services to individuals who are experiencing financial hardship.

On 17 December 2020 CI1 announced the acquisition of a 60% interest in Yozo Finance Pty Limited and its leading fintech platform with its proprietary capabilities.

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

CREDIT INTELLIGENCE LIMITED
INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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Corporate Data

Directors

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

Secretary

Guy Robertson

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Level 26. 259 George Street,
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Independent auditor

Moore Australia
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

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 2020.

Directors

The names of the Company's directors ("Directors") in office during or since the end of the half-year up to the date of this report are as follows:

Jimmie Wong
King Wong
Wilson Lim (resigned 18 December 2020)
Mark Ng (appointed 29 December 2020)
Brett Crowley
Michael Pixley
Russell Goodman (appointed 22 October 2020)
Vincent Lai

Review of operations

Credit Intelligence Limited (CIL) 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 main business model includes debt solution services, 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.

On 1 July 2020 CIL acquired a 60% interest in Chapter Two Holdings Pty Ltd (CHT) a Sydney based debt solutions business providing debt negotiation and mortgage broking services to individuals who are experiencing financial hardship. Hence, 6 months results of CHT are consolidated into the Group.

On 17 December 2020 CIL announced the acquisition of a 60% interest in Yozo Finance Pty Limited (Yozo) and its leading fintech platform with its proprietary capabilities. Given the timing of this acquisition there are no results to be included from Yozo in this financial period.

Results for the half-year ended 31 December 2020 were as follows:

	31 December 2020	31 December 2019	%
	\$	\$	
Revenue	7,368,496	6,074,724	21%
Net profit attributable to the members of the parent entity	1,579,997	1,258,419	25%
Basic earnings per share	0.0013	0.0013	0%
Diluted earnings per share	0.0013	0.0012	8%

Revenue for the equivalent six months increased by 21% year on year. It included the results of Australia, Hong Kong and Singapore businesses.

Expenses for the six months to 31 December 2020 increased mainly due to advertising and marketing expenses for business development, financial cost for fund raising as well as legal and professional fees relating to the acquisition of Yozo and other potential acquisitions.

Earnings per share did not change as compared to the prior period.

From a cash flow perspective, the Group reported a net operating cash inflow before funding of loans for the half-year of \$504,534 (2019: cash inflow \$777,516), reflecting the positive cash generation from the Hong Kong and Singapore businesses.

Review of operations (continued)

The Group's core business of Bankruptcy administration and Individual Voluntary Arrangement continues to trade well. The impact of COVID-19 was limited.

The contributions from acquired ICS and HHC to the Group results for the half-year to 31 December 2020 were positive. Both Singaporean companies are looking to expand their businesses in a challenging economic climate, but are well supported by the Group.

Since the Company acquired a 60% interest in CHT in July 2020, CHT has experienced steady lead flow but limited conversion as the banks have provided hardship assistance and there has been limited collection/ legal action. CHT reported a loss of \$50,060 during the half-year. It is expected that CHT's business will grow rapidly once bank assistance is discontinued.

The Group is expanding its operations in Australia in credit funding, in particular with business development of CHT and Yozo platform. CHT has engaged a leading Salesforce partner to build a Customer Portal and Mobile App while Yozo is working with the University of Technology, Sydney (UTS) to enhance the AI capabilities of its leading fintech platform, and technological advancements in the Group's other areas of business expansion such as ethical debt collection, debt restructuring and debt factoring in Asia and Australia.

The Company declared an unfranked dividend of \$0.0005 per share on 31 August 2020, amounting to \$599,688.

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 \$599,688 paid on 20 November 2020, 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

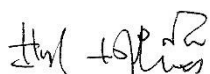
1,350,000 convertible notes were issued on 26 October 2020 at a price of \$1 per note. The notes are convertible into ordinary shares at 3 cents per share within 6 months of issue date. As of the date of report, all notes were converted.

On 19 February 2021 the Company issued 209,000,000 shares to the vendor of HHC. The issue was in line with the adjustment to consideration for acquisition of a 60% interest in HHC as outlined in ASX announcement of 1 July 2019 and Resolution 7 of Notice of Meeting lodged with ASX on 30 October 2020. The additional shares to be issued adjustment is based on the extent to which the profit for the year ended 30 September 2020 exceeded S\$700,000 divided by the 30 day VWAP prior to 30 September 2020 (0.0276 per share). The total additional shares to be issued amount to 237,907,048 of which 209,000,000 have been issued as of the date of report.

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 2020.

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
Executive Chairman

**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 2020, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.



WEN-SHIEN CHAI
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 24th day of February 2021.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2020

	Notes	Dec 2020 \$	Dec 2019 \$
Revenue	4	7,368,496	6,074,724
Other income	5	577,774	93,883
Bad debt written off and loss allowance		(584,811)	(501,442)
Bank charges and interests		(88,059)	(86,527)
Consultancy fee		(168,523)	(190,003)
Directors' fees		(87,012)	(85,004)
Directors' fees (Share-based payments)		-	(72,661)
Amortisation on right-of-use assets		(204,732)	(245,209)
Depreciation expense		(43,466)	(33,474)
Employee benefits expense (including Share-based payments)		(1,871,394)	(1,764,234)
Administration cost		(1,356,891)	(933,741)
Finance cost		(633,496)	(159,593)
Profit before income tax		2,907,886	2,096,719
Income tax expense	6	(607,991)	(486,608)
Profit for the half-year		2,299,895	1,610,111
Other comprehensive income			
Exchange differences on translating foreign operations, net of tax		(1,096,167)	(20,785)
Total comprehensive income for the half-year, net of tax		1,203,728	1,589,326
Net profit attributable to:			
Members of the parent entity		1,579,997	1,258,419
Non-controlling interest		719,898	351,692
		2,299,895	1,610,111
Total comprehensive income attributable to:			
Members of the parent entity		537,414	1,237,052
Non-controlling interest		666,314	352,274
		1,203,728	1,589,326
Earnings per share			
Basic earnings per share		0.0013	0.0013
Diluted earnings per share		0.0013	0.0012

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	Dec 2020 \$	Jun 2020 \$
CURRENT ASSETS			
Cash and cash equivalents		2,367,511	3,060,459
Trade and other receivables	7	634,894	410,294
Loan receivables	8	11,777,710	11,447,207
Swap assets		-	500,000
Other current assets		425,906	769,583
TOTAL CURRENT ASSETS		15,206,021	16,187,543
NON-CURRENT ASSETS			
Property, plant and equipment		252,114	302,935
Right-of-use assets		148,612	316,363
Intangible assets	9	14,246,058	11,094,456
TOTAL NON-CURRENT ASSETS		14,646,784	11,713,754
TOTAL ASSETS		29,852,805	27,901,297
CURRENT LIABILITIES			
Trade and other payables		1,380,773	2,835,852
Lease liabilities		151,562	322,055
Amounts due to vendors		5,907,658	6,254,453
Amounts due to related parties		3,023,782	3,485,696
Derivative liabilities	10	-	1,000,000
Convertible notes	11	1,284,756	-
Current tax liabilities		1,208,716	807,710
Other borrowings	12	1,493,813	-
TOTAL CURRENT LIABILITIES		14,451,060	14,705,766
NON-CURRENT LIABILITIES			
Amounts due to vendors		224,000	-
Amounts due to related parties		237,773	2,143,395
TOTAL NON-CURRENT LIABILITIES		461,773	2,143,395
TOTAL LIABILITIES		14,912,833	16,849,161
NET ASSETS		14,939,972	11,052,136
EQUITY			
Issued capital	14	12,246,596	8,915,406
Reserves		(944,472)	71,107
Retained earnings		1,781,731	801,422
Equity attributable to members of the parent entity		13,083,855	9,787,935
Non-controlling interest		1,856,117	1,264,201
TOTAL EQUITY		14,939,972	11,052,136

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2020

	Issued Capital	Retained Earnings	Merger Reserve	Foreign Currency Translation Reserve	Share based Payment Reserve	Option Reserve	Total	Non- controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
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	-	1,258,419	-	(21,367)	-	-	1,237,052	352,274	1,589,326
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 period	-	-	-	-	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
Balance at 1.7.2020	8,915,406	801,422	11,037	60,070	-	-	9,787,935	1,264,201	11,052,136
Comprehensive income:									
Profit after tax for the half year	-	1,579,997	-	-	-	-	1,579,997	719,898	2,299,895
Other comprehensive loss for the year	-	-	-	(1,042,583)	-	-	(1,042,583)	(53,584)	(1,096,167)
Total comprehensive income for the year	-	1,579,997	-	(1,042,583)	-	-	537,414	666,314	1,203,728
Transactions with owners, in their capacity as owners, and other transfers									
Allotment of shares	1,611,929	-	-	-	-	-	1,611,929	-	1,611,929
Acquisition of subsidiary	690,000	-	-	-	-	-	690,000	(74,398)	615,602
Option expense recognised in the period	-	-	-	-	-	27,004	27,004	-	27,004
Classified to derivative liabilities	1,000,000	-	-	-	-	-	1,000,000	-	1,000,000
Issued shares for dividend reinvestment plan	29,261	-	-	-	-	-	29,261	-	29,261
Dividends recognised for the period	-	(599,688)	-	-	-	-	(599,688)	-	(599,688)
Total transactions with owners and other transfers	3,331,190	(599,688)	-	-	-	27,004	2,758,507	(74,398)	2,684,108
Balance at 31.12.2020	12,246,596	1,781,731	11,037	(982,513)	-	27,004	13,083,855	1,856,117	14,939,972

The accompanying notes form part of these consolidated financial statements

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2020

	Notes	Dec 2020 \$	Dec 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,133,123	3,745,393
Payments to suppliers and employees		(3,451,488)	(2,899,876)
Interest received		10	174
Bank charges and interest		(88,059)	(86,527)
Income tax (paid) / refunded		(89,052)	18,352
		504,534	777,516
Changes in operating assets arising from cash flow movements:			
Net funding of customer loans		1,513,152	(2,602,312)
(Payment) / receipt of loan – related party		(2,376,244)	3,821,392
Net cash (used in) / provided by operating activities	13	(358,558)	1,996,596
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(23,535)	(10,907)
Investment in subsidiaries		(1,072,611)	(1,008,607)
Disposal of subsidiary		-	(47)
Payment to vendors		(408,009)	(677,325)
Net cash used in investing activities		(1,504,155)	(1,696,886)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(207,012)	(252,360)
Repayment of dividend payable prior to the acquisition of subsidiary		(1,144,038)	-
Net proceeds from convertible notes		1,269,000	-
Net proceeds from other borrowings		1,517,004	-
Net proceeds from debt for equity funding		211,755	-
Payment of dividends		(570,427)	(468,064)
Net cash provided by / (used in) financing activities		1,076,282	(720,424)
Net decrease in cash held		(786,431)	(420,714)
Cash at beginning of the period		3,060,459	3,432,929
Effect of foreign currency translation		93,483	82,198
Cash at the end of the period		2,367,511	3,094,413

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

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 2021 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 2020 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 2020 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 "Consolidated entity".

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

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 2020

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

The Company, 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 2020.

On 1 July 2020 CIL acquired a 60% interest in Chapter Two Holdings Pty Ltd (CHT), a Sydney based debt solutions business providing debt negotiation and mortgage broking services to individuals who are experiencing financial hardship. Hence, 6 months results of CHT are consolidated into the Group.

On 17 December 2020 CIL announced the acquisition of a 60% interest in Yozo Finance Pty Limited (Yozo) and its leading fintech platform with its proprietary capabilities. Given the timing of this acquisition there are no results to be included from Yozo in this financial period.

The financial results for the half-year ended 31 December 2020 and the comparative figures for the previous half-year to 31 December 2019 relate to Credit Intelligence Limited and its subsidiaries.

- The consolidated statement of profit or loss and comprehensive income and consolidated statement of cash flow:
 - for the period between 1 July 2020 to 31 December 2020 comprises 6 months of CIL, Credit Intelligence Holding Limited and subsidiaries (CIH), ICS, HHC and CHT
 - 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
- The consolidated statement of financial position:
 - as at 31 December 2020 represents both CIL, CIH, ICS, HHC, CHT and Yozo as at that date; and
 - as at 30 June 2020 represents both CIL, CIH, ICS, HHC, as at that date.
- The consolidated statement of changes in equity:
 - for the period between 1 July 2020 to 31 December 2020, CIL, CIH, ICS, HHC and CHT's balance at 1 July 2020, its profit or loss for the period and transactions with equity holders for 6 months. It also comprises the equity value of CIL, CIH, ICS, HHC, CHT and Yozo at 31 December 2020. The number of shares on issue at period end represent those of CIL only; and
 - 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.

(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.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

2 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.

The Company, 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.

The values identified in relation to the acquisition of HHC are provisional as at 30 September 2019. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition or (ii) when the acquirer receives all the information possible to determine the value.

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	6,643,067
	<u>9,104,146</u>
Less: fair value of net identifiable assets acquired (see below)	<u>(726,736)</u>
Excess consideration / Goodwill	<u>8,377,410</u>

The excess consideration has been recognised as goodwill in the statement of financial position. During the half-year, the Company has recognised an additional \$2,261,752 being forecast profit in excess of the profit guarantee as final consideration payable to the vendors of HHC under the contingent arrangement in accordance with the Share Purchase Agreement (2019: \$2,571,270).

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
	<u>1,822,662</u>
Liabilities	
Accruals and other payables	(47,265)
Amounts due to director	(123,481)
Dividend payable	(400,634)
Tax payable	(40,055)
	<u>(611,435)</u>
Net assets	1,211,227
Non-controlling interest	<u>(484,491)</u>
Fair value of net identifiable assets acquired	<u>726,736</u>

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

2 Business combinations (continued)

On 1 July 2020 CIL acquired a 60% interest in Chapter Two Holdings Pty Ltd (CHT), a Sydney based debt solutions business providing debt negotiation and mortgage broking services to individuals who are experiencing financial hardship. Hence, 6 months results of CHT are consolidated into the Group.

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

Purchase consideration:	\$
- Cash	400,000
- Shares	320,000
	<u>720,000</u>
Less: fair value of net identifiable assets acquired (see below)	<u>(28,604)</u>
Excess consideration / Goodwill	<u>691,396</u>

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

	\$
Assets	
Trade receivables	217,246
Cash and cash equivalents	17,050
Amounts due from director	10,375
Rental and other deposits	37,636
	<u>282,307</u>
Liabilities	
Accruals and other payables	(234,634)
	<u>(234,634)</u>
Net assets	47,673
Non-controlling interest	(19,069)
Fair value of net identifiable assets acquired	<u>28,604</u>

On 17 December 2020 CIL announced the acquisition of a 60% interest in Yozo Finance Pty Limited (Yozo) and its leading fintech platform with its proprietary capabilities. Given the timing of this acquisition there are no results to be included from Yozo in this financial period.

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

Purchase consideration:	\$
- Cash	690,000
- Shares	690,000
	<u>1,380,000</u>
Add: fair value of net identifiable liabilities acquired (see below)	<u>140,202</u>
Excess consideration / Goodwill	<u>1,520,202</u>

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

2 Business combinations (continued)

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

	\$
Assets	
Cash and cash equivalents	339
	<u>339</u>
Liabilities	
Accruals and other payables	(1,086)
Amounts due to director	(232,923)
	<u>(234,009)</u>
Net liabilities	(233,670)
Non-controlling interest	93,468
Fair value of net identifiable liabilities acquired	<u>140,202</u>

3 Segment information

Credit Intelligence Limited is one of the leading diversified debt restructuring and personal insolvency management businesses operating in Australia, Hong Kong and Singapore. For management purposes, the Group is organised into three main operating segments which involves debt solution services, provision of bankruptcy administration services and Individual Voluntary Arrangement proposal consultancy, implementation 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 the half-year ended 31 December 2020 the Group operated in the Australia, Hong Kong and Singapore markets. The Group operated only in the Hong Kong and Singapore market during the half-year ended 31 December 2019. There are inter-segment sales of \$164,584 between CIL and CIH in the current half-year (2019: 186,863).

(i) *Revenue by geographical region*

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

	Dec 2020	Dec 2019
	\$	\$
Australia	295,058	-
Hong Kong	3,328,462	3,777,591
Singapore	3,744,976	2,297,133
Total revenue	<u>7,368,496</u>	<u>6,074,724</u>

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

3 Segment information (continued)

	Dec 2020	Dec 2019
	\$	\$
(ii) <i>Revenue by operating segment</i>		
Debt solution service	295,058	-
Debt restructuring and personal insolvency	3,328,462	3,777,591
Credit financing	3,744,976	2,297,133
Total revenue	7,368,496	6,074,724

(iii) <i>Timing of revenue recognition</i>		
At point in time	295,058	-
Over time	7,073,438	6,074,724
Total revenue	7,368,496	6,074,724

(iv) *Assets by geographical region*

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

	Dec 2020	Jun 2020
	\$	\$
Australia	3,209,043	1,158,462
Hong Kong	2,333,960	2,958,508
Singapore	24,309,802	23,784,327
Total assets	29,852,805	27,901,297

	Dec 2020	Dec 2019
	\$	\$
4 Revenue		
Bankruptcy administration service income	3,291,674	3,737,252
IVA service income	36,788	40,339
Service Income of ICS	1,151,482	1,430,627
Service income of HHC	2,593,494	866,506
Debt solution service of CHT	295,058	-
	7,368,496	6,074,724

5 Other income

Bank interest income	10	174
Administrative charges	65,679	87,264
Other income	512,085	6,445
	577,774	93,883

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

6 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 and CHT are subject to Australia tax. At the date of this report, the Group does not expect to have any Australian income tax liability.

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 2020	Dec 2019
	\$	\$
The components of tax expense comprise:		
Current tax – Hong Kong	261,614	250,087
Current tax – Singapore	346,377	236,521
Income tax reported in statement of comprehensive income	607,991	486,608

	Dec 2020	Jun 2020
	\$	\$
7 Trade and other receivables		
Trade debtors		
CIH	357,374	410,294
CHT	277,520	-
	634,894	410,294

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 2020 and 30 June 2020 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 2020 and 30 June 2020 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.

CHT earns revenue at the point in time which is defined as the point of settlement for a finance facility, the successful negotiation of debt or the commission received from placing a client into a complimentary product.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

7 Trade and other receivables (continued)

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.

8 Loan receivables

	Dec 2020	Jun 2020
	\$	\$
Loan receivables – Third parties	13,023,696	12,488,516
Allowance for impairment	(1,245,986)	(1,041,309)
	11,777,710	11,447,207

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

The loan receivables are bearing interest rate at 3% to 12% 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 current 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.

9 Intangible assets

	Goodwill
Half-year ended 31 December 2020	
Balance at the beginning of the year	11,094,456
Acquisitions through business combinations	2,211,598
Reassessment	2,261,752
Foreign exchange adjustment	(1,321,748)
Closing value at 31 December 2020	14,246,058

The goodwill during the half-year arose from the acquisition of a 60% interest in CHT and Yozo and reassessment of HHC. No impairment has been recognised in respect of goodwill at the end of the reporting period.

	Dec 2020	Jun 2020
	\$	\$
10 Derivative liabilities		
Equity financing	-	1,000,000

On 22 May 2020, the Group issued 32,148,759 fully paid ordinary shares for \$1,000,000 to LS Whitehall Group under an equity financing (swap) arrangement. This arrangement will be fully settled after an agreed pricing period where the final amount is to be adjusted by a swap amount calculated using an average VWAP of CIL's shares nominated by the investor. On 20 August 2020, the carrying amount of \$1,000,000 was settled and transferred to share capital.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

	Dec 2020 \$	Jun 2020 \$
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11 Convertible notes

Convertible notes	1,284,756	-
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On 26 October 2020, the Group raised \$1,350,000 (before costs) via the issue of 1,350,000 convertible notes to professional and sophisticated investors at a price of \$1 per note with interest rate 6% per annum. The notes are convertible into ordinary shares at 3 cents per share within 6 months of issue date. As of the date of this report, all notes were converted.

12 Other borrowings

Bond	1,493,813	-
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The Group entered into bond subscription agreements with several individual borrowers. These bonds are unsecured and interest-bearing at 12% per annum. Both principal and interest are wholly repayable on 31 July 2021.

13 Cash flow information

	Dec 2020 \$	Dec 2019 \$
Reconciliation of cash flow from operations with operating profit from ordinary activities after income tax:		
Profit from ordinary activities after income tax	2,299,895	1,610,111
Non-cash flows in profit from ordinary activities:		
Bad debt written off	584,811	501,442
Depreciation	43,466	33,474
Amortisation on right-of-use assets	204,732	245,209
Finance costs of debt for equity funding	379,851	-
Interest element of lease rentals paid	-	12,168
Interest expense on advance from shareholders	250,038	147,424
Share-based payment	27,004	306,916
Effect of foreign currency translation	(623,217)	(38,386)
Movements in working capital		
Increase in trade and other receivables	(7,355)	(123,874)
Increase in loan receivables	(915,314)	(4,760,681)
Increase in other current assets	(2,840,121)	(222,959)
Increase in loan from related party	381,313	3,738,687
(Decrease)/Increase in trade and other payables	(544,667)	53,935
Increase in income tax payable	401,006	493,130
Cash flow (used in) / from operations	(358,558)	1,996,596

Notes to the Consolidated Financial Statements

For the year half-year ended 31 December 2020

14 Issued capital

The current period reflects the movements in the legal parent's capital structure for the half-year to 31 December 2020.

(a) Ordinary issued and paid up share capital	Dec 2020 No.	Jun 2020 No.	Dec 2020 \$	Jun 2020 \$
At the beginning of the reporting period	1,114,952,542	936,128,534	8,915,406	6,220,555
Allotment of shares on acquisition	27,600,000	32,148,759	690,000	1,000,000
Shares issued to vendors	59,318,437	86,956,694	1,611,929	1,288,982
Convert share based payment reserve on vesting of performance shares/rights	-	87,045,000	-	1,270,844
Shares issued to consultant	-	4,822,314	-	135,025
Shares issued for dividend reinvestment plan	1,031,540	-	29,261	-
Classified to derivative liabilities	-	(32,148,759)	-	(1,000,000)
Transferred to share capital	32,148,759	-	1,000,000	-
Total ordinary share capital at the end of the reporting period	1,235,051,278	1,114,952,542	12,246,596	8,915,406
(b) Share-based payment reserve				
At the beginning of the reporting period	-	86,795,000	-	475,840
Valuation of class A and class B performance shares at the end of the reporting period	-	-	-	793,318
Class B performance rights issued during the financial year end 2020	-	250,000	-	1,686
Convert share based payment reserve on vesting of performance shares/rights	-	(87,045,000)	-	(1,270,844)
Total performance shares/rights at the end of the reporting period	-	-	-	-

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 24,800,000 options on issue by the Company.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2020

15 Capital commitments and contingent liabilities

Capital expenditure commitments

The Group had the following capital commitments at the end of the reporting period:-

	Dec 2020 \$	Jun 2020 \$
Contracted for, but not provided for:-		
Property, plant and equipment	<u>19,332</u>	<u>21,625</u>

Contingent liabilities

As at 31 December 2020, the Group had no contingent liabilities (30 June 2020: nil).

16 Events subsequent to the end of the reporting period

1,350,000 convertible notes were issued on 26 October 2020 at a price of \$1 per note. The notes are convertible into ordinary shares at 3 cents per share within 6 months of issue date. As of the date of report, all notes were converted.

On 19 February 2021 the Company issued 209,000,000 shares to the vendor of HHC. The issue was in line with the adjustment to consideration for acquisition of a 60% interest in HHC as outlined in Announcement of 1 July 2019 and Resolution 7 of Notice of Meeting lodged with ASX on 30 October 2020. The additional shares to be issued adjustment is based on the extent to which the profit for the year ended 30 September 2020 exceeded S\$700,000 divided by the 30 day VWAP prior to 30 September 2020 (0.0276 per share). The total additional shares to be issued amount to 237,907,048 of which 209,000,000 have been issued as of the date of report.

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 2020.

17 Dividends

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

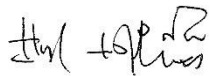
Final ordinary dividend of \$0.0005 per share paid on 20 November 2020 out of retained profits at 30 June 2020	\$599,688
Final ordinary dividend of \$0.0005 per share paid on 15 November 2019 out of retained profits at 30 June 2019	\$468,064

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 6 to 21 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 2020 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

24 February 2021

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CREDIT INTELLIGENCE LIMITED****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the financial report of Credit Intelligence Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, 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 2020 and of its financial 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*.

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:

- i. giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

**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 AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 24th day of February 2021.