CREDIT INTELLIGENCE LIMITED

(Formerly known as APAC Coal Limited)
ACN 126 296 295

ASX Announcement 23 August 2018

Credit Intelligence reports strong revenue growth and declares maiden dividend

Highlights

- **Revenue growth up 29% year on year**
- **Underlying profit growth 8% year on year**
- **Declares unfranked maiden dividend of 0.0012 cents per share**
- **Reported NPAT down 113% includes one-off RTO-related costs of $2.14 million for ASX re-listing**
- **Strong operating cash inflow of $1.56 million**
- **Net assets grew to $4.30 million after a successful capital raising of $3.56 million in May 2018**
- **Planned expansion to Australia initiated**
- **FinTech Smartphone App to enable integrated processing**

Credit Intelligence Limited (CIL or "the Company" or "the Group*") has generated strong revenue growth and boosted its underlying profit in its first financial report since listing on the Australian Securities Exchange in May 2018.

The Hong Kong-based diversified debt restructuring, and personal insolvency management firm is also investigating the potential for expansion into Australia.

Credit Intelligence listed on the Australian Securities Exchange via a Reverse Take Over (RTO) of APAC Coal Limited.

The Group's annual revenue for the 2018 financial year lifted by 29 per cent to $4.79 million, boosted by a gain in market share of the Hong Kong addressable market segment.

The Group reported a net loss of $228,191 for the 12 months to 30 June 2018, compared to a net profit of $1.78 million a year earlier.

**Group means CIL and its controlled entities*

The result included RTO-related costs of $2,143,014. Excluding these one-off costs, the Group's underlying profit rose eight per cent.

On a like-for-like basis, underlying profit was:

	30 June 2018	*30 June 2017*	
Reported (Loss)/Net Profit after tax	(228,191)	1,775,453	
Add: one-off RTO transaction costs			
• Non-cash deemed cost	1,439,979	-	
• Others	703,035	-	
Underlying normalised profit	**1,914,823**	**1,775,453**	**+ 8%**

"As a new business re-listed on the ASX, it is extremely satisfying that revenue for the year grew strongly at +29% year on year**,"** CIL chief executive Jimmie Wong said.

"Whilst reported statutory net profit after tax was 113% down on the previous year, the underlying profit of the Group's debt restructuring and personal insolvency management business (the Business) remains strong and grew at +8% year on year."

The Company's Business in Hong Kong remains well managed.

Corporate costs included a non-cash share-based payment of $36,734 taken up for performance shares issued to directors as approved by shareholders on 8 May 2018. No such costs were incurred by CIH for the prior year.

Introduction

On 8 May 2018, shareholders of the then APAC Coal Limited approved the acquisition of Credit Intelligence Holdings Limited of Hong Kong by way of a Reverse Take Over. Shareholders also approved the change of the name of the Company to Credit Intelligence Limited and re-constituted a new board of directors. The Company has adopted *AASB 3 Business Combinations* for the preparation of the 2018 consolidated financial statements. The consolidated entity for the year ended 30 June 2018 is CIL and its controlled entities. Comparative figures for the previous year to 30 June 2017 refer to CIH and its then-controlled entities.

On 22 May 2018, CIL was listed on the Australian Securities Exchange (ASX) and on 28 May traded under the code CI1.

The Company's Business has in excess of 10,000 bankruptcy cases under personal insolvency management in Hong Kong. The cumulative average growth rate is about 20% since 2011. The Business owns and uses its proprietary processing software platform to manage the large number of cases under insolvency management in an effective, low-cost manner. This is the Business's unique selling proposition to banks and financial institutions that referred their defaulting individual clients to the Company's Business for debt insolvency management.

Revenue

The Company's Business continued to derive revenue from debt restructuring and personal insolvency management services. Service fees were received from bankruptcy administration service. Service fees received were $4,674,957 (2017: $3,475,036), representing 97% (2017: 93%) of total revenue for the year.

Expenditure

Expenditure increased over the prior year from $1,686,108 to $4,707,849. One-off, non-recurring re-listing transaction costs of $2,143,014 were taken up in the profit statement. The other increase was attributable to the volume growth of cases under insolvency management and share-based payments of $36,734.

Balance Sheet

The net assets of the Group grew to $4,301,909 as at 30 June 2018 (2017: $1,271,289), following a successful capital raising of $3.56 million (before costs). Together with the strong cash flow generated by the Group's Business in Hong Kong, the Group has $4,334,378 cash on hand as at 30 June 2018. This will fund the planned expansion of the Group's business to Australia and elsewhere in Asia.

Cashflow

The Group reported an operating cash inflow for the year of $1,562,410 (2017: $1,766,029), reflecting a continuing and strong cash generation from the Hong Kong Business. The Company's other non-cash depreciation charge was $18,482 (2017 $7,070). There is no major capital expenditure required for the Company's Business activity in Hong Kong in the foreseeable future.

The Group held Cash at the end of the year of $4.3 million.

Dividend

Consistent with the Group's Business and strong cash generation, the directors have declared an unfranked maiden dividend of **0.0012 cents** per share. The total dividend payment is $984,513. The dividend is funded from the retained earnings of the operating subsidiary of the Company in Hong Kong, leaving the funds raised during the RTO of $3.56 million for investments in Australia. The dividend will be paid on Friday, 16 November 2018 with the record date for the determination of dividend entitlement to be 5pm (Perth time), 28 September 2018. Shareholders with an Australian address will be paid by direct credit to an Australian bank account. Shareholders with an overseas address will receive their dividend payment in an AUD-denominated cheque.

Outlook

The Company has commenced investigations into expanding its Business to Australia,
This may include joint ventures with Australian insolvency practices to focus on the personal insolvency and debt restructuring markets. Investigations are also focusing on the potential outsourcing to the Company's Hong Kong processing platform, with commensurate cost savings and competitive advantage.

Concurrently, the Group is seeking to enhance its processing platform in Hong Kong with a proprietary smartphone App to enable an integrated FinTech ecosystem. This will provide the processing foundation for growth into other markets.

There are economic headwinds confronting the Australian economy. The current tariff driven trade war between USA and China may create further economic uncertainties in Asia. The debt restructuring, and personal insolvency management services of the Group would benefit from such uncertainties and an increase in defaults in personal debt. This is the segment of the market where the Group has extensive experience and expertise in assisting this category of potential clients.

The Group does not deal with corporate insolvency management.

Performance Rights Plan

The Company intends to introduce a share-based incentive plan to retain and incentivise key management team members in the Group. The Company will ask shareholders at the next Annual General Meeting to approve a Performance Rights Plan (PRP). The PRP will also provide similar incentives for Australian-based team members as and when the Company expands its operations to Australia.

On 14 June 2018, the Company appointed Mr Tony Ho as a non-executive director and chair of the Audit Committee. Similar to other directors of the Company, the Company proposes to seek shareholder approval at the forthcoming Annual General Meeting for Performance Rights to be issued pursuant to and subject to the proposed PRP as stated above being approved by shareholders. The Performance Conditions and number of Performance Rights would be consistent with those previously approved by shareholders at the 8 May 2018 general meeting.

Subject to shareholders approval, Mr Ho will be granted

1,750,000 Class A Performance Rights with a share price target of 2.5 cents

750,000 Class B Performance Rights with a share price target of 3.0 cents

For more information, please contact:

Company:
Mr Jimmie Wong CEO
+852 9491 7722
Mr Arthur Ma, CFO
+852 9561 7499

Media and analysts:
Mr Ben Walsh
WE Buchan
+61 411 520 012

About Credit Intelligence Limited (ASX code CI1)

Credit Intelligence Limited (the Company) is one of the leading diversified debt restructuring and personal insolvency management services operating in Hong Kong. Credit Intelligence's main business includes the provision of bankruptcy administration services and Individual Voluntary Arrangement (**IVA**) proposal consultancy and implementation services.

The Company 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 current research on the Company, please visit www.CI1.com.au