CREDIT INTELLIGENCE LIMITED

ANNUAL REPORT 2019

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Credit Intelligence Limited
ACN 126 296 295

Corporate data

Directors
Tony Ho
Jimmie Wong
King Wong
Mel Ashton
Vincent Lai
Krista Bates (resigned 29 November 2018)

Secretary
Guy Robertson

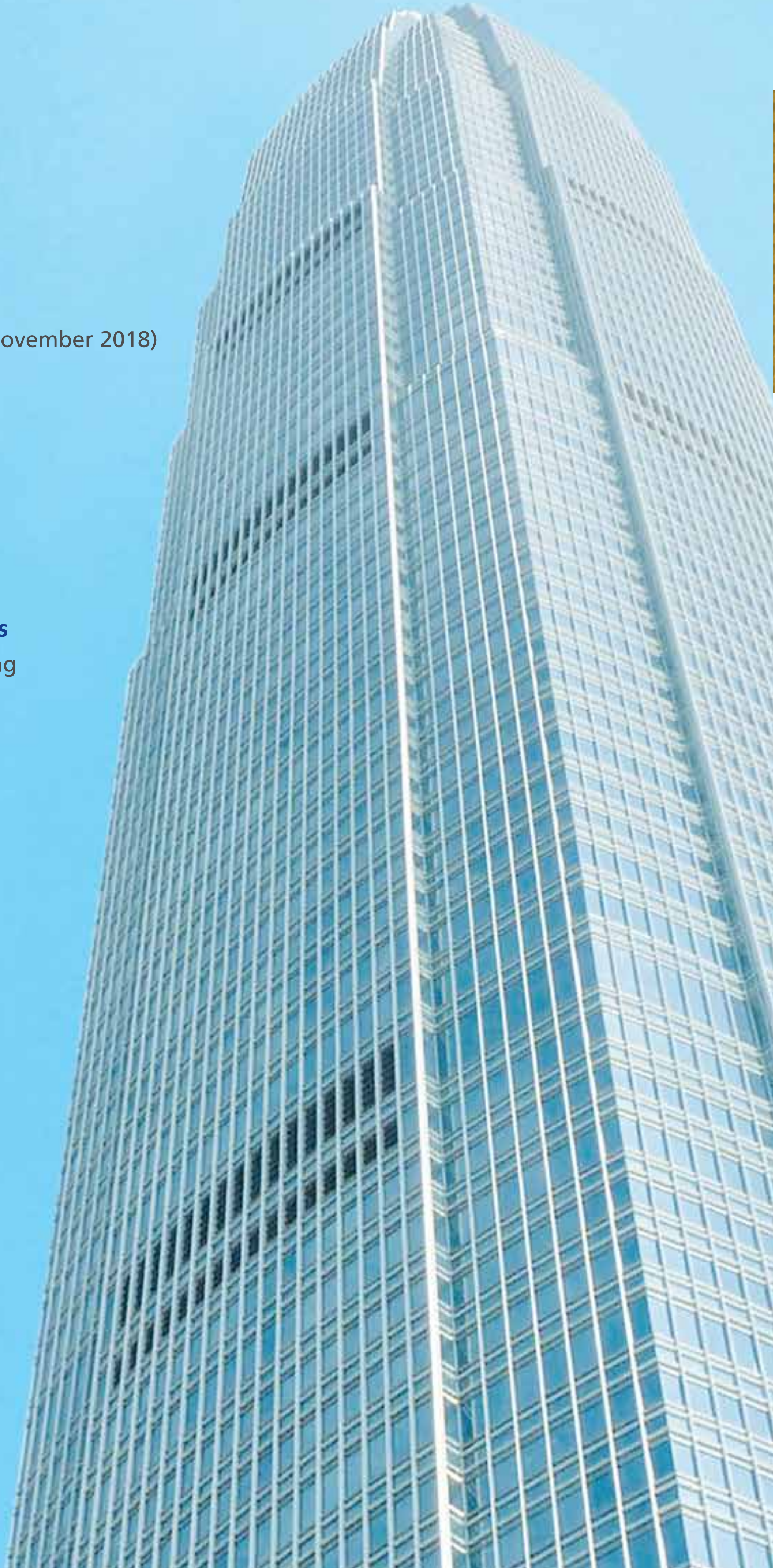
Registered office
Suite 506, Level 5
50 Clarence Street
Sydney NSW 2000

Principal place of business
Level 4 & 5, Double Building
22 Stanley Street
Central
Hong Kong

Independent auditor
Moore Stephens
Level 15 Exchange Tower
2 The Esplanade
Perth WA 6000

Home Exchange
Perth
ASX Code CI1

Credit Intelligence Limited
ACN 126 296 295



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Chairman’s letter

Dear fellow Shareholders,

Credit Intelligence made excellent progress during the last year in growing and diversifying its business in the Asia Pacific region.

The group’s core business being Hong Kong debt restructuring and personal insolvency management, continues to perform strongly with revenues up 26% year on year. The Hong Kong business is inversely related to poor economic conditions and uncertainties. China – USA trade tariffs and recent social and political unrest could well see an increase in bankruptcies and Individual Voluntary Administration (IVA) in coming years with commensurate increase in revenue and profitability.

Late in the financial year the Company completed the acquisition of a 60% interest in ICS Funding Pte Limited (ICS), a company providing credit financing to SME corporates, and recently announced that it had received approval from the Ministry of Law, Singapore for the acquisition of a 60% interest in Hup Hoe Credit Pte Ltd (HHC), a company specialising in the provision of personal loans to individuals.

These acquisitions broaden Credit Intelligence’s business regionally and in the credit funding sector. The acquisitions will be earnings accretive with the acquisition formula providing a guaranteed net profit after tax in the year following acquisition of a combined S$1.7 million (A$1.8 million), of which 60% (A$1.1 million) would be attributable to the Company.

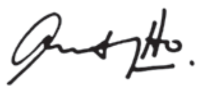
A significant portion of the purchase price for these acquisitions are in Company shares, which are subject to a moratorium restricting trading for 12 months from date of issue. With this structure we welcome the vendor shareholders to the Credit Intelligence share register and the Company retains capital for further expansion in Australia and New Zealand.

Consistent with the objectives outlined in its 2018 prospectus the Company remains committed to expanding its operations in Australia, and potentially New Zealand, in credit funding which includes debt restructuring and insolvency practice. Market conditions for the business are favourable, however the Board is conscious that any acquisition must add value for shareholders. Considerable effort has been made during the year in reviewing acquisitions and/or joint ventures to achieve this objective.

The result for the year included the full year’s corporate costs of being a listed company on the Australian Securities Exchange, the acquisition costs of ICS and business development costs of reviewing opportunities in Australia and Asia. Notwithstanding, the projected cash flow remains strong and predictable and after taking into account the cash requirements of the ICS and HHC acquisitions the Company is pleased to declare a dividend of $468,000 out of the 2019 profit. This will be paid on 15 November 2019.

On behalf of the Board I take this opportunity to thank the Credit Intelligence team, led by our managing director Jimmie Wong for their dedication and hard work during the year, and our shareholders for their ongoing support.

We look forward with optimism to the opportunities to further grow our business in the year ahead.



Tony Ho
Chairman

Directors’ report

Tony Ho
Non-Executive Chairman

Jimmie Wong
CEO and Managing Director

King Wong
Executive Director

Mel Ashton
Non-Executive Director

Vincent Lai
Non-Executive Director

Your directors submit their report on the consolidated entity (referred to hereafter as “the Group”) consisting of Credit Intelligence Limited and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors /

The names and details of the Company’s directors in office during the financial year and until the date of this report are as follows.

Where applicable, all current and former directorships held in listed public companies over the past three years have been detailed below.

Directors were in office for this entire period unless otherwise stated.

Tony Ho

Non-Executive Chairman, appointed 14 June 2018.

B.Com., CA, FAICD, FCIS, FGIA (Member of Audit and Risk Committee)

Tony is an experienced director in a wide range of industries. He holds a Bachelor of Commerce degree from the University of New South Wales, Sydney. He is a Chartered Accountant and a fellow of the Australian Institute of Company Directors, Chartered Institute of Secretaries and Administrators and the Governance Institute of Australia. Prior to joining commerce, Tony was a partner of a firm of Chartered Accountants that was subsequently merged with Ernst & Young.

Currently, Tony is the non-executive chairman of ASX listed Greenland Minerals Limited, Bioxyne Limited, NZX listed Cannasouth Limited and TruScreen Limited. He was previously non-executive director and chairman of the Audit Committee of ASX listed Hastings Technology Metals Limited and Dolomatrix International Limited.

Prior to that, he was a non-executive director and member of Audit and Remuneration committees of the then ASX listed Brazin Limited, from September 1997 to January 2007 when it was privatised. Brazin was a successful national retailing group.

Ka Sek (Jimmie) Wong

Managing Director and Chief Executive Officer, appointed 17 May 2018.

LL.B (Hons),Non-Practicing Solicitor of HKSAR, Hong Kong Trustee in Bankruptcy

Mr Jimmie Wong is the founder of Credit Intelligence. Mr Wong obtained a Bachelor of Laws (Honours) from the University of Hong Kong. Mr Wong has over 20 years’ experience as a leading insolvency lawyer having served as legal adviser to numerous financial institutions and groups and has also provided legal advice in relation to cross-border takeovers and mergers, corporate finance, IPOs and foreign direct investment. In 2008 Mr Wong was awarded the Hong Kong Innovative Entrepreneur of the Year Award. He is a non-practicing solicitor and was admitted as a solicitor in Hong Kong in 1989 and in Singapore in 1995.

Directors continued /

Ka Lam (King) Wong

Executive Director, appointed 17 May 2018.

LL.B (Hons), Practicing Solicitor of HKSAR, Hong Kong Trustee in Bankruptcy

Mr King Wong is currently the Executive Director of HKDMS. Mr King Wong joined the Group in 2002 and is primarily responsible for overseeing the overall business operations of the Group. Mr King Wong graduated with a Bachelor of Laws degree (Honours) from the City University of Hong Kong in 1998. He is a practicing solicitor and was admitted as a solicitor in Hong Kong in 2001.

Mr King Wong has extensive professional experience in handling insolvency matters. He was first appointed as a bankruptcy trustee in Hong Kong in 2004 and has been a member of the Insolvency Law Committee of the Law Society of Hong Kong since June 2015, where he is primarily responsible for reporting on developments and possible reforms relating to the law and practice of insolvency in Hong Kong.

Norman Mel Ashton

Non-Executive Director, appointed 17 May 2018.

B.Com, FCA, (Chairman of Audit and Risk Committee)

Mr Ashton has over 37 years' experience as a chartered accountant, 25 years as an insolvency practitioner and turnaround specialist and 12 years' experience as a chairman of ASX listed and large private companies. Mr Ashton has experience in many capital raisings (over A$400 Million) and more than 12 mergers and acquisitions.

Mr Ashton's diversified experience is complemented by his strategic approach and considerable business network. He is currently a director of Hawaiian Group and the non-executive chairman of ASX listed company Venture Minerals Ltd (since 12 May 2006) and a director of ASX listed company Aurora Labs Ltd (since 22 January 2018).

Ming Wai (Vincent) Lai

Non-Executive Director, appointed 17 May 2018.

B Soc Sci (Member of Audit and Risk Committee)

Mr. Vincent Lai is an executive director and the Chief Executive Officer of Sustainable Forest Holdings Limited (stock code: 723), a company listed on the Main Board of the Hong Kong Stock Exchange since 1 March 2018.

He has conducted and organised many training programs for banks, non-bank financial institutions and corporations in China in areas of credit & portfolio risk management, client relationship management, and corporate finance.

Krista Bates

Ms Bates was a director from the beginning of the year until 29 November 2018.

Company Secretary /

Guy Robertson

Appointed 14 September 2018

B. Com (Hons) CA

Mr Robertson has over 30 years' experience as a Director, CFO and Company Secretary of both public (ASX- listed) and private companies in Australia, New Zealand and Hong Kong. He has had significant experience in due diligence, acquisitions, IPOs and corporate management. Mr Robertson has a Bachelor of Commerce (Hons) and is a Chartered Accountant.

Mr Robertson is currently a director of ASX listed Metal Bank Limited and Hastings Technology Metals Ltd.

Interests in the shares of the Company and related bodies corporate /

As at the date of this report, the interests of the directors in the shares of Credit Intelligence Limited were:

	Ordinary shares	Class A performance shares	Class B performance shares
Tony Ho	2,500,000	5,000,000	2,250,000
Jimmie Wong	392,582,372	5,000,000	10,000,000
King Wong	26,642,628	5,000,000	7,500,000
Mel Ashton	-	5,000,000	2,500,000
Vincent Lai	-	1,750,000	750,000

Principal Activities /

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

With effect from 28 June 2019, Credit Intelligence provides financing to corporates in Singapore following completion of the acquisition of a 60% interest in ICS Funding Pte Ltd (ICS), a credit financing company in Singapore.

Dividends Paid or Recommended /

Subsequent to 30 June 2019 the directors declared an unfranked dividend of $0.0005 per share. The total dividend declared is $468,064. The dividend is funded from the retained earnings of the operating subsidiary in Hong Kong, leaving the funds raised during the reverse takeover of $3.56 million for investments in Australia. The dividend will be paid on Friday, 15 November 2019 with record date for the determination of dividend entitlement being 5pm Perth time, 3 September 2019.

Dividends paid or declared for payment during the financial year and previous corresponding period are as follows:

Final ordinary dividend of $0.0005 per share declared by the directors to be paid on 15 November 2019 out of retained profits at 30 June 2019	$468,064
Final ordinary dividend of $0.0012 per share paid on 16 November 2018	$984,513
Interim ordinary dividend of $43.13 per share paid on 31 March 2018*	$431,276
Interim ordinary dividend of $90.71 per share paid on 30 September 2017*	$907,083

**Dividends paid prior to listing*

Review of Operations /

Credit Intelligence has made excellent progress in its first full year as a leading diversified debt restructuring and personal insolvency management services business within the credit funding sector.

AUD	30 June 2019	30 June 2018	%
Revenue	6,049,307	4,794,266	+26%
Profit after tax	524,662	(228,191)	+330%

The group's Hong Kong debt restructuring and personal insolvency management business continues to perform strongly and remains a firm base on which to expand the business in the Asia Pacific.

The profit result for the year took into account the costs of acquisition of a 60% interest in ICS Funding Pte Limited in Singapore, completed on the last day of the financial year. Given the timing of this acquisition there were no results to be included from ICS in this financial year. In addition, the result for the year also took into account costs associated with reviewing business opportunities in Australia and New Zealand as the Group seeks to execute on the objectives set out in its 2018 prospectus.

Late in the financial year the Group announced the acquisition of a 60% interest in Hup Hoe Credit Pte. Ltd (HHC) and ICS Funding Pte Ltd. HHC provides personal loans while ICS provides credit financing to corporates. The ICS acquisition was completed on 28 June 2019, while the completion of the acquisition of HHC has recently been approved by the Ministry of Law in Singapore.

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

The Group has adopted AASB 3 Business Combinations for the preparation of the 2019 consolidated financial statements. The consolidated entity for the year ended 30 June 2019 is CIL and its controlled entities.

Risk Management /

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Group has established an Audit and Risk Committee which comprises only non-executive directors.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

Significant Changes in the State of Affairs /

Credit Intelligence Limited (CIL), being the ultimate legal parent, completed the legal acquisition of a majority interest 60% in ICS Funding Pte. Ltd on 28 June 2019 through an intermediate holding company - Credit Intelligence (Singapore) Holdings Limited. The results of ICS have been consolidated into the Group as at 30 June 2019.

Significant Events after the Reporting Date /

The Company declared an unfranked dividend on 28 August 2019. See Dividends section on page 5.

The completion of the acquisition of HHC has recently been approved by the Ministry of Law in Singapore. Completion of the acquisition is expected by 30 September 2019.

Other than the foregoing, no other matter or circumstance has arisen since 30 June 2019, which has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Likely Developments and Expected Results of Operations /

The Group's debt re-structuring and bankruptcy management business (HK Business) in Hong Kong has not been impacted by recent social and political unrests in Hong Kong and monthly case appointments remain on budget.

The Group's HK Business is inversely related to poor economic conditions and uncertainties. That is, the HK Business increases profitability in an economic downturn. The current circumstance in Hong Kong could result in an increase in bankruptcies and Individual Voluntary Administration (IVA) in coming years.

There may be a marginal increase in request from current active bankruptcy cases under management for reduction of monthly debt repayment. While the monthly service fees that the Group will earn from each case may be reduced, it is not revenue foregone, as the total revenue received during the term of the case management would remain unchanged. The anticipated increase in one off mobilisation fees on new bankruptcies would negate any decrease, if any, in revenue from monthly debt repayments.

From an overall perspective, the Group's HK Business will continue to generate sustainable profits for the CI1 group.

The Group remains committed to expanding its operations in Australia and New Zealand in credit funding, which includes debt restructuring and insolvency practice. The Group is actively looking at acquisitions and/or joint ventures to achieve this objective. Management is frequently in Australia and New Zealand to meet with potential partners and work with the Board in driving this strategy.

The Group has formulated a strategy to make an initial move into the debt arrangement market. This has been driven by a recognition that there are significant opportunities in this market to be captured via the acquisition of an existing operator. Such an acquisition would allow a fast track into a market where the Group sees significant upside due to a number of economic factors in Australia.

Environmental Regulation and Performance /

The Group's current Business is not subject to any significant environmental regulation.

Remuneration Report (Audited) /

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles Used to Determine the Nature and Amount of Remuneration /

Remuneration Governance and Policy

Taking into account the current size and operations of the Group, the board has assumed the role of the Remuneration and Nomination Committee. The Corporate Governance Statement provides further information on the role of this committee. The remuneration policy of Credit Intelligence Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The board of Credit Intelligence Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. The board reviews executive packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and equity securities. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share arrangements, where applicable.

Where required, the executive directors and executives receive a superannuation guarantee contribution required by the government, which was 9.5% for Australia and 5% or maximum contribution HKD1,500 per month circa AUD258 for Hong Kong in the reporting period, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Equity securities in the form of performance shares are valued using an appropriate binomial, trinomial or option pricing methodology depending on the terms of the equity securities granted.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $250,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Performance based remuneration

The Group does not have a formal short-term incentive scheme for executives, directors or other key management personnel. However, the Board believes that a portion of the remuneration package for the directors should be linked to some form of financial indicator, such as share price, from time to time, as determined by the Board. In this regard, performance shares provide a performance linked incentive component in the remuneration package, subject to shareholder approval, of the directors to motivate and reward their performance.

Following shareholder approval at a general meeting of the Group held on 19 January 2018, Annual General Meeting held on 26 November 2018 and a general meeting on 27 June 2019, the current directors were granted performance shares with performance milestones that are linked to increases in the volume weighted average share price of the Company. Details are provided in the 'Share-Based Compensation' section below.

Company performance, shareholder wealth and directors' and executives' remuneration

The Group aims to align director and executive remuneration to its strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the group's financial performance over the last two years as required by the *Corporations Act 2001*. The results below are not necessarily consistent with the measures used in

Principles Used to Determine the Nature and Amount of Remuneration continued /

Company performance, shareholder wealth and directors' and executives' remuneration continued

determining the performance-based amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the performance-based remuneration awarded.

The table below shows the statutory key performance indicators of the Group over the last two years.

	2019 $	2018 $
Revenue	6,049,307	4,794,266
Net (loss)/profit	524,662	(228,191)
Earnings per share (cents per share)	0.06	(0.03)
Share price at year end (cents)	1.5	1.6
Dividend payments	984,513	1,338,359

Use of remuneration consultants

The Group did not retain the services of any remuneration consultants during the financial year ended 30 June 2019.

Voting and comments made at the Company's 2018 Annual General Meeting

The Company received approximately 99% of "yes" votes on its remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Details of Remuneration /

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following table.

The key management personnel of the Group includes those directors of CIL appointed in accordance with the RTO and executives that form part of the continuing CIH Business. All amounts included in the Remuneration Table below are included as expenses within the consolidated statements of profit and loss in the financial statements. The key management personnel and details of the periods for which their remuneration is recorded are:

	Period for which remuneration is included
Directors	
Tony Ho	From appointment on 14 June 2018
Jimmie Wong	From commencement of the comparative period shown
King Wong	From commencement of the comparative period shown
Mel Ashton	From appointment on 17 May 2018
Vincent Lai	From appointment on 17 May 2018
Krista Bates	From appointment on 17 May 2018 to 29 November 2018
Other key management personnel	
Alex Chung, Director of Subsidiary	From appointment on 1 August 2017
Eva Chan, Director of Subsidiary	From commencement of the comparative period shown
Chris Lui, Director of Subsidiary	From commencement of the comparative period shown

Details of Remuneration continued

	Short-term			Long-term	Post-employment	Share-based payments		
	Salary & fees $	Cash bonus $	Non-monetary $	Leave entitlements $	Super-annuation $	Performance shares $	Total $	Percentage performance related %
Directors								
Tony Ho								
2019	61,890	-	-	-	-	8,809	70,699	12
2018	2,361	-	-	-	-	-	2,361	-
Jimmie Wong								
2019	200,319	73,347	-	-	-	105,626	379,292	47
2018	87,099	-	-	-	2,474	13,023	102,596	13
King Wong								
2019	150,240	-	-	-	-	90,647	240,887	37
2018	81,817	26,388	-	-	2,474	11,176	121,855	31
Mel Ashton								
2019	100,028	-	-	-	-	60,691	160,719	38
2018	7,715	-	-	-	-	7,483	15,198	49
Vincent Lai								
2019	40,064	-	-	-	-	20,492	60,556	34
2018	19,105	-	-	-	742	2,526	22,373	11
Krista Bates								
2019	16,222	-	-	-	-	20,492	36,714	56
2018	4,444	-	-	-	-	2,526	6,970	36
Other key management personnel								
Alex Chung								
2019	82,061	-	-	-	3,211	17,863	103,135	17
2018	21,440	26,388	-	-	1,072	-	48,900	54
Eva Chan								
2019	121,308	-	-	-	2,676	17,863	141,847	13
2018	74,216	-	-	-	2,721	-	76,937	-
Chris Lui								
2019	21,408	-	-	-	1,070	17,863	40,341	44
2018	19,791	-	-	-	990	-	20,781	-
Total key management personnel compensation								
2019	793,540	73,347	-	-	6,957	360,346	1,234,190	35
2018	317,988	52,776	-	-	10,473	36,734	417,971	21

Service Agreements

The details of service agreements of the key management personnel of the Group are as follows:

Jimmie Wong, Managing Director and Chief Executive Officer

- Term of agreement – employment commencing from the date of re-admittance to the official list of ASX for 3 years or employment is terminated.
- Annual salary of $375,000 plus any statutory superannuation with effect from 1 July 2019.
- The agreement may be terminated by either party giving 6 months' notice in writing, or applicable shorter periods upon breach of contract by either party. There are no benefits payable on termination other than entitlements accrued to the date of termination.

King Wong, Executive Director

- Term of agreement – employment commencing from the date of re-admittance to the official list of ASX for 3 years or employment is terminated.
- Annual salary of $150,000 plus any statutory superannuation.
- The agreement may be terminated by either party giving 6 months' notice in writing, or applicable shorter periods upon breach of contract by either party. There are no benefits payable on termination other than entitlements accrued to the date of termination.

The non-executive directors have entered into engagement letters containing terms and conditions which are considered standard for the appointments and are in line with common industry practice.

The directors of subsidiary companies have entered into engagement letters containing terms and conditions which are considered standard for the appointments and are in line with common industry practice.

Share-Based Compensation

Performance Shares/Rights

Performance Shares/Rights are issued to directors and executives as part of their remuneration. The Group does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel management from obtaining mortgages in securities held in the Company.

The following performance rights were granted to key management personnel during the year, there were no performance shares/rights forfeited during the year:

Share-Based Compensation continued /

Performance Shares/Rights continued

	Grant date	Granted number	Number vested	Date vesting & exercisable	Expiry date	Value per right at grant date (3) (cents)
Directors						
Tony Ho	24/12/2018	1,750,000	Nil	(1)	22/05/2020	1.15
Tony Ho	24/12/2018	500,000	Nil	(2)	22/05/2021	1.38
Alex Chung	24/12/2018	2,500,000	Nil	(1)	22/05/2020	1.15
Alex Chung	24/12/2018	2,500,000	Nil	(2)	22/05/2021	1.38
Eva Chan	24/12/2018	2,500,000	Nil	(1)	22/05/2020	1.15
Eva Chan	24/12/2018	2,500,000	Nil	(2)	22/05/2021	1.38
Chris Lui	24/12/2018	2,500,000	Nil	(1)	22/05/2020	1.15
Chris Lui	24/12/2018	2,500,000	Nil	(2)	22/05/2021	1.38
Tony Ho	27/06/2019	3,250,000	Nil	(1)	22/05/2020	0.51
Tony Ho	27/06/2019	1,750,000	Nil	(2)	22/05/2021	0.73

(1) Each Class A Performance Share will convert into a fully paid ordinary share in the capital of the Company upon satisfaction of the following milestone: on the Company's 30-day volume weighted average share price reaching at least $0.025.

(2) Each Class B Performance Share will convert into a fully paid ordinary share in the capital of the Company upon satisfaction of the following milestone: on the Company's 30-day volume weighted average share price reaching at least $0.03.

(3) For performance shares/rights granted during the current year and the previous corresponding period, the valuation inputs for the Binomial Barrier Valuation model were as follows:

2019	Underlying share price (cents)	Exercise price (cents)	Barrier price (cents)	Volatility	Risk free interest rate	Valuation date	Expiration date
Class A	1.2	Nil	2.5	157.0%	1.75%	27/06/2019	22/05/2020
Class B	1.2	Nil	3.0	156.0%	1.85%	27/06/2019	22/05/2021

	Underlying share price (cents)	Exercise price (cents)	Barrier price (cents)	Volatility	Risk free interest rate	Valuation date	Expiration date
Class A	1.9	Nil	2.5	157.0%	1.75%	24/12/2018	22/05/2020
Class B	1.9	Nil	3.0	157.0%	1.85%	24/12/2018	22/05/2021

Share-Based Compensation continued /

Performance Shares/Rights continued

2018	Underlying Share Price (cents)	Exercise Price (cents)	Barrier Price (cents)	Volatility	Risk Free Interest Rate	Valuation Date	Expiration Date
Class A	2.0	Nil	2.5	80.0%	2.06%	16/05/2018	22/05/2020
Class B	2.0	Nil	3.0	80.0%	2.22%	16/05/2018	22/05/2021

There were no ordinary shares in the Company provided as a result of the exercise of remuneration performance shares during the year.

Equity Instruments Held by Key Management Personnel /

Performance Shares/Rights

The numbers of performance shares in the Company held during the financial year by each director of Credit Intelligence Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2019	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested & exercisable	Unvested
Directors of Credit Intelligence Limited							
Tony Ho[1]	-	7,250,000	-	-	7,250,000	-	7,250,000
Jimmie Wong	15,000,000	-	-	-	15,000,000	-	15,000,000
King Wong	12,500,000	-	-	-	12,500,000	-	12,500,000
Mel Ashton	7,500,000	-	-	-	7,500,000	-	7,500,000
Vincent Lai	2,500,000	-	-	-	2,500,000	-	2,500,000
Krista Bates[2]	2,500,000	-	-	-	2,500,000	-	2,500,000
Other key management personnel of the Group							
Alex Chung	-	5,000,000	-	-	5,000,000	-	-
Eva Chan	-	5,000,000	-	-	5,000,000	-	-
Chris Lui	-	5,000,000	-	-	5,000,000	-	-

Ordinary Share Holdings /

The number of ordinary shares in the Company held during the financial year by each director of Credit Intelligence Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no ordinary shares granted during the reporting period as compensation.

[1]Performance Rights which have the same terms as Performance Shares but are subject to the Performance Rights Plan.

[2]Director has resigned but performance rights have been retained.

Ordinary Share Holdings continued

2019	Balance at start of the year or date of appointment	Received during the year on the vesting of performance rights/ exercise of options	Other changes during the year	Balance at end of the year[1]
Directors of Credit Intelligence Limited				
Ordinary shares				
Mel Ashton	-	-	-	-
Jimmie Wong[2]	470,910,256	-	(65,670,833)	405,239,423
King Wong	26,642,628	-	-	26,642,628
Vincent Lai	-	-	-	-
Tony Ho	2,000,000	-	500,000	2,500,000
Other key management personnel of the Group				
Ordinary shares				
Alex Chung	-	-	-	-
Eva Chan[2]	470,910,256	-	(65,670,833)	405,239,423
Chris Lui	-	-	-	-

(1) At year end there are no nominally held shares.
(2) Ms Chan is the spouse of Mr Jimmie Wong. As such shareholdings noted in the table above include holdings for both Mr Wong and Ms Chan as related parties of each other.

Loans to Key Management Personnel

There were no loans to key management personnel during the financial year and the previous corresponding period.

Other Transactions with Key Management Personnel

During the ended 30 June 2019 Hong Kong I.V.A. Consultants Limited received $25,051 (2018: $22,867) IVA administration fee from Alex Chung & Company, CPA. Mr Alex Chung is the Principal of Alex Chung & Company, CPA and a member of the Key Management Personnel of the Group.

End of Audited Remuneration Report

Directors' Meetings

During the year the Company held ten meetings of directors. The attendance of directors at meetings of the board was:

	Directors meetings		Committee meetings: Audit and risk		Committee meetings: Remuneration and nomination	
	A	B	A	B	A	B
Tony Ho	8	8	2	2	-	-
Jimmie Wong	8	8	*	*	*	*
King Wong	8	8	*	*	*	*
Mel Ashton	6	8	2	2	-	-
Vincent Lai	8	8	2	2	-	-
Krista Bates	1	1	1	1	-	-

A – Number of meetings attended.
B – Number of meetings held during the time the director held office during the year.
* – Not a member of the relevant committee.

Shares Under Option

There are no unissued ordinary shares of Credit Intelligence Limited under option at the date of this report.

Insurance of Directors, Officers or Auditors

During the financial year, Credit Intelligence Limited has entered into an agreement to indemnify the directors, secretary or auditors of the Company.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-Audit Services

The following non-audit services were provided by the Group's auditor, Moore Stephens or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

– All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;

– None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Non-Audit Services continued /

Moore Stephens or associated entities and component auditors have received, or are due to receive, the following amounts for the provision of non-audit services to the Credit Intelligence Limited:

	2019 $	2018 $
– Taxation services		
MH Tax Limited Hong Kong	5,708	-
Moore Stephens Hong Kong	-	3,628
Moore Stephens Perth	5,000	5,000
– Corporate advisory services		
Moore Stephens Perth	-	27,000
	10,708	35,628

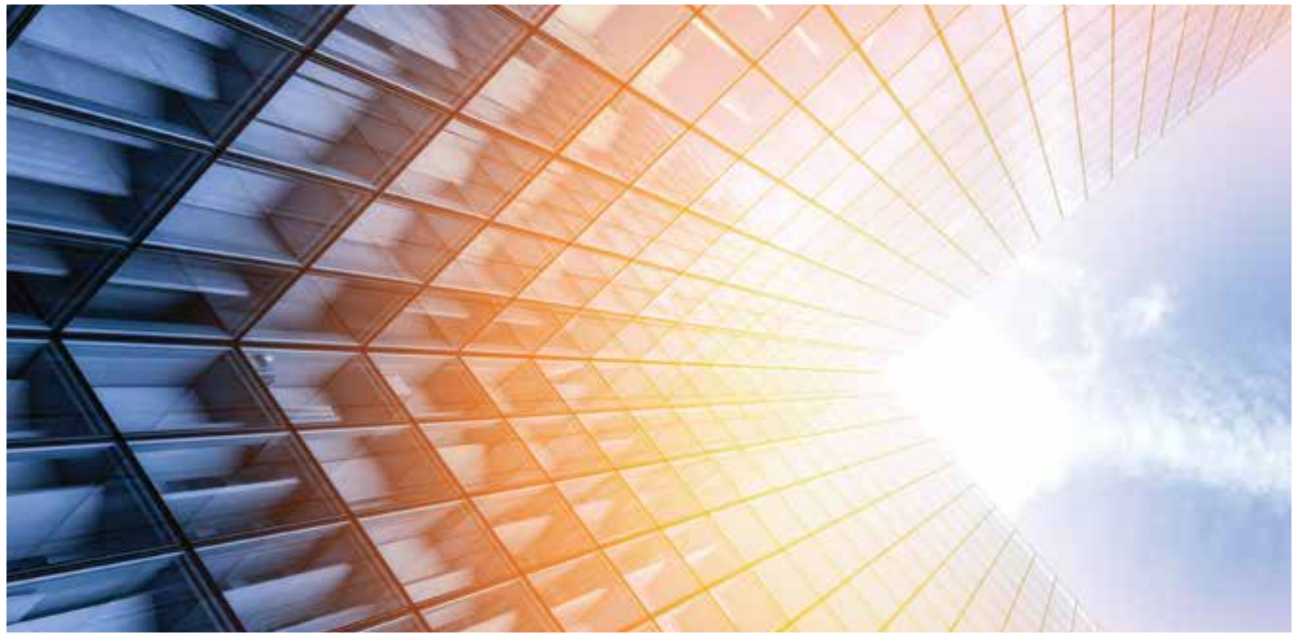
Auditor's Independence Declaration /

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 17.

Signed in accordance with a resolution of the directors.

Jimmie Wong
Managing Director

Perth, 26 September 2019



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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, for the year ended 30 June 2019, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

WEN-SHIEN CHAI
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 26th day of September 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Notes	2019 $	2018 $
Revenue	3	6,049,307	4,794,266
Other income	4	191,385	109,964
Advertising and promotion		(185,487)	(28,654)
Advisor fee		(228,617)	(49,527)
Audit fee		(195,272)	(133,954)
Bank charges and interests		(149,265)	(152,084)
Consultancy fee		(384,704)	-
Directors' fees		(873,844)	(381,237)
Directors' fees (Share-based payments)		(360,346)	(36,734)
Legal and professional fees		(156,240)	(99,571)
Listing costs		-	(703,035)
Rents and rates		(416,482)	(255,394)
Reverse acquisition cost		-	(1,439,979)
Employee benefits expense (including Share-based payments)		(1,444,211)	(1,032,112)
Administration cost		(415,819)	(247,550)
Depreciation expense		(51,246)	(18,482)
Other expenses		(444,593)	(129,536)
Profit before income tax		934,566	196,381
Income tax expense	6	(409,904)	(424,572)
Profit/(loss) after tax		524,662	(228,191)
Profit/(loss) for the year		524,662	(228,191)
Other comprehensive income			
– Exchange differences on translating foreign operations, net of tax		69,684	75,417
Total other comprehensive income for the year, net of tax		69,684	75,417
Total comprehensive income for the year		594,346	(152,774)
Net profit/(loss) attributable to:			
Members of the parent entity		524,662	(228,191)
Non-controlling interest		-	-
		524,662	(228,191)
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		524,662	(152,774)
Non-controlling interest		-	-
		524,662	(152,774)
Earnings per share			
Basic earnings/(loss) per share	23	0.0006	(0.0028)
Diluted earnings/(loss) per share		0.0006	(0.0026)

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	7	3,432,929	4,334,378
Trade and other receivables	8	319,065	252,782
Loan receivables	9	4,411,288	-
Other current assets	10	633,278	131,093
TOTAL CURRENT ASSETS		8,796,560	4,718,253
NON-CURRENT ASSETS			
Property, plant and equipment	11	232,495	83,381
Loan receivables	9	19,738	-
Intangible assets	12	3,628,678	-
TOTAL NON-CURRENT ASSETS		3,880,911	83,381
TOTAL ASSETS		12,677,471	4,801,634
CURRENT LIABILITIES			
Trade and other payables	13	1,836,179	288,260
Amounts due to vendors of ICS	14	1,323,636	-
Current tax liabilities	15	195,739	211,464
TOTAL CURRENT LIABILITIES		3,355,554	499,724
NON-CURRENT LIABILITIES			
Amounts due to related party	16	2,526,486	-
Amounts due to vendors of ICS	14	498,475	-
TOTAL NON-CURRENT LIABILITIES		3,024,961	-
TOTAL LIABILITIES		6,380,515	499,724
NET ASSETS		6,296,956	4,301,910
EQUITY			
Issued capital	17	6,220,555	4,485,035
Reserves	18(a)	585,521	76,731
Accumulated loss	18(b)	(719,707)	(259,856)
Equity attributable to owners of the parent entity		6,086,369	4,301,910
Non-controlling interest		210,587	-
TOTAL EQUITY		6,296,956	4,301,910

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Notes	Issued Capital $	Retained Earnings $	Merger Reserve $	Foreign Currency Translation Reserve $	Share-based Payment Reserve $	Total $	Non-controlling Interest $	Total Equity $
Balance at 1.7.2017		-*	1,306,693	11,053	(46,457)	-	1,271,289	-	1,271,289
Comprehensive income:									
Loss for the year		-	(228,191)	-	-	-	(228,191)	-	228,191)
Other comprehensive income for the year		-	-	-	75,417	-	75,417	-	75,417
Total comprehensive income for the yearr		-	1,078,502	11,053	28,960	-	1,118,515	-	1,118,515
Transactions with owners, in their capacity as owners, and other transfers									
Allotment of shares		16	-	(16)	-	-	-	-	-
Proceeds from capital raising		3,565,500	-	-	-	-	3,565,500	-	3,565,500
Deemed acquisition costs for RTO		1,439,999	-	-	-	-	1,439,999	-	1,439,999
Cost of capital raising		(520,480)	-	-	-	-	(520,480)	-	(520,480)
Option expense recognised in the year		-	-	-	-	36,734	36,734	-	36,734
Dividends paid for the period		-	(1,338,359)	-	-	-	(1,338,359)	-	(1,338,359)
Total transactions with owners and other transfers		4,485,035	(1,338,359)	(16)	-	36,734	3,183,394	-	3,183,394
Balance at 30.6.2018		4,485,035	(259,856)	11,037	28,960	36,734	4,301,910	-	4,301,910
Balance at 1.7.2018		4,485,035	(259,856)	11,037	28,960	36,734	4,301,910	-	4,301,910
Comprehensive income:									
Profit for the year		-	524,662	-	-	-	524,662	-	524,662
Other comprehensive income for the year		-	-	-	69,684	-	69,684	-	69,684
Total comprehensive income for the year		4,485,035	264,806	11,037	98,644	36,734	4,896,256	-	4,896,256
Transactions with owners, in their capacity as owners, and other transfers									
Allotment of shares		1,735,520	-	-	-	-	1,735,520	-	1,735,520
Acquisition of subsidiaries		-	-	-	-	-	-	210,587	210,587
Option expense recognised in the year		-	-	-	-	439,106	439,106	-	439,106
Dividends paid for the period		-	(984,513)	-	-	-	(984,513)	-	(984,513)
Total transactions with owners and other transfers		1,735,520	(984,513)	-	-	439,106	1,190,113	210,587	1,476,065
Balance at 30.6.2019		6,220,555	(719,707)	11,037	98,644	475,840	6,086,369	210,587	6,296,956

*- amounts less than $1

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Notes	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		6,173,962	4,824,810
Payments to suppliers and employees		(5,001,587)	(2,798,273)
Interest received		3,768	-*
Finance costs		(149,265)	(152,084)
Income tax paid		(586,512)	(312,043)
Net cash provided by operating activities	20	440,366	1,562,410
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(192,379)	(67,380)
Investment in subsidiary company		(215,060)	-
Amount due from director		-	(633,093)
Net cash used in investing activities		(407,439)	(700,473)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from capital raising		-	3,565,500
Cost of capital raising		-	(520,480)
Dividend paid		(984,513)	-
Net cash (used in)/provided by financing activitiess		(984,513)	3,045,020
Net (decrease)/increase in cash held		(951,586)	3,906,957
Cash at beginning of the year		4,334,378	349,480
Effect of foreign currency translation		50,137	77,941
Cash at the end of the year	7	3,432,929	4,334,378

*- amounts less than $1

The accompanying notes form part of these consolidated financial statements.

1 Summary of significant accounting policies /

These 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 financial statements were authorised for issue on 26 September 2019 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.

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(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 30 June 2019 and the results of its controlled entities for the year then ended. Credit Intelligence Limited and its controlled entities together are referred to in these financial statements as the "Consolidated entity".

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.

1 Summary of significant accounting policies continued /

(b) Principles of consolidation continued

Group companies

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

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

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

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

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

Credit Intelligence Limited (CIL), being the ultimate legal parent, completed the legal acquisition of a majority interest 60% in ICS Funding Pte. Ltd (ICS) on 28 June 2019 through an intermediate holding company - Credit Intelligence (Singapore) Holdings Limited. As such, the post-acquisition result of ICS have been consolidated into the Group as at 30 June 2019.

Credit Intelligence Limited (CIL) completed the legal acquisition of Credit Intelligence Holding Limited and its controlled entities (CIH) on 8 May 2018. The Company has treated this transaction as a reverse acquisition in accordance with AASB 3 Business Combinations for the preparation of the 2018 consolidated financial statements. CIH (the legal subsidiary/accounting parent, ("the Group") was deemed to be the acquirer for accounting purposes as it has obtained control over the operations of the legal acquirer CIL (accounting subsidiary). Accordingly, the consolidated financial statements of CIL have been prepared as a continuation of the financial statements of CIH.

Both the consolidated entity for the year ended 30 June 2019 and comparative figures for the previous year to 30 June 2018 are 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 2018 to 30 June 2019 comprises 12 months of CIL and CIH; and
  - for the comparative period between 1 July 2017 to 30 June 2018 comprises 12 months of CIH and the period from 8 May 2018 to 30 June 2018 of CIL.
- The consolidated statement of financial position:
  - as at 30 June 2019 represents both ICS, CIH and CIL as at that date; and
  - as at 30 June 2018 represents both CIH and CIL as at that date.
- The consolidated statement of changes in equity:
  - for the period between 1 July 2018 to 30 June 2019 CIH and CIL's balance at 1 July 2018, its profit for the period and transactions with equity holders for 12 months. It also comprises the equity value of ICS, CIH and CIL at 30 June 2019. The number of shares on issue at period end represent those of CIL only; and

1 Summary of significant accounting policies continued

(b) Principles of consolidation continued

- for the period between 1 July 2017 to 30 June 2018 CIH's balance at 1 July 2017, its profit for the period and transactions with equity holders for 12 months. It also comprises CIL transactions within equity from 8 May 2018 to 30 June 2018 and the equity value of CIH and CIL at 30 June 2018. The number of shares on issue at period end represent those of CIL only.

(c) Foreign currency translation

(i) Functional and presentation currency

The functional currencies of the Group are Hong Kong dollars (HK$) and Singapore dollars (SG$), which are the currencies of the primary economic environment in which the Group operates, while presentation currency of the Group is Australian dollars (A$).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

(d) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. "Control" refers to the customer's ability to direct the use of and obtain substantially all of the remaining benefits from an asset.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue from bankruptcy administration services

The Group provides payment collection and assets realisation services to the customers. Service is carried out when the bankrupts pay to their bankruptcy estate bank accounts. Revenue is recognised progressively using input method, which is based on the payment made by the bankrupts at an agreed rate, because the customer receives and uses the benefits simultaneously.

1 Summary of significant accounting policies continued

(d) Revenue recognition continued

Revenue from bankruptcy administration services continued

The Group also provides dividend distribution services to the customers. Service is carried out when the Group distributes to the monetary value in bankruptcy estate bank accounts to the creditors. Revenue is recognised progressively using input method, which is based on the payment distributed to the creditors at an agreed rate, because the customer receives and uses the benefits simultaneously.

Any unconditional rights to consideration are presented separately as "Accounts receivable".

Variable consideration

In the event that the total aggregate revenue from payment collection and assets realisation services and distribution services is less than an agreed amount, the remaining funds in the bankruptcy estate bank account will be charged as discharge minimum fee up to a ceiling which makes the revenue up to the agreed amount if sufficient funds are available.

Since such minimum fee, which is subject to sufficiency of funds, is considered as "variable consideration", the related amount is recognised as revenue only when it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The management considers that the uncertainty of the minimum fee can only be resolved until the bankrupt is discharged.

Revenue from Individual Voluntary Arrangement (IVA) services

Revenue from sharing of service fee from the IVA nominees refer to services provided to the nominees, for preparing monthly administrative documents on behalf of the nominees. As the nominees simultaneously receives and consumes the benefits provided by the Group, revenue is recognised over time by using input method, which is based on the passage of time.

The Group provides IVA proposal consultancy services to the customers. Also, the Group has an enforceable right to payment for performance completed to date, in particular, based on certain explicit terms in the contracts and the past practice which gives the Group the right to be paid for work done to date if the customer were to terminate the contract for reasons other than the Group's failure to perform as promised.

Revenue is recognised by using output method, which is the service fee for each stage of services completed as stated in the contracts.

Any unconditional rights to consideration are presented separately as "Accounts receivable".

Interest income

Interest income is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rates which is the rate that exactly discounts the estimated future cash receipts over the expected future life of the financial asset.

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

1 Summary of significant accounting policies continued

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered, or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associated and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(f) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

1 Summary of significant accounting policies continued

(g) Leases

Leases where the lessor retains substantially all of the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Cash and cash equivalent

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short-term, highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(j) Trade and other receivables

Trade and other receivables include amounts receivable from customers for services provided in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(s) for further discussion on the determination of impairment losses.

(k) Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition of the liability.

1 Summary of significant accounting policies continued

(l) Provisions

Provisions for make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(m) Employee benefits

(i) Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages and salaries are recognised as current provisions in the statement of financial position.

(ii) Other long-term employee benefits

The Group classifies employees' long service leave and annual leave entitlements as other long-term employee benefits, as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Group's obligation for other long-term employee benefits, which is measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

(iii) Retirement benefit obligations

The Group does not maintain a company superannuation plan. The Group makes fixed percentage contributions for all Hong Kong resident employees to complying third party superannuation/MPF funds.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. No forfeited contribution was available to reduce the contribution payable in the future years. Payments to MPF Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group's legal or constructive obligation is limited to these contributions.

Contributions to complying third party superannuation/MPF funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1 Summary of significant accounting policies continued

(m) Employee benefits continued

(iv) Share - based payments

The fair value of performance shares granted to directors as approved by shareholders in a general meeting is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the directors become unconditionally entitled to the performance shares.

The fair value at grant date is independently determined using a Black-Scholes or Binomial Barrier Valuation option pricing model that takes into account the exercise price, the term of the performance shares, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance shares.

The fair value of the performance shares granted is adjusted to reflect market vesting conditions but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of performance shares that are expected to become allotted. At each reporting date, the entity revises its estimate of the number of performance shares that are expected to become allotted.

The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Statement of Comprehensive Income with a corresponding adjustment to equity.

Where the terms of performance shares are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Upon the allotment of performance shares, the balance of the share-based payments reserve relating to those performance shares is transferred to share capital, net of any directly attributable transaction costs.

(n) Contributed equity

Costs directly attributable to the issue of new shares are shown as a deduction from the equity as a deduction proceeds net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net GST, except where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

1 Summary of significant accounting policies continued

(p) Property, plant and equipment

Property, plant and equipment are stated at cost, less provisions for depreciation and impairment losses. A formal assessment of recoverable amount is made and impairment loss is recognised in profit or loss when impairment indicators are present (refer to note 1(h) for detail of impairment).

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated statement of comprehensive income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item.

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual assets, as follows:

Furniture, fixtures and equipment	20% per annum
Leasehold improvements	Over the shorter of the lease terms and 20% per annum

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of comprehensive income in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amounts of the relevant asset.

(q) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

1 Summary of significant accounting policies continued

(q) Business combinations continued

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. 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 the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(r) Accounting of goodwill

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

(i) the consideration transferred at fair value;

(ii) any non-controlling interest (determined under either the fair value or proportionate interest method); and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

1 Summary of significant accounting policies continued /

(r) Accounting of goodwill continued

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(s) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

1 Summary of significant accounting policies continued /

(s) Financial instruments continued

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair values (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

1 Summary of significant accounting policies continued

(s) Financial instruments continued

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3:Business Combinations applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

1 Summary of significant accounting policies continued

(s) Financial instruments continued

Derecognition of financial assets continued

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Preference shares

Preferred share capital is classified as equity if it is non-redeemable or redeemable only at the discretion of the Parent Entity, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon declaration by the directors. Preferred share capital is classified as a liability if it is redeemable on a set date or at the option of the shareholders, or where the dividends are mandatory. Dividends thereon are recognised as interest expense in profit or loss.

Compound financial instruments

Compound instruments (convertible preference shares) issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the arrangements. An option that is convertible and that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments will be classified as equity.

The fair value of the liability component is estimated on date of issue. This is done by using the prevailing market interest rate of the same kind of instrument. This amount is recognised using the effective interest method as a liability at amortised cost until conversion or the end of life of the instrument.

The equity portion is calculated by deducting the liability amount from the fair value of the instrument as a whole. The equity portion is not remeasured after initial recognition. Equity will remain as such until the option is exercised. When the option is exercised a corresponding amount will be transferred to share capital. If the option lapses without the option being exercised the balance in equity will be recognised in profit or loss.

Costs of the transaction of the issue of convertible instruments are proportionally allocated to the equity and liability. Transaction costs in regards to the liability are included in the carrying amount of the liability and are amortised over its life using the effective interest method. Transaction cost in equity is directly recognised in equity.

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

1 Summary of significant accounting policies continued /

(s) Financial instruments continued

Impairment continued

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments:*

- the general approach
- the simplified approach
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Purchased or originated credit-impaired approach

For a financial asset that is considered credit-impaired (not on acquisition or origination), the Group measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender granting to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- high probability that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

1 Summary of significant accounting policies continued /

(s) Financial instruments continued

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Group assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Group applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term;
- adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(t) New and amended accounting standards adopted by the Group

AASB 15: *Revenue from Contracts with Customers*

The Group has adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018. In accordance with the transition provisions in AASB 15, the Group has applied the cumulative effective method; that is, by recognising the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of equity at 1 July 2018. Therefore, the comparative information has not been restated and continues to be reported under AASB 118: *Revenue.*

AASB 15 has resulted in a change in accounting policies (refer to note 1(d)). However, as the impact was immaterial, no adjustments were made to the Statement of profit or loss and other comprehensive income for the period ending 30 June 2018 and amounts recognised in the balance sheet at the date of initial application (1 July 2018).

AASB 9: *Financial Instruments*

The Group has adopted AASB 9 Financial Instruments from 1 July 2018. The Group has decided not to restate comparative information as permitted by the transitional provisions of AASB 9.

AASB 9 has resulted in a change in accounting policies (refer to note 1(s)) and the following impact on the opening balance sheet as at the date of initial application of the standard. These adjustments are therefore not reflected in the closing balance sheet as at 30 June 2018 but are recognised in the opening balance sheet on 1 July 2018.

1 Summary of significant accounting policies continued

(t) New and amended accounting standards adopted by the Group continued

The following table show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

(a) Classification and measurement

Balance sheet (extract)	30 June 2018 originally presented $	AASB 9 $	1 July 2018 restated $
Loans and receivables (AASB 139)	252,782	(252,782)	-
Financial assets at amortised cost (AASB 9)	-	252,782	252,782

(b) Impairment

	Impairment under AASB 139 as at 30 June 2018 $	Remeasurement $	ECL under AASB 9 as at 1 July 2018 $
Loans and receivables under AASB 139 / Financial assets at amortised cost under AASB 9	-	-	-

(u) New accounting standards for application in future periods

AASB 16: *Leases*

AASB 16 "Leases" is mandatory for annual reporting periods beginning on or after 1 January 2019. AASB 16 will supersede the existing lease accounting requirements in AASB 117 "Leases" and the related Interpretations. It introduces a single lease accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership. The key requirements of AASB 16 are summarised as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116 Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components, instead accounting for all components as a lease;
- inclusion of additional disclosure requirements; and
- accounting for lessors will not significantly change.

*AASB 16*will primarily affect the accounting of the Group's operating leases. The Group's non-cancellable operating lease commitments amount to $196,356 as at the reporting date. None of these are low-value or short term leases.

The Group has performed a preliminary impact assessment and has estimated that on 1 July 2019, the Group expects to recognise the right-of-use assets and lease liabilities of approximately $166,000 (after adjusting for prepayments and accrued lease payments recognised as at 30 June 2019).

Following the adoption of this new Standard, the Group's net profit before tax is expected to increase by approximately $6,300 in 2020.

The repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities, thus decreasing operating cash flows and increasing financing cash flows by approximately $157,000.

2 Critical accounting estimates and judgements

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

(i) Business combinations

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

Credit Intelligence Limited (CIL), being the ultimate legal parent, completed the legal acquisition of a majority interest 60% in ICS Funding Pte. Ltd on 28 June 2019 through an intermediate holding company - Credit Intelligence (Singapore) Holdings Limited. As such, the post-acquisition results of ICS have been consolidated into the Group as at 30 June 2019.

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

Credit Intelligence Limited completed the legal acquisition of 100% of the issued share capital of Credit Intelligence Holding Limited and its controlled entities ("CIH") on 8 May 2018. Credit Intelligence Limited (formerly APAC Coal Limited) had limited activities at the time of acquisition and was not considered to be a business under AASB 3 "Business Combinations".

Under the terms of AASB 3 "Business Combinations", CIH is deemed to be the accounting acquirer in the business combination as it has obtained control over the operations of the legal acquirer (accounting subsidiary). Consequently, the transaction has been accounted for as a reverse acquisition. The financial statements of the Company have been prepared as a continuation of the business and operations of CIH.

The deemed acquisition costs to acquire the listed company were allocated against the identifiable assets and liabilities of the listed entity. Any excess of the deemed acquisition cost over the fair value of the assets and liabilities acquired represents a share-based payment (exchange for control) and accounted for as an expense of listing.

The consolidated financial statements of CIH now comprising the Group for the years ended 30 June 2019 and 2018 have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the period.

(ii) Performance shares

The performance rights issued on 27 June 2019 comprising class A and class B were valued using the binomial method as between 0.51 cents and 0.73 cents per share. Given the timing of issue, there was no share-based payment expense recognised for the period ended 30 June 2019 in relation to these performance rights (2018: nil).

The performance rights issued on 24 December 2018 comprising class A and class B were valued using the binomial method as between 1.15 cents and 1.38 cents per share. A share-based payment expense of $141,158 was recognised for the period ended 30 June 2019 in relation to these performance rights (2018: nil).

2 Critical accounting estimates and judgements continued

(ii) Performance shares continued

The performance shares issued on 16 May 2018 comprising class A and class B were valued using the binomial method as between 1.81 cents and 1.85 cents per share. A share-based payment expense of $297,948 was recognised for the period ended 30 June 2019 in relation to these performance shares (2018: $36,734).

Performance rights were issued to employees during the year ended 30 June 2019. The terms of these performance shares are set out in note 19.

	2019 $	2018 $
3 Revenue		
Bankruptcy administration service income	5,951,051	4,674,957
IVA service income	98,256	119,309
	6,049,307	**4,794,266**
4 Other income		
Bank interest income	3,768	1
Gain on acquisition of a subsidiary	54	-
Administrative charges	168,832	103,152
Foreign exchange gain	18,731	6,811
	191,385	**109,964**
5 Profit for the Year		
Profit before income tax from continuing operations includes the following specific expenses:	934,566	196,381
Expenses		
Operating lease payments	416,482	255,394
Contributions to defined contribution plans	62,086	49,624
Listing costs	-	703,035
Directors' fees (share-based payments)	360,346	36,734
Reverse acquisition cost	-	1,439,979
Consultancy fee	384,704	-
Advisor fee	228,617	49,527

6 Income tax

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

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

Hong Kong Profits Tax is calculated at 8.25% of the first HK$ 2 million estimated assessable profit and 16.5% above HK$ 2 million estimated assessable profit derived in Hong Kong for the years ended 30 June 2019.

6 Income tax continued

	2019 $	2018 $
a. The components of tax expense comprise::		
Current tax	409,904	424,572
Deferred tax	-	-
Income tax reported in statement of comprehensive income	409,904	424,572
b. The prima facie tax expense on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax expense on profit from ordinary activities before income tax at 30% (2018: 30%))	280,370	58,914
Add tax effect of:		
- Non-allowable items	252,033	658,953
- Revenue losses not recognised	276,363	106,432
- Other deferred tax balances not recognised	-	18,293
	808,766	842,592
Less tax effect of:		
- Differential in corporate tax rate	341,637	377,073
- Non-assessable items	8,655	36,000
- Special tax reduction	1,442	4,948
- Other deferred tax balances not recognised	47,128	-
Income tax reported in statement of comprehensive income	409,904	424,572
c. Deferred tax recognised at 30% (2018: 30%) (Note 1):		
Deferred tax liabilities:		
Foreign exchange differences	-	(1,798)
Deferred tax assets:		
Capital raising costs	-	1,798
Net deferred tax	-	-
d. Unrecognised deferred tax assets at 30% (2018: 30%) (Note 1):		
Revenue losses	303,272	-
Provisions and accruals	7,500	12,000
Capital raising costs	114,022	150,780
	425,029	162,780
e. Current tax liabilities		
Provision for tax	195,739	211,464

6 Income tax continued

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

Note 1 - the corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

	2019 $	2018 $
7 Cash and cash equivalents		
Cash at bank and in hand	3,432,929	4,334,378
8 Trade and other receivables		
Trade debtors	312,828	252,782
Other receivables	6,237	-
	319,065	**252,782**

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. Wong Ka Sek and Mr. Wong Ka Lam King, 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 30 June 2018 and 2019 as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Account receivables from nominees of IVA services are normally due within 30 days from the date of billing. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as at 30 June 2018 and 2019 as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances as at 30 June 2018 and 2019.

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.

The other receivable as at 30 June 2019 is an amount due from director to the Company of $6,237. The loan is non trade in nature, unsecured, interest-free and repayable on demand.

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9.

8 Trade and other receivables continued

(i) Lifetime Expected Credit Loss: Credit Impaired

	Opening balance under AASB 139 1 July 2018 $	Adjustment for AASB 9 $	Net measurement of loss allowance $	Amounts written off $	Closing balance 30 June 2019 $
Trade and other receivables	-	-	-	-	-
	-	-	-	-	-

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 1 July 2018 and 30 June 2019 is determined as follows; the expected credit losses also incorporate forward-looking information.

	Current (less than 30 days) past due	31 to 60 days past due	61 to 90 days past due	More than 90 days past due	Total
1 July 2018					
Trade and other receivables					
Expected credit loss	0%	0%	0%	0%	-
Gross carrying amount	252,782	-	-	-	252,782
Loss allowance	-	-	-	-	-
30 June 2019					
Trade and other receivables					
Expected credit loss	0%	0%	0%	0%	-
Gross carrying amount	312,828	-	6,237	-	319,065
Loss allowance	-	-	-	-	-

(ii) Credit Risk

The Group has no significant concentration of credit risk with respect to any single counterparty or entity of counterparties other than those receivables specifically provided for and mentioned within this note. The main source of credit risk to the Group is considered to relate to the class of assets described as "trade and other receivables".

The Group always measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit loss. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

The Group writes off a trade and other receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery (eg when the debtor has been placed under liquidation or has entered into bankruptcy proceedings) or when the trade receivables are over one year past due, whichever occurs earlier. None of the trade and other receivables were written off during the financial year.

9 Loan receivables /

	2019 $	2018 $
Loan receivables – Third parties	4,554,544	
Allowance for impairment	(123,518)	-
	4,431,026	
Current	4,411,288	-
Non-current	19,738	-
	4,431,026	-
Movement in allowance accounts:		
At beginning of the year	95,503	-
Allowance for impairment	34,331	-
Allowance written back	(6,316)	-
Allowance written-off	-	-
At end of financial year	**123,518**	-

The maturity date of the loans ranged from 3 months to 24 months. They are due within 5 business days from the maturity date.

The loan receivables are unsecured, and bearing interest rate at 3% to 12% per month. All the loan receivables are guaranteed by the shareholders and directors of the companies to which these loans have been made .

Loss allowance for loan receivables are measured at an amount equal to life expected credit losses (ECL). The ECL on loan receivables are estimated by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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.

9 Loan receivables continued /

Receivables that are past due but not impaired

The Group had loan receivables amounting to $281,309 that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2019 $	2018 $
Not past due and not impaired	4,149,717	-
Not past due but impaired	-	-
Past due but not impaired	281,309	-
Past due and impaired	123,518	-
	4,554,544	-
Loan receivables that are past due but not impaired are as follows:		
Past due 0 to 30 days	-	-
Past due 31 to 60 days	-	-
Past due over 60 days	281,309	-
	281,309	
Loan receivables that are past due and impaired are as follows:		
Past due 0 to 30 days	-	-
Past due 31 to 60 days	-	-
Past due over 60 days	123,518	-
	123,518	-
Allowance for impairment	**(123,518)**	-
	-	-

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

10 Other current assets /

	2019 $	2018 $
Deposits	80,715	35,284
Accrued Income and other debtors	406,510	86,444
GST receivable	93,348	6,276
Prepayments	52,705	3,089
	633,278	**131,093**

11 Property, plant and equipment /

	2019 $	2018 $
Leasehold improvements		
At cost	25,113	5,097
Accumulated depreciation	(4,469)	(737)
Foreign exchange adjustment	610	-
Total leasehold improvements	21,254	4,360
Furniture, fixtures and equipment		
At cost	410,855	238,492
Accumulated depreciation	(206,985)	(159,471)
Foreign exchange adjustment	7,371	-
Total furniture, fixtures and equipment	211,241	79,021
Total property, plant and equipment	**232,495**	**83,381**

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year

	Leasehold improvements $	Furniture, fixtures and equipment $	Total $
Balance at the beginning of the year	4,360	79,021	83,381
Additions	20,016	172,363	192,379
Disposals	-	-	-
Depreciation expense	(3,732)	(47,514)	(51,246)
Foreign exchange adjustment	610	7,371	7,981
Carrying amount at the end of year	21,254	211,241	232,495

12 Intangible assets /

	Goodwill $
Year ended 30 June 2019	
Balance at the beginning of the year	-
Acquisitions through business combinations	3,628,678
Impairment losses	-
Closing value at 30 June 2019	3,628,678

The goodwill during the financial year arose from the acquisition of a 60% interest in ICS Funding Pte Ltd (ICS). No impairment has been recognised in respect of goodwill at the end of the reporting period. Refer to note 22 for further information.

13 Trade and other payables /

	2019 $	2018 $
Accrued Expenses	171,100	288,260
Other payables	1,665,079	-
	1,836,179	**288,260**

The other payables represent a dividend payable to vendors(directors) of ICS Funding Pte. Ltd prior to the completion of acquisition.

14 Amounts due to vendors of ICS /

Amounts due to vendors(directors) of ICS Funding Pte. Ltd comprise 18 monthly interest-free instalments for the acquisition of 60% of ICS Funding Pte. Ltd and the contingent consideration.

	2019 $	2018 $
Current	1,323,636	-
Non-current	498,475	-
	1,822,111	-

15 Current tax liabilities /

		2019 $	2018 $
Provision for taxation - Hong Kong		43,496	211,464
Provision for taxation - Singapore		152,243	-
	6(e)	**195,739**	**211,464**

16 Amounts due to related party /

	2019 $	2018 $
Loan from CLT Investment Ltd	2,526,486	-

CLT Investment Ltd is 50% owned by Mr. Lim Chee Wei who is a director of ICS Funding Pte. Ltd. The amount is non-trade in nature, unsecured and repayable on demand. Interest is charged at 1.5% on a monthly basis.

17 Issued capital /

Although the Company's acquisition of 100% of Credit Intelligence Holding Limited (CIH) has been accounted for as a reverse acquisition, the capital structure of the Consolidated Entity is that of the legal parent, Credit Intelligence Limited (CIL).

The current period reflects the movements in the legal parent's capital structure for the year to 30 June 2019.

	2019 No.	2018 No.	2019 $	2018 $
(a) Ordinary issued and paid up share capital				
At the beginning of the reporting year	820,427,185	1	4,485,035	-*
Issue of shares in CIH	-	9999	-	-
Balance before reverse acquisition	820,427,185	10,000	4,485,035	16
Elimination of CIH (legal acquire) shares	-	(10,000)	-	-
Shares of CIL (legal acquirer) at acquisition date	-	71,999,942	-	-
Deemed consideration for the issue of shares by the Company as consideration for the acquisition of CIH		532,852,564		1,439,999
Capital raising at $0.02 per share	-	178,275,000	-	3,565,500
Shares issued to advisors	-	37,299,679	-	-
Transaction costs relating to capital raising	-	-	-	(520,480)
Shares issued to vendors	115,701,349	-	1,735,520	-
Total ordinary share capital at the end of the reporting period	936,128,534	820,427,185	6,220,555	4,485,035
(b) Share-based payment reserve				
At the beginning of the reporting year	40,000,000	-	36,734	-
Valuation of class A and class B performance shares at the end of the reporting period	-	-	297,948	-
Class A performance rights issued during the financial year end 2019	24,772,500	18,500,000	84,919	20,852
Class B performance rights issued during the financial year end 2019	22,022,500	21,500,000	56,239	15,882
Total performance shares/rights at the end of the reporting period	86,795,000	40,000,000	475,840	36,734

** Amounts less than $1*

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

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

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

18 Reserves and accumulated losses /

	2019 $	2018 $
(a) Reserves		
Total reserves	**585,521**	**76,731**
Share based payments reserve		
Movements in share-based payments reserve were as follows:		
Balance 1 July	36,734	-
Transfer to share based payments reserve	439,106	36,734
Options lapsed	-	-
Transfer from share option reserve on exercise of options	-	-
Balance 30 June	**475,840**	**36,734**
Movements in foreign currency translation reserve		
Balance 1 July	28,960	(46,457)
Movement in foreign currency translation reserve	69,684	75,417
Balance 30 June	**98,644**	**28,960**
Movements in merger reserve		
Balance 1 July	11,037	11,053
Movement in allotment of shares	-	(16)
Balance 30 June	**11,037**	**11,037**
Total reserves	**585,521**	**76,731**
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Opening retained earnings	(259,856)	1,306,693
Profit/(Loss) after tax for the year	524,662	(228,191)
Interim dividend paid prior to reverse takeover	-	(1,338,359)
Final dividend paid	(984,513)	-
Balance 30 June	**(719,707)**	**(259,856)**

(c) Nature and purpose of reserves

The share-based payment reserve comprises the cumulative value of employee services received through the issue of performance shares. When the performance shares vests, the related balance previously recognised in the share-based payments reserve is transferred to share capital. When the performance shares lapse, the related balance previously recognised in the performance share reserve is transferred to accumulated profits.

19 Share-based payments

The following share-based payments were made during the year ended 30 June 2018 and 30 June 2019:

Issue of Performance Shares to directors and employees:

During the year ended 30 June 2019 the Company issued 24,772,500 Class A Performance Rights and 22,022,500 Class B Performance Rights to the directors and employees as partial consideration of services provided to the Company:

Director	Class A performance rights	Class B performance rights
Tony Ho	5,000,000	2,250,000
Herbert Wong	2,500,000	2,500,000
Alex Chung	2,500,000	2,500,000
Eva Chan	2,500,000	2,500,000
Chris Lui	2,500,000	2,500,000
Employees	9,772,500	9,772,500

During the year ended 30 June 2018 the Company issued 18,500,000 Class A Performance Shares and 21,500,000 Class B Performance Shares to the directors as partial consideration of services provided as directors of the Company:

Director	Class A performance shares	Class B performance shares
Jimmie Wong	5,000,000	10,000,000
King Wong	5,000,000	7,500,000
Mel Ashton	5,000,000	2,500,000
Krista Bates	1,750,000	750,000
Vincent Lai	1,750,000	750,000

Issue of Ordinary Shares to advisors:

As part of the reverse takeover, 37,299,679 shares were issued to advisors of the transaction at $0.02 per share. The total value of the shares of $745,994 has been capitalised against share capital as costs of the transaction.

19 Share-based payments continued

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

(1) Each Class A Performance Share/Right will convert into one fully paid ordinary share in the capital of the Company upon satisfaction of the following milestone: on the Company's 30-day volume weighted average share price reaching at least $0.025 two years from the date the Company re-commenced trading on the ASX, being 22 May 2018.

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

(3) The Performance Shares/Rights do not carry any voting rights in the Company.

(4) The Performance Shares/Rights confer on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders of Performance Shares have the right to attend general meetings of shareholders.

(5) The Performance Shares/Rights do not entitle the holder to any dividends.

(6) The Performance Shares/Rights do not confer any right to participate in the surplus profits or assets of the Company upon winding up of the Company.

(7) The Performance Shares/Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(8) The Performance Shares/Rights do not confer the right to participate in new issues of securities such as entitlement issues. If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares which must be issued on the conversion of a Performance Share/Right will be increased by the number of Shares which the holder would have received if the relevant Performance Share had converted before the record date for the bonus issue.

(9) If at any time the issued capital of the Company is reorganised, the Performance Shares are to be treated in the manner set out in Listing Rule 7.21 (or other applicable Listing Rule), being that the number of Performance Shares/Rights or the conversion ratio or both will be reorganised so that the holder of the Performance Shares/Rights will not receive a benefit that holders of ordinary shares do not receive and so that the holders of ordinary shares will not receive a benefit that the holder of the Performance Shares/Rights does not receive.

(10) The Performance Shares/Rights give the holder no rights other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms and conditions.

Performance Rights have the same terms as the Performance Shares but are subject to the Performance Rights Plan.

19 Share-based payments continued

For performance shares/rights granted during the current and prior year, the valuation inputs for the Binomial Barrier Valuation model were as follows:

2019	Underlying share price (cents)	Exercise price (cents)	Barrier price (cents)	Volatility	Risk free interest rate	Valuation date	Expiration date
Class A	1.2	Nil	2.5	157.0%	1.75%	27/06/2019	22/05/2020
Class B	1.2	Nil	3.0	156.0%	1.85%	27/06/2019	22/05/2021

	Underlying share price (cents)	Exercise price (cents)	Barrier price (cents)	Volatility	Risk free interest rate	Valuation date	Expiration date
Class A	1.9	Nil	2.5	157.0%	1.75%	24/12/2018	22/05/2020
Class B	1.9	Nil	3.0	157.0%	1.85%	24/12/2018	22/05/2021

2018	Underlying share price (cents)	Exercise price (cents)	Barrier price (cents)	Volatility	Risk free interest rate	Valuation date	Expiration date
Class A	2.0	Nil	2.5	80.0%	2.06%	16/05/2018	22/05/2020
Class B	2.0	Nil	3.0	80.0%	2.22%	16/05/2018	22/05/2021

The performance shares/rights vest over the period from the grant date to the expiration date. An expense of $439,106 was recognised in the profit or loss account of the Company for the year ended 30 June 2019 (2018: $36,734).

20 Cash flow information

	2019 $	2018 $
Reconciliation of cash flow from operations with operating profit from ordinary activities after income tax:		
Profit/(loss) from ordinary activities after income tax	524,662	(228,191)
Non-cash flows in profit from ordinary activities:		
Depreciation	51,246	18,482
Gain on acquisition of a subsidiary	(54)	-
Reverse acquisition cost	-	1,439,999
Share-based payment	439,106	36,734
Effect of foreign currency translation	11,566	1,326
Movements in working capital		
Increase in trade and other receivables	(60,046)	(61,489)
Increase in other current assets	(192,315)	(18,712)
(Decrease)/increase in trade and other payables	(165,831)	253,797
(Decrease)/increase in income tax payable	(167,968)	120,464
Cash flow from operations	440,366	1,562,410

21 Interests in other entities

The legal corporate structure of the Group is set out below. :

Name of entity	Country of incorporation	Principal place of business	Ownership interest 2019 %	Ownership interest 2018 %
Credit Intelligence Holding Limited	Cayman Islands	Hong Kong	100	100
Hong Kong Debt Management Limited	British Virgin Island	Hong Kong	100	100
Hong Kong Debt Management Services Limited	Hong Kong	Hong Kong	100	100
Hong Kong I.V.A. Consultants Limited	British Virgin Island	Hong Kong	100	100
Credit Intelligence Finance (Hong Kong) Limiteda	Hong Kong	Hong Kong	100*	Nil
Credit Intelligence (Singapore) Pte. Ltd	Singapore	Singapore	51	Nil
Credit Intelligence (Singapore) Holdings Limited	Cayman Islands	Hong Kong	100*	Nil
ICS Funding Pte. Ltd	Singapore	Singapore	60	Nil

*Incorporated during the financial year
Percentage of voting power is in proportion to ownership

22 Business Combinations

Acquisition of ICS Funding Pte. Ltd

Credit Intelligence Limited (CIL), being the ultimate legal parent, completed the legal acquisition of a majority interest 60% in ICS Funding Pte. Ltd (ICS) on 28 June 2019 through an intermediate holding company - Credit Intelligence (Singapore) Holdings Limited. As such, the post-acquisition results of ICS have been consolidated into the Group as at 30 June 2019.

The values identified in relation to the acquisition of the above businesses are provisional as at 30 June 2019. For a further understanding of the provisional basis, accounting policy in Note 1 which states that business combinations are initially accounted for on a provisional basis. 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 (including amounts payable to vendors at 30 June 2019)	1,882,282
- Shares	1,735,520
- Contingent consideration	326,686
	3,944,488
Less: fair value of net identifiable assets acquired (see below)	(315,810)
Excess consideration	3,628,678

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

22 Business Combinations continued

As at 30 June 2019, the Company has recognised $326,686 forecast profit in excess of the profit guarantee as contingent consideration payable to the vendors of ICS in accordance with the clause 5.3 of SPA (2018: $nil).

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

	Book carrying value $	Fair value $
Assets		
Loan receivables	4,431,026	4,431,026
Cash and cash equivalents	171,697	171,697
Other receivables	309,868	309,868
Due from director	6,237	6,237
	4,918,828	4,918,828
Liabilities		
Accruals and other payables	(48,670)	(48,670)
Amounts due to related party	(2,526,486)	(2,526,486)
Dividend payable	(1,665,079)	(1,665,079)
Tax payable	(152,243)	(152,243)
	(4,392,478)	(4,392,478)
Net assets	526,350	526,350
Non-controlling interest	(210,540)	(210,540)
	315,810	315,810

Direct costs relating to the acquisition have been expensed in the statement of comprehensive income.

23 Earnings per share

	2019 $	2018 $
Basic earnings/(loss) per share	0.0006	(0.0028)
Diluted earnings/(loss) per share	0.0006	(0.0026)
Weighted average number of shares used in		
Basic earnings per share calculation	821,378,155	727,297,919
Diluted earnings per share calculation[1]	881,725,929	733,215,727
Profit/(loss) for the period used in earnings per share		
From continuing operations	524,662	(228,191)

[1]Rights to deferred shares granted to executives and employees, including those granted under the group's performance rights plan, are included in the calculation of diluted earnings per share assuming all rights will vest.

As mentioned in note 17 the equity structure in the consolidated financial statements following the reverse acquisition reflects the equity structure of Credit Intelligence Limited, being the legal acquirer (the accounting acquiree).

23 Earnings per share continued

In calculating the weighted average number of ordinary shares outstanding (the denominator of the EPS calculation) for the year ended 30 June 2018:

(1) the number of ordinary shares outstanding from 1 July 2017 to 8 May 2018 (acquisition date) were computed on the basis of the weighted average number of ordinary shares of Credit Intelligence Holding Limited, (legal acquiree/accounting acquirer) outstanding during the period multiplied by the exchange ratio established in the acquisition agreement; and

(2) the number of ordinary shares outstanding from 8 May 2018 to the end of year shall be the actual number of ordinary shares of Credit Intelligence Limited outstanding during that period.

24 Commitments and contingent liabilities

Capital expenditure commitments

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

	2019 $	2018 $
Contracted for, but not provided for:-		
Property, plant and equipment	10,936	-

Operating leases commitments

As at 30 June 2018 and 2019, the Group had the following commitments under non-cancellable operating leases in respect of office premises.

	2019 $	2018 $
Within one year	157,085	198,276
In the second to fifth year, inclusive	39,271	-
	196,356	198,276

The Group leases a property under a non-cancellable operating lease arrangement with a lease term of two years, without option to renew the lease term at the expiry date.

Contingent liabilities

There are no contingent liabilities as at 30 June 2019.

25 Events occurring after the balance sheet date

Consistent with the Group's business objectives and strong cash generation, the directors have declared an unfranked dividend of 0.05 cents per share. The total dividend payment is $468,064. The dividend is funded from the retained earnings of the operating subsidiary of the Group in Hong Kong leaving the funds raised during the RTO of $3.56 million for investments in Australia and New Zealand. The dividend will be paid on Friday, 15 November 2019 with record date for the determination of dividend entitlement being 5 pm Perth time, 3 September 2019.

The completion of the acquisition of HHC has recently been approved by the Ministry of Law in Singapore. Completion of the acquisition is expected by 30 September 2019. Both ICS and HHC are expected to make a significant contribution to the group's results in the coming year.

26 Segment information /

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

During the years ended 30 June 2018 and 2019 the Group operated only in the Hong Kong market and revenue was generated predominantly from the Group's provision of bankruptcy administration services. All revenue is generated from external customers. There is an inter-segment sales $296,215 between CIL and CIH in the current year (2018: Nil).

At 28 June 2019, Credit Intelligence Limited completed the legal acquisition of a majority 60% interest in ICS Funding Pte. Ltd which its core business provides credit financing to corporates in Singapore. There is no attributable profit to the Group in the current year from ICS.

(i) Revenue by geographical region

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

	2019 $	2018 $
Australia	-	-
Hong Kong	6,049,307	4,794,266
Singapore	-	-
Total revenue	6,049,307	4,794,266

(ii) Assets by geographical region

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

	2019 $	2018 $
Australia	4,787,326	3,425,335
Hong Kong	1,491,612	1,376,299
Singapore	6,398,533	-
Total assets	12,677,471	4,801,634

27 Related party transactions /

Key management personnel compensation

Refer to the Remuneration Report contained in the Directors Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2019.

The total remuneration paid to key management personnel ("KMP") of the Group during the year is as follows:

	2019 $	2018 $
Short-term employee benefits	866,887	370,764
Post-employment benefits	6,957	10,473
Share-based payments	360,346	36,734
Total KMP compensation	1,234,190	417,971

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's defined contributions scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. No forfeited contribution was available to reduce the contribution payable in the future years. Payments to MPF Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Other Transactions with Key Management Personnel

During the ended 30 June 2019 Hong Kong I.V.A. Consultants Limited received $25,051 (2018: $22,867 consultancy fee from Alex Chung & Company, CPA. Mr Alex Chung is the Principal of Alex Chung & Company, CPA and a member of the Key Management Personnel of the Group.

28 Parent information /

The following information relates to the legal parent, Credit Intelligence Limited, only. It has been extracted from the books and records of the legal parent entity set out below and has been prepared in accordance with Australian Accounting Standards.

	2019 $	2018 $
Statement of Financial Position		
ASSETS		
Current assets	4,787,326	3,425,335
Non-current assets	18	-
TOTAL ASSETS	**4,787,344**	**3,425,335**
LIABILITIES		
Current liabilities	40,687	195,972
Non-current liabilitiesy	-	-
TOTAL LIABILITIES	**40,687**	**195,972**
EQUITY		
Issued capital	6,220,538	9,439,086
Share based payment reserve	475,840	36,734
Retained earnings/(Accumulated losses)	(1,949,721)	(6,246,457)
TOTAL EQUITY	**4,746,657**	**3,229,363**
Statement of Profit or Loss and Other Comprehensive Income		
Total profit	327,181	280,325
Total comprehensive income	327,181	280,325

Contractual commitments

As at 30 June 2019, the legal parent entity had no contractual commitments for the acquisition of property, plant or equipment.

Guarantees and contingent liabilities

There are no contingent liabilities or guarantees as of 30 June 2019.

29 Auditor's remuneration /

The following information relates to the remuneration of the auditor for both the listed parent company, Credit Intelligence Limited and the legal subsidiary Credit Intelligence Holding Limited.

	2019 $	2018 $
- Auditing or reviewing the financial statements		
Moore Stephens Hong Kong	153,063	95,326
Moore Stephens Perth	36,500	41,500
- Taxation services		
MH Tax Limited Hong Kong	5,708	-
Moore Stephens Hong Kong	-	3,628
Moore Stephens Perth	5,000	5,000
- Corporate advisory services		
Moore Stephens Perth	-	27,000
	200,271	172,454

30 Dividends /

Subsequent to the 30 June 2019 the directors declared an unfranked dividend of $0.0005 per share. The total dividend declared is $468,064. The dividend is funded from the retained earnings of the operating subsidiary in Hong Kong, leaving the funds raised during the reverse takeover of $3.56 million for investments in Australia. The dividend will be paid on Friday, 15 November 2019 with record date for the determination of dividend entitlement being 5pm Perth time, 3 September 2019.

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

Final ordinary dividend of $0.0005 per share declared by the directors to be paid on 16 November 2019 out of retained profits at 30 June 2019	$468,064
Final ordinary dividend of $0.0012 per share paid on 16 November 2018 out of retained profits at 30 June 2018	$984,513
Interim ordinary dividend of $43.13 per share paid on 31 March 2018 *	$431,276
Interim ordinary dividend of $90.71 per share paid on 30 September 2017 *	$907,083

**Dividends paid prior to listing*

31 Financial risk management

(a) Financial instruments by categories

	2019 $	2018 $
Financial assets		
Receivables measured at amortised cost:		
- Accounts receivable	312,828	252,782
- Loan receivable	4,431,026	-
- Deposits and other receivables	487,225	121,728
- Amount due from a director	6,237	-
- Cash and cash equivalents	3,432,929	4,334,378
	8,670,245	4,708,888
Financial liabilities		
Financial liabilities measured at amortised cost:		
- Accruals and other payables	1,836,179	288,260
- Amount due to vendors of ICS Funding Pte. Ltd	1,822,111	-
- Amount due to related party of ICS Funding Pte. Ltd	2,526,486	-
	6,184,776	288,260

(b) Financial risk management and policies

The Group has exposure to the credit risk and liquidity risk arising from financial instruments. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group's credit risk is primarily attributable to account receivables, deposits and other receivables and amounts due from the controlling shareholder and a director. In order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its debtors' financial position and condition are performed on each and every major debtor periodically. These evaluations focus on the debtor's past history of making payments when due and current ability to pay and take into account information specific to the debtor as well as pertaining to the economic environment in which the debtor operates. Debtors with overdue balances, which will be reviewed on a case-by-case basis, are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. The default risk of the industry in which debtors operate also has an influence on credit risk. At the end of the reporting period, the Group has no concentration of credit risk of the total account receivables due from the Group's largest customer and five largest customers.

The credit risk on balances of cash and cash equivalents is low as these balances are placed with reputable financial institutions.

31 Financial risk management continued

(ii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval of the management. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group relies on its liquid funds as significant sources of liquidity. All financial assets and liabilities as at 30 June 2017 and 2018 were repayable on demand.

(iii) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group has exposures arising from transactions that are denominated in Hong Kong Dollars ("HK$") and Singapore Dollars ("SG$"). The Group holds cash and bank balances denominated in HK$ and SG$ for working capital purposes. Consequently, the Group is exposed to movements in foreign currency exchange rates. The Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than Australian dollars. The table is presented in Australian dollars:

	2019 $	2018 $
Hong Kong Dollars (HK$)		
Cash and cash equivalents	2,036,523	1,066,629
Accounts receivable	312,828	252,782
Deposits and other receivables	177,355	121,728
Trade and other payables	(81,742)	(92,288)
Net HK$ exposure	2,444,964	1,348,851
Singapore Dollars (SG$)		
Cash and cash equivalents	171,697	-
Loan receivable	4,411,288	-
Deposits and other receivables	309,868	-
Amount due from a director	6,237	-
Trade and other payables	(1,713,749)	-
Amount due to related party	(2,526,486)	-
Net SG$ exposure	658,855	-

31 Financial risk management continued

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in the exchange rate. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the exchange rate that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group	
	Profit after Tax $	Equity $
Year ended 30 June 2019		
+/–2% in $A/$HK	+/- 25,917	+/- 32,517
Year ended 30 June 2018		
+/–2% in $A/$HK	+/- 41,938	+/- 20,487

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

(c) Capital management

The Group's objectives when managing capital are to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the owners through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

The Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statements of financial position plus net debt, if any.

(d) Fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair value as at 30 June 2018 and 2019.

32 Adjustments on Consolidated Statement of Financial Position

The carrying amount of goodwill as disclosed as part of the unaudited preliminary result in Appendix 4E released on 28 August 2019 has been revised. This was due to additional information on the condition of acquisition became available during the course of final audit for the year ended 30 June 2019.

End of the notes

Directors' Declaration

In the directors' opinion:

(a) the financial statements comprising the statements of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes set out on pages 22 to 62 are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Accounting Standards, 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 30 June 2019 and of its performance for the financial 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;

(c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2019, comply with Section 300A of the *Corporations Act 2001*; and

(d) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.4

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Jimmie Wong
Managing Director

Perth, 26 September 2019

MOORE STEPHENS

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

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REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Credit Intelligence Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001,* including:

i. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

MOORE STEPHENS

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for Business Combination and Goodwill on Acquisition Refer to Note 12 Intangible Assets and Note 22 Business Combinations	
During the year ended 30 June 2019, Credit Intelligence Limited (the legal acquirer) acquired a 60% interest in ICS Funding Pte Ltd (ICS). The audit of the business combination is a key audit matter due to the complexity and judgement involved in the accounting treatment. Judgment is involved in the determination of the value of the purchase consideration settled by combination of share-based payment, cash (of which part was recognised as deferred consideration payable) and contingent consideration payable.	Our procedures included, amongst others: • Reviewed the share purchase agreement and underlying terms and conditions of the transaction; • Discussed with management regarding the nature of the transaction; • Evaluated the valuation of the share-based payment and reviewed the underlying assumptions used; • Challenged the Management's judgement and forecast of ICS's net profit after tax for the next 12 months following the acquisition date which formed the basis of recognising contingent consideration payable • Checked the calculation of the net assets acquired and goodwill on acquisition; • Reviewed workings to ensure accounting for business combination and goodwill on acquisition were in line with Australian • Accounting Standards; • Ensured that the consolidated financial statements accurately reflect the business combination transaction and calculation of goodwill on acquisition; • Assessed the adequacy of the disclosures in the financial statements.

MOORE STEPHENS

REPORT ON THE AUDIT OF THE FINANCIAL REPORT (Continued)

Key Audit Matters (Continued)

Revenue Recognition Refer to Note 3 Revenue	
Revenue recognised in the financial statements for the year ended 30 June 2019 was $6,049,307. Revenue from bankruptcy administration services is recognised when payment collections and dividend distributions are made to creditors of the bankrupts. Bankruptcy discharge fees are recognised on discharge of the bankrupt individual. Revenue from Individual Voluntary Arrangements is recognised when debtors deposit their contributions to the designated bank accounts. The recognition of revenue is a key audit matter due to the increase in revenue recognised in the trading subsidiaries of 26% during the year ended 30 June 2019, and because of its significance to the Group. In addition, ASAs presume there are risks of fraud in revenue recognition unless rebutted.	Our procedures included, amongst others: • Assessed the accounting policy for revenue recognition to ensure compliance with Australian Accounting Standards; • Performed tests of detail on a sample of transactions throughout the year to verify the accuracy of revenue recognised; • Tested the cut-off of revenue; • Performed analytical procedures; • Tested the appropriateness of journal entries in the accounting system; and • Assessed the adequacy of disclosures in the financial statements including the adoption of • AASB 15 “Revenue from Contracts with Customers”.

Share Based Payments Refer to Note 19 Share Based Payments	
In the current financial year, the Group awarded performance shares/rights to Directors/key management personnel and employees and recorded a share-based payment expense of $439,106 in the consolidated statement of profit or loss and other comprehensive income. The awards are subject to the achievement of certain vesting conditions attached to each tranche and valued using the Binomial Barrier Valuation model. In determining the fair value of the awards and related expense, the Group used assumptions in respect of future market and economic conditions. Due to the complex and judgmental estimates used in determining the valuation of the share-based payment arrangement and vesting expense, we consider the Group’s calculation of the share-based payment expense to be a key audit matter.	Our procedures included, amongst others: • Enquired and obtained confirmations from Key Management Personnel regarding their share-based payment remuneration during the period; • Reviewed minutes of directors and shareholder meetings and ASX announcements relating to the approval of such arrangements undertaken during the financial year; • Assessed the valuation methodology used by management to estimate the fair value of share-based payments, including testing the integrity of information provided, assessing the appropriateness of the key assumptions input into the valuation model and recalculating the valuation using the Black Scholes Model; and • Assessed whether the share-based payments have been appropriately classified and accounted for in the financial statements, including the adequacy of other related disclosures.

MOORE STEPHENS

REPORT ON THE AUDIT OF THE FINANCIAL REPORT (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2019 but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors’ Responsibilities for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

MOORE STEPHENS

REPORT ON THE AUDIT OF THE FINANCIAL REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Credit Intelligence Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

WEN-SHIEN CHAI
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth on the 26th day of September 2019

Credit Intelligence Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Credit Intelligence Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2019 Corporate Governance Statement was approved by the Board on 26 September 2019 and is current as at 26 September 2019. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.ci1.com.au.

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 20 September 2019.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding

Spreads of holdings			Number of holders	Number of units
1	-	1,000	12	3,423
1,001	-	5,000	173	516,820
5,001	-	10,000	49	331,179
10,001	-	100,000	174	10,440,750
100,001	-	999,999,999,999	108	924,836,362
TOTAL			**516**	**936,128,534**

The number of shareholders holding less than a marketable parcel of shares are:

Less than market parcel	Number of holders	Number of units
1 - 35,714	302	2,142,796
35,715 - OVER	214	933,985,738

The information is current as at 20 September 2019.

(b) Twenty largest shareholders

The name of the twenty largest holders of quoted ordinary shares are:

Rank	name	Number of shares	Percentage of ordinary shares
1	CITICORP NOMINEES PTY LIMITED	214,175,164	22.88
2	WONG KA SEK	183,301,282	19.58
3	LIM CHEE WEI	69,420,809	7.42
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	50,989,375	5.45
5	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	50,500,040	5.39
6	BNP PARIBAS NOMS PTY LTD <DRP>	34,594,383	3.7
7	SIU CHUNG HO	31,135,416	3.33
8	MS KWAN YEE WAN	27,110,000	2.9
9	WONG KA LAM KING	26,642,628	2.85
10	CHEN GUORONG	26,642,628	2.85
11	CHOW YI LOONG	23,140,270	2.47
12	YEO WEI CHUNG	23,140,270	2.47
13	MR YAU SHING WONG	17,015,000	1.82
14	ADVANCED ASSETS MANAGEMENT LTD	15,339,662	1.64
15	MICHELLE WAI YU PANG	10,657,052	1.14
16	TERENCE WING KEUNG CHAN	10,657,051	1.14
17	MR SAI YU LUI	10,000,000	1.07
18	MR CHEUNG FAI ALEX YU	8,300,000	0.89
19	HO KWOK WAI	7,700,000	0.82
20	CHIANG LAI FAN	6,500,000	0.69
		846,961,030	**90.47**

Note: Nominee holders hold shares on behalf of a number of beneficial holders

ASX Additional Information

The information is current as at 20 September 2019.

(c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(d) Substantial shareholders

No substantial shareholders have notified the Company in accordance with section 671B of the *Corporations Act 2001*.

(e) Unquoted Securities

Class	Number of securities	Number of holders	Holders of 20% or more of the class	
			Holder name	Number of securities
Class A Performance Shares	18,500,000	6	Palms on Farms Pty Ltd	5,000,000
			Jimmie Wong	5,000,000
			King Wong	5,000,000
			Tony Ho	5,000,000
Class B Performance Shares	21,500,000	6	Jimmie Wong	10,000,000
			King Wong	7,500,000