

29 February 2024

Company Announcements Office
Australia Securities Exchange

Appendix 4D – Half Year Report

1.	Name of Entity	Credit Intelligence Limited		
	Half year ended	31 December 2023		
	Reporting period	1 July 2023 to 31 December 2023		
	Previous period	1 July 2022 to 31 December 2022		
2.	Results for announcement to the market (A\$)			
		31 December 2023	31 December 2022	% Change Up (Down)
2.1	Revenues from ordinary activities	6,016,249	8,324,989	(28%)
2.2	Loss after tax from ordinary activities attributable to members	(11,120,966)	(1,831,388)	(507%)
2.3	Net loss attributable to members	(11,120,966)	(1,831,388)	(507%)
		Amount	Amount per security	Franked Amount per security
2.4	Dividends paid and proposed			
	2023 final unfranked dividend paid	NIL	N/A	N/A
	2024 interim dividend	NIL	N/A	N/A
2.5	Record date for determining entitlements to interim dividend	N/A	N/A	N/A
2.6	An explanation of the above figures is contained in the "Review of operations" included within the attached directors' report.			
3.	Net tangible assets per security			
		31 December 2023	31 December 2022	
		\$0.1083	\$0.1473	

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4. Details of entities over which control has been gained or lost during the period are as follows:
- a) No entity has been acquired during the period.
 - b) No entity has been incorporated during the period.
 - c) No entity has been disposed during the period.
 - d) The Company discontinued the operation of HKBNPL Investments Limited on 21 December 2023.
5. The Company has not declared dividends during the period.
6. There was no dividend reinvestment plan in operation during the period.
7. There are no associates or joint venture entities.
8. The Company is not a foreign entity.
9. The accounts are not subject to any dispute or qualification.

-ENDS-



CREDIT INTELLIGENCE LIMITED

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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Corporate Data

Directors	Michael Pixley Mark Ng Russell Goodman Doman Wong Alex Luis
Company Secretary	Louisa Ho
Registered Office	24-26 Kent Street, Millers Point, NSW 2000, Australia
Principal Place of Business	Level 4 & 5, Double Building 22 Stanley Street Central Hong Kong Level 6,56 Pitt Street Sydney, NSW 2000 Australia 2 Kallang Avenue #05-06 CT Hub Singapore 339407 1 Rochor Canal #01-01 Sim Lim Square Singapore 188504
Independent Auditor	Moore Australia Audit (WA) Level 15 Exchange Tower 2 The Esplanade Perth, WA 6000 Australia
Home Exchange	Perth
ASX Code	C11

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Directors' Report

The directors submit their report on the consolidated entity (referred to hereafter as the "Group") consisting of Credit Intelligence Limited (the "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2023 ("HY24").

Directors

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

Mark Ng
 Michael Pixley
 Russell Goodman
 Doman Wong (appointed on 1 January 2024)
 Alex Luis (appointed on 1 February 2024)
 King Wong (not re-elected on 25 October 2023)
 Vincent Lai (not re-elected on 25 October 2023)
 Jimmie Wong (resigned on 12 December 2023)

Review of operations

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

Results for the half-year ended 31 December 2023 were as follows:

	31 Dec 2023	31 Dec 2022	%
	\$	\$	
Revenue	6,016,249	8,324,989	(28%)
Net loss attributable to the members of the parent entity	(11,120,966)	(1,831,388)	(507%)
Loss per share			
From continuing operations			
Basic & diluted loss per share	(0.1307)	(0.0223)	(496%)
From discontinued operations			
Basic & diluted loss per share	(0.0051)	-	N/A
From continuing and discontinued operations			
Basic & diluted loss per share	(0.1358)	-	N/A

Note: The Board regularly review the carrying amount of non-financial assets. During HY24, \$9,464,821 (HY23: \$2,013,596) impairment losses were recognised in the consolidated statement of profit or loss and other comprehensive income as the related assets' carrying amounts were higher than their recoverable amounts (value in use).

	\$
Impairment losses recognised during the half-year are as follow:	
Goodwill	
ICS	2,457,512
HHC	7,007,309
	<u>9,464,821</u>

Australia

CHT has continued to grow its debt management client portfolio, which sees clients onboarded to manage their debt repayments to creditors over a five-year period. With the rise in interest rates, CHT has seen an increase in debt consolidation mortgage refinancing, as this service benefits clients by consolidating all debts into a new mortgage. CHT is growing the mortgage portfolio and has allocated additional staff towards this part of the business given the opportunity to assist Australian consumers when most banks are not. During HY24, CHT contributed a positive result of \$508k (HY23: \$503k) to the Group

Yozo kept minimum operation costs and achieved net profit. These were mainly benefited from the diversified loan risk portfolio and has kept the default rate to zero to date.

Hong Kong

The Group's business in Hong Kong during HY24 (provision of bankruptcy administration services, Individual Voluntary Arrangement proposal consultancy and implementation services) recorded a loss of \$1.7m (HY23: profit \$551k). Due to cessation of the loss-making business of HKBNPL (personal Buy Now Pay Later service ("BNPL")), HKDMS has written off \$1.8m of amounts due from HKBNPL because of cumulative funding supports from HKDMS to HKBNPL since year 2021. The loss was eliminated within the Group when consolidating the Group's result.

HKBNPL is mainly engaged in providing personal BNPL to users. During HY24, it recorded a loss of \$435k (HY23: \$450k). To adopt a cost saving plan for the loss-making business, the Company discontinued its operations in December 2023.

OneStep's App initially offers BNPL service to SME clients who subscribed ongoing audit matching service through iProEx under OneStep online platform. During HY24, OneStep has transacted \$429k (HY23: \$236k) funds to its clients with minimum operation costs. There were in total 418 newly incorporated UK companies through OneStep Platform. Furthermore, there were in total 370 newly incorporated Hong Kong Companies registered in the platform which brings the total to 23,200 OneStep clients in the database.

Database of the said companies will be updated both in OneStep platform and OneFlexi SMEBNPL App. The market strategies conducted including google and facebook SOE marketing strategy. The latest marketing tools used by the technology linking in connecting Chatgpt with online whatsapp instant responses. Further, OneStep initialled AI lady model ongoing live presentations on its facebook page for its services and delivery of professional knowledge to the audience and instant AI answering of enquires. During HY24, OneStep kept minimum operation costs and achieved net profit.

Singapore

There were a number of competitors that entered into the credit financing market. Changes in market demand, consumer preferences and industry trends reduced the market share. The market has become more competitive or undergone shifts that have affected the demand for credit financing services in Singapore, resulting in a decline in revenue. Therefore, the businesses in Singapore recorded a loss of \$2.7m (HY23: profit 736k) during HY24.

During the HY24, HHC declared and distributed \$1.3m (HY23: 662k) dividend to the Company. These funds were used to pay off the bond to a lender (refer to note 11).

Significant changes in state of affairs

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

Dividends

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

Events subsequent to reporting date

Termination of trustee service of Ka Sek Wong (Jimmie)

Subsequent to the resignation of Jimmie in the capacities of Chairman/CEO and director of the Company and its subsidiaries on 12 December 2023 and 13 December 2023, the trustee service according to the terms set out in the trustee agreement (the "Agreement") between Jimmie and HKDMS was further terminated on 8 January 2024 (the "Termination").

HKDMS has engaged Mr. Julian Wong (Julian) as the replacement. Julian is a practising lawyer in Hong Kong and is a director of HKDMS. He is not a related party of the existing or previous Board members or management.

Legal action

On 1 February 2024, the Company received an email notice that Jimmie and his spouse Chuen Lan Chan (Eva), a former director of HKDMS, have filed legal proceedings in the High Court of the Hong Kong Special Administrative Region. In summary, the writ of summons seeks relief against the Company, HKDMS and an employee of HKDMS including, among other things, damages in respect of an alleged conspiracy to injure Jimmie, damages for an alleged breach of the Agreement, an injunction restraining disclosure of confidential information and an amount of HK\$750,000 (approximately A\$146,000) for an alleged service fee (the "Action").

No provision for contingent liability is made in relation to the Action given that i) the Termination decision was concluded after careful consideration by the Board and ii) based on the evidence the Company considers that it has a good defence in relation to the Action.

Investigation by the Official Receiver's Office (ORO)

On 7 February 2024, ORO, a local authority governing the personal and corporate insolvency activities in Hong Kong, issued two letters, a letter to Jimmie and King Wong (King) (a director of HKDMS and the joint trustee), and a separate letter to HKDMS respectively. In summary, ORO has acknowledged that i) Jimmie and Eva instituted the Action, and ii) receipt of a complaint containing allegations against HKDMS and King in relation to the administration of bankruptcy cases (the "Complaint"). The details of the allegations are not included in the letters.

Pending the outcome of the investigation and with the consent of the financial creditors, ORO has adjourned or will adjourn the creditors' meetings (procedures before appointment of trustee) and the coordinating financial institution will also withhold nominating King and Jimmie as joint trustees ("Nomination"). Creditors' meeting is required by law for the appointment (resolution) of trustees for bankruptcy cases. Therefore, the adjournment of the creditors' meetings will prolong the process for the cases which have already been allocated and assigned to HKDMS.

This interim report should be read in conjunction with the Company's announcements released on 2 February 2024 in relation to the Action.

Independent Auditor's Independence Declaration

A copy of the independent auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.



Mark Ng
Executive Director

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2023, there have been:

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



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 29th day of February 2024.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2023

	Notes	Dec 2023 \$	Dec 2022 \$
Continuing operations			
Service revenue	3a	5,236,872	6,177,502
Credit financing interest revenue	3b	779,377	2,147,487
Other income	4	173,267	206,818
Bad debt written off and loss allowance		(2,089,845)	(1,942,752)
Employee benefits expense		(3,969,310)	(4,002,815)
Other expenses		(1,818,292)	(1,607,995)
Impairment losses	10	(9,464,821)	(2,013,596)
Finance costs		(32,690)	(124,950)
Loss before income tax		(11,185,442)	(1,160,301)
Income tax expense	5	(92,825)	(248,409)
Loss for the half-year from continuing operations		(11,278,267)	(1,408,710)
Discontinued operations			
Loss for the half-year from discontinued operations after tax		(435,919)	-
Loss for the half-year		(11,714,186)	(1,408,710)
Other comprehensive income			
Exchange differences on translating foreign operations, net of tax		71,603	662,720
Total comprehensive loss for the half-year, net of tax		(11,642,583)	(745,990)
Net (loss)/profit attributable to:			
Members of the parent entity		(11,120,966)	(1,831,388)
Non-controlling interest		(593,220)	422,678
		(11,714,186)	(1,408,710)
Total comprehensive (loss)/income attributable to:			
Members of the parent entity		(11,079,784)	(1,308,171)
Non-controlling interest		(562,799)	562,181
		(11,642,583)	(745,990)
Loss per share			
From continuing operations			
Basic & diluted loss per share		(0.1307)	(0.0223)
From discontinued operations			
Basic & diluted loss per share		(0.0051)	N/A
From continuing operations and discontinued operations			
Basic & diluted loss per share		(0.1358)	N/A

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	Dec 2023 \$	Jun 2023 \$
CURRENT ASSETS			
Cash and cash equivalents		2,083,844	5,658,783
Pledged bank deposit	6	198,090	-
Trade and other receivables	7	1,457,134	1,272,208
Loan receivables	8	3,191,930	5,387,892
Current tax assets		192,955	7,962
Other current assets		304,536	267,602
TOTAL CURRENT ASSETS		7,428,489	12,594,447
NON-CURRENT ASSETS			
Property, plant and equipment	9	554,628	215,920
Right-of-use assets		328,830	311,281
Trade and other receivables	7	3,933,300	3,239,305
Loan receivables	8	164,096	127,276
Deferred tax assets		481,948	357,597
Intangible assets	10	874,940	10,350,951
TOTAL NON-CURRENT ASSETS		6,337,742	14,602,330
TOTAL ASSETS		13,766,231	27,196,777
CURRENT LIABILITIES			
Trade and other payables		1,478,111	1,426,415
Lease liabilities		213,946	192,566
Contract liabilities		86,930	127,575
Amounts due to vendors		-	699,643
Other borrowings	11	-	1,089,139
TOTAL CURRENT LIABILITIES		1,778,987	3,535,338
NON-CURRENT LIABILITIES			
Lease liabilities		119,663	121,888
Deferred tax liabilities		1,140,499	917,027
Amounts due to related party		315,448	368,319
TOTAL NON-CURRENT LIABILITIES		1,575,610	1,407,234
TOTAL LIABILITIES		3,354,597	4,942,572
NET ASSETS		10,411,634	22,254,205
EQUITY			
Issued capital	13	22,764,076	22,074,790
Reserves		2,411,267	2,362,207
Retained earnings		(16,638,383)	(5,517,417)
Equity attributable to owners of the parent entity		8,536,960	18,919,580
Non-controlling interest		1,874,674	3,334,625
TOTAL EQUITY		10,411,634	22,254,205

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2023

	Issued Capital	Retained Earnings	Merger Reserve	Foreign Currency Translatio n Reserve	Option Reserve	Total	Non- controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1.7.2022	21,705,165	199,334	11,037	904,165	236,089	23,055,790	2,689,970	25,745,760
Comprehensive income:								
Loss after tax for the half-year	-	(1,831,388)	-	-	-	(1,831,388)	422,678	(1,408,710)
Other comprehensive income for the half-year	-	-	-	523,217	-	523,217	139,503	662,720
Total comprehensive income for the half-year	-	(1,831,388)	-	523,217	-	(1,308,171)	562,181	(745,990)
Transactions with owners, in their capacity as owners, and other transfers								
Allotment of shares	369,625	-	-	-	-	369,625	-	369,625
Capital injection from non-controlling Interest	-	-	-	-	-	-	127,311	127,311
Options expense recognised in the half year	-	-	-	-	273,270	273,270	-	273,270
Expiry of option derecognised in the half-year	-	59,094	-	-	(59,094)	-	-	-
Total transactions with owners and other transfers	369,625	59,094	-	-	214,176	642,895	127,311	770,206
Balance at 31.12.2022	22,074,790	(1,572,960)	11,037	1,427,382	450,265	22,390,514	3,379,462	25,769,976
Balance at 1.7.2023	22,074,790	(5,517,417)	11,037	1,679,301	671,869	18,919,580	3,334,625	22,254,205
Comprehensive income:								
Loss after tax for the half-year	-	(11,120,966)	-	-	-	(11,120,966)	(593,220)	(11,714,186)
Other comprehensive income for the half-year	-	-	-	41,182	-	41,182	30,421	71,603
Total comprehensive income for the half-year	-	(11,120,966)	-	41,182	-	(11,079,784)	(562,799)	(11,642,583)
Transactions with owners, in their capacity as owners, and other transfers								
Allotment of shares	689,286	-	-	-	-	689,286	-	689,286
Options expense recognised in the half year	-	-	-	-	7,878	7,878	-	7,878
Dividends recognised for the period	-	-	-	-	-	-	(897,152)	(897,152)
Total transactions with owners and other transfers	689,286	-	-	-	7,878	697,164	(897,152)	(199,988)
Balance at 31.12.2023	22,764,076	(16,638,383)	11,037	1,720,483	679,747	8,536,960	1,874,674	10,411,634

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Consolidated Statement of Cash Flows

For the half-year ended 31 December 2023

	Notes	Dec 2023 \$	Dec 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,935,662	4,199,922
Payments to suppliers and employees		(5,712,765)	(4,976,570)
Interest received		2,274	313
Bank charges and interest		(129,097)	(120,573)
Income tax paid		(184,937)	(140,229)
		(2,088,863)	(1,037,137)
Changes in operating assets arising from cash flow movements:			
Net funding of customer loans		1,297,925	1,418,603
Net cash (used in)/provided by operating activities	12	(790,938)	381,466
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(97,107)	(22,321)
Pledged bank deposit		(206,554)	-
Capital injection from non-controlling Interest		-	127,311
Net cash (used in)/provided by investing activities		(303,661)	104,990
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(442,957)	(337,931)
Receipt of loans from related parties		(50,816)	106,752
Net payment of other borrowings		(1,181,884)	(1,062,126)
Payment of dividends to subsidiary shareholders		(897,152)	-
Net cash used in financing activities		(2,572,809)	(1,293,305)
Net decrease in cash and cash equivalents held		(3,667,408)	(806,849)
Cash and cash equivalents held at beginning of the period		5,658,783	3,589,354
Effect of foreign currency translation		92,469	360,989
Cash and cash equivalents held at the end of the period		2,083,844	3,143,494

The accompanying notes form part of these financial statements.

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Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

1 Summary of material accounting policy information

These interim consolidated financial statements and notes represent those of Credit Intelligence Limited (the "Company") and its controlled entities (the "Group" or the "Consolidated entity").

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

The interim financial statements were authorised for issue on 29 February 2024 by the directors of the Company.

(a) Basis of preparation

Reporting Entity

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

Statement of compliance

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

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

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

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

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

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

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Credit Intelligence Limited ("Company" or "Parent Entity") as at 31 December 2023 and the results of its controlled entities for the half-year then ended. Credit Intelligence Limited and its controlled entities together are referred to in these financial statements as the "Group" or the "Consolidated entity".

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

1 Summary of material accounting policy information (continued)

(b) Principles of consolidation (continued)

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

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

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

Group companies

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

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

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

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

1 Summary of material accounting policy information (continued)

(c) Accounting Policies, Estimates and Judgements

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

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

2 Segment information

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

During HY24 the Group operated in the Australia, Hong Kong and Singapore markets.

(i) Revenue by operating segment

	Continuing operations							
	Debt solution and finance service		Debt restructuring, personal insolvency		Credit financing		Total	
	2023	2022	2023	2022*	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
External sales	1,486,702	1,493,073	3,496,874	3,428,701	1,032,673	3,403,215	6,016,249	8,324,989
Inter-segment sales	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total segment revenue	1,486,702	1,493,073	3,496,874	3,428,701	1,032,673	3,403,215	6,016,249	8,324,989
Reconciliation of segment revenue to Group revenue								
Unallocated revenue	-	-	-	-	-	-	-	-
Total group revenue							6,016,249	8,324,989
Segment net profit/(loss) before tax	612,268	681,645	133,178	105,618	(1,826,419)	857,928	(1,080,973)	1,645,191
Reconciliation of segment result to Group net profit/(loss) before tax								
Amounts not included in segment result but reviewed by the Board:								
Unallocated items:								
- Corporate charges							(639,648)	(791,896)
- Impairment loss on intangible assets							(9,464,821)	(2,013,596)
- Finance costs							-	-
- Other							-	-
Net loss before tax from continuing operations							(11,185,442)	(1,160,301)
Net loss before tax from discontinued operations							(435,919)	-

*For the half-year ended 31 December 2022 the segment in Hong Kong included debt restructuring, personal insolvency and individual BNPL service.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

2 Segment information (continued)

(ii) Revenue by geographical region

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

	Dec 2023	Dec 2022
	\$	\$
Australia	1,486,702	1,493,073
Hong Kong	3,496,874	3,428,701
Singapore	1,032,673	3,403,215
Total revenue	6,016,249	8,324,989

(iii) Timing of revenue recognition

	Dec 2023	Dec 2022
	\$	\$
At point in time	1,410,553	1,376,265
Over time	4,605,696	6,948,724
Total revenue	6,016,249	8,324,989

(iv) Assets by geographical region

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

	Dec 2023	Jun 2023
	\$	\$
Australia	7,609,141	16,227,666
Hong Kong	2,028,199	2,916,682
Singapore	4,128,891	8,052,429
Total assets	13,766,231	27,196,777

3a Service Revenue

	Dec 2023	Dec 2022
	\$	\$
Debt solution and finance service	1,486,702	1,493,073
Debt restructuring, personal insolvency and BNPL service	3,496,874	3,428,701
Credit financing service income	253,296	1,255,728
	5,236,872	6,177,502

3b Credit financing interest revenue

	779,377	2,147,487
Total revenue	6,016,249	8,324,989

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Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

4 Other income

	Dec 2023	Dec 2022
	\$	\$
Bank interest income	2,226	313
Administrative charges	70,433	87,565
Other income	100,608	118,940
	<u>173,267</u>	<u>206,818</u>

5 Income tax expense

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated. Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax under these jurisdictions during the period presented.

The Company, CHT and Yozo are subject to Australian tax. Hong Kong profits tax is calculated at 8.25% of the first HK\$ 2 million estimated assessable profit and 16.5% above HK\$ 2 million estimated assessable profits derived in Hong Kong. Singapore profits tax is calculated at 17% of estimated assessable profits.

	Dec 2023	Dec 2022
	\$	\$
The components of tax expense comprise:		
Current tax - Australia	115,016	121,107
Current tax – Hong Kong	-	5,532
Current tax – Singapore	(22,191)	121,770
Income tax reported in consolidated statement of profit or loss	<u>92,825</u>	<u>248,409</u>

6 Pledged bank deposit

As at 31 December 2023, pledged bank deposit of \$198,090 represents a time deposit provided as general security to the Official Receiver of the Official Receiver's Office of the Hong Kong Government pursuant to the requirement of section 23 of the Bankruptcy Ordinance in Hong Kong. Such time deposit was provided and held by the Trustees.

7 Trade and other receivables

	Dec 2023	Jun 2023
	\$	\$
Current	1,761,979	1,434,587
Allowance for impairment	(304,845)	(162,379)
	<u>1,457,134</u>	<u>1,272,208</u>
Non-current	3,933,300	3,239,305
Allowance for impairment	-	-
	<u>3,933,300</u>	<u>3,239,305</u>
Trade debtors	<u>5,390,434</u>	<u>4,511,513</u>

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

7 Trade and other receivables (continued)

Account receivables from debt negotiation service normally span over 6-12 months from the date of billing. They are paid when the settlements are negotiated or if they are part of a refinance they are paid when the loan is settled. Account receivables from debt arrangement services span over 60 months from the date of billing. They are paid in equal monthly instalments. Management have recognized an impairment allowance of \$175,779 during HY24.

Accounts receivable from creditors of bankrupts are generally transferred from the estate bank accounts in the name of bankrupts to the Group. Accounts receivable from creditors of bankrupts are normally settled within 15 days from the month end when the Group is entitled to recognise any revenue arising from the provision of bankruptcy administration services. The management of the Company believes that no provision for impairment is necessary as at 31 December 2023 and 30 June 2023 as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Account receivables from nominees of IVA services are normally due within 30 days from the date of billing. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as at 31 December 2023 and 30 June 2023 as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances as at 31 December 2023 and 30 June 2023.

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

Given the discontinued operations of individuals BNPL services, management have impaired the full balance of \$129,066 during HY24.

8 Loan receivables

	Dec 2023	Jun 2023
	\$	\$
Loan receivables – Third parties	7,418,214	9,955,344
Allowance for impairment	<u>(4,062,188)</u>	<u>(4,440,176)</u>
	3,356,026	5,515,168
Current portion	3,191,930	5,387,892
Non-current portion	<u>164,096</u>	<u>127,276</u>
	3,356,026	5,515,168

The maturity date of the loans ranges from 3 months to 36 months. They are due within 5 business days from the maturity date.

The loan receivables are bearing interest rate at 0.6% to 8% per month to corporates and not more than 4% per month to individuals. All the loan receivables to corporates are guaranteed by the shareholders and directors of these borrowers.

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

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

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

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

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

9 Property, plant and equipment

In prior year and during the six months ended 31 December 2023, the Group entered into two hire purchase agreements for two motor vehicles with a repayment term of five years respectively. The ownership of the motor vehicles would be transferred to the Group by the end of the lease terms at no consideration. As at 31 July 2023 and 13 December 2023, the Group early repaid the remaining lease payments of the two motor vehicles with net asset value of \$89,231 and \$238,361 respectively. The motor vehicles were reclassified from right-of-use assets to property, plant and equipment.

10 Intangible assets

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

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

	Dec 2023	Jun 2023
<u>Goodwill</u>	\$	\$
ICS**	2,457,512	4,959,448
HHC**	7,007,309	8,291,515
CHT	691,396	691,396
Yozo*	-	981,272
Impairment loss	(9,464,821)	(5,243,471)
Foreign exchange adjustment	-	476,057
	691,396	10,156,217

* - Fully impaired as at 30 June 2023

** - Fully impaired as at 31 December 2023

	Dec 2023	Jun 2023
<u>Software</u>	\$	\$
Balance at beginning of the period	194,734	432,621
(Government grant)/Additions	-	(176,693)
Amortisation	(11,190)	(67,477)
Foreign exchange adjustment	-	6,283
Balance at end of the period	183,544	194,734
Total Intangible Assets	874,940	10,350,951

Goodwill impairment test

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

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

10 Intangible assets (continued)

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

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

CGU	Long Term Growth Rate	Discount Rate
CHT	2.5%	12.52%

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

	Dec 2023 \$	Jun 2023 \$
Impairment loss		
Goodwill (ICS)	2,457,512	2,653,878
Goodwill (HHC)	7,007,309	1,608,321
Goodwill (Yozo)	-	981,272
	9,464,821	5,243,471

Based on the performance of ICS and HHC and current information obtained that a number of competitors entered into the credit financing market. Changes in market demand, consumer preferences and industry trends reduced the market share. As a result, the businesses in Singapore recorded a decrease in revenue and were loss-making during HY24. Therefore, an impairment loss of \$9,464,821 was recognised in the consolidated statement of profit or loss in the current half-year.

11 Other borrowings

	Dec 2023 \$	Jun 2023 \$
Bond	-	1,089,139

On 15 July 2023, the Group entered into a bond subscription agreement with an individual, who is an independent third party, to borrow an aggregate amount of \$1.17m (including extension of part of the existing other borrowing and interest accrual amounting to \$957k and \$131k respectively). This new and/or extended borrowing is unsecured, interest-bearing at 15% per annum, repayable on 31 July 2024 (interest rate 15% per annum as at 30 June 2023). On 22 November 2023, the Group early repaid the bond with the principal sum of \$1.1m and accrued interest of \$67k to the Lender. As at 31 December 2023, there was no outstanding balance of other borrowings.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

12 Cash flow information

	Dec 2023	Dec 2022
	\$	\$
Reconciliation of cash flow from operations with operating loss from ordinary activities after income tax:		
Loss after income tax		
- From continuing operations	(11,278,267)	(1,408,710)
- From discontinued operations	(435,919)	-
	(11,714,186)	(1,408,710)
Bad debt written off and loss allowance	2,192,405	1,942,752
Depreciation	70,741	61,000
Amortisation on right-of-use assets	113,890	296,806
Amortisation on intangible assets	11,190	11,469
Impairment loss on goodwill	9,464,821	2,013,596
Finance costs	67,333	102,402
Share-based payment	(2,479)	273,270
Exchange loss/(gain)	47,210	(91,551)
Effect of foreign currency translation	(15,868)	167,173
Movements in working capital		
Trade and other receivables	(878,921)	(776,399)
Loan receivables	(33,263)	(2,372,906)
Other current assets	(36,936)	(29,275)
Loan from related parties	(2,054)	2,183
Trade and other payables	51,696	23,251
Contract liabilities	(40,645)	44,519
Income tax payable	(85,872)	121,886
Cash flow from operations	(790,938)	381,466

13 Issued capital

The current period reflects the movements in the legal parent's capital structure for the half-year ended 31 December 2023.

(a) Ordinary issued and paid up share capital	Dec 2023	Jun 2023	Dec 2023	Jun 2023
	No.	No.	\$	\$
At the beginning of the reporting period	83,499,160	80,137,020	22,074,790	21,705,165
Shares issued to vendors	4,546,051	3,362,140	689,286	369,625
Total ordinary share capital at the end of the reporting period	88,045,211	83,499,160	22,764,076	22,074,790

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Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

13 Issued capital (continued)

(b) Option reserve	Dec 2023 No.	Jun 2023 No.	Dec 2023 \$	Jun 2023 \$
At the beginning of the reporting period	9,810,000	10,140,000	671,869	236,089
Share options expense	-	-	7,878	494,874
Expiry of share option derecognised	-	(330,000)	-	(59,094)
Total options at the end of the reporting period	9,810,000	9,810,000	679,747	671,869

Each ordinary shareholder maintains, when present in person or by proxy or by attorney at any general meeting of the Company, the right to cast one vote for each ordinary share held. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

The Company granted 1,810,000 options to directors and employees on 23 July 2021. Each option will expire on 23 July 2024. The Options are exercisable at any time after the date that is two years following its date of issue; and on or prior to the Expiry Date (Exercise Period).

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

Options	Number of options	Exercise price \$	Expiry dates
Unlisted Options as at 31 December 2023			
23 July 2021 – Issue of KMP/employee options (post consolidation)	1,810,000	0.60	23 July 2024
16 May 2022 - Issue of KMP/employee options	8,000,000	0.24	16 May 2024
Balance at end of reporting period	<u>9,810,000</u>	0.31	WAEP (i)
(i) Weighted Average exercise price			

14 Events subsequent to the end of the reporting period

Termination of trustee service of Ka Sek Wong (Jimmie)

Subsequent to the resignation of Jimmie in the capacities of Chairman/CEO and director of the Company and its subsidiaries on 12 December 2023 and 13 December 2023, the trustee service according to the terms set out in the trustee agreement (the “Agreement”) between Jimmie and HKDMS was further terminated on 8 January 2024 (the “Termination”).

HKDMS has engaged Mr. Julian Wong (Julian) as the replacement. Julian is a practising lawyer in Hong Kong and is a director of HKDMS. He is not a related party of the existing or previous Board members or management.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

14 Events subsequent to the end of the reporting period (continued)

Legal action

On 1 February 2024, the Company received an email notice that Jimmie and his spouse Chuen Lan Chan (Eva), a former director of HKDMS, have filed legal proceedings in the High Court of the Hong Kong Special Administrative Region. In summary, the writ of summons seeks relief against the Company, HKDMS and an employee of HKDMS including, among other things, damages in respect of an alleged conspiracy to injure Jimmie, damages for an alleged breach of the Agreement, an injunction restraining disclosure of confidential information and an amount of HK\$750,000 (approximately A\$146,000) for an alleged service fee (the "Action").

No provision for contingent liability is made in relation to the Action given that i) the Termination decision was concluded after careful consideration by the Board and ii) based on the evidence the Company considers that it has a good defence in relation to the Action.

Investigation by the Official Receiver's Office (ORO)

On 7 February 2024, ORO, a local authority governing the personal and corporate insolvency activities in Hong Kong, issued two letters, a letter to Jimmie and King Wong (King) (a director of HKDMS and the joint trustee), and a separate letter to HKDMS respectively. In summary, ORO has acknowledged that i) Jimmie and Eva instituted the Action, and ii) receipt of a complaint containing allegations against HKDMS and King in relation to the administration of bankruptcy cases (the "Complaint"). The details of the allegations are not included in the letters.

Pending the outcome of the investigation and with the consent of the financial creditors, ORO has adjourned or will adjourn the creditors' meetings (procedures before appointment of trustee) and the coordinating financial institution will also withhold nominating King and Jimmie as joint trustees ("Nomination"). Creditors' meeting is required by law for the appointment (resolution) of trustees for bankruptcy cases. Therefore, the adjournment of the creditors' meetings will prolong the process for the cases which have already been allocated and assigned to HKDMS.

This interim report should be read in conjunction with the Company's announcements released on 2 February 2024 in relation to the Action.

15 Dividends

No dividends have been paid or declared during the reporting period and the previous half-year.

16 Commitments and contingent liabilities

As at 31 December 2023, the Group had no capital expenditure commitments and contingent liabilities (30 June 2023: \$209,682).

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and accompanying notes set out on pages 7 to 21 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

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



Mark Ng
Executive Director

29 February 2024

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

We have reviewed the accompanying half-year financial report of Credit Intelligence Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policy information and other explanatory information, and the directors' declaration.

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

- i. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

Responsibility of the Directors for the Half-Year Financial Report

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

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

Auditor's Responsibility for the Review of the Financial Report

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

- i. giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 29th day of February 2024.

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