

**The Companies Announcements Office
The Australian Securities Exchange Limited**

Date: 30 August 2021

APPENDIX 4E - PRELIMINARY FINAL REPORT

The results for announcement to the market are as follows: -

1. The current reporting period is 12 months ended 30 June 2021 (FY21). For comparative purpose, the previous reporting period was 12 months ended 30 June 2020 (FY20).
2. **Results for announcement to the market**

Key information relating to the above reporting periods is as follows: -

| | FY21 | FY20 | % change |
|---|-------------|------------------|---------------------|
| | \$ | \$ | |
| Revenue from ordinary activities | 12,698,718 | 13,611,618 | -7% |
| Profit after tax from ordinary activities attributable to members | 736,062 | 2,541,275 | -71% |
| Net Profit attributable to members | 736,062 | 2,541,275 | -71% |
| Net tangible assets per issued security | 0.0047 | (0.0001) | N/A |
| Final dividend | | | |
| - Amount per issued security | Nil | 0.0005 | N/A |
| - Franked amount per issued security | Nil | - | N/A |
| Final dividend dates | | | |
| - Record date | N/A | 4 September 2020 | N/A |
| - Payment date | N/A | 20 November 2020 | N/A |

| | |
|---|---------------------|
| <i>Normalised profit</i> | <i>30 June 2021</i> |
| | \$ |
| Net profit attributable to the members of the parent entity | 736,062 |
| Add: One-off expenses, non-recurring in nature | |
| Consultancy fee (partial) | 227,234 |
| Finance costs (equity financing facility) | 829,341 |
| Share-based payments expense (non-cash) | 191,568 |
| | <hr/> 1,984,205 |

- 3 to 9.** Please refer attached financial statements which have been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

On 1 July 2020 CIL acquired a 60% interest in Chapter Two Holdings Pty Ltd (CHT), a Sydney based debt solutions business providing debt negotiation and mortgage broking services to individuals who are experiencing financial hardship. Hence, 12 months results of CHT are consolidated into the Group.

On 17 December 2020 CIL announced the acquisition of a 60% interest in Yozo Finance Pty Limited (Yozo) and its leading fintech platform with its proprietary capabilities. Hence, 6 months results of Yozo are consolidated into the Group.

On 14 May 2021 CIL completed the acquisition of a 60% interest in OneStep Information Technology Limited (OneStep), a Hong Kong based fintech and AI SME BNPL platform company. Given the timing of this acquisition and OneStep has not generated any revenue, there are no results to be included from OneStep in this financial period.

The financial results for FY21 and the comparative figures are as follows:

- The consolidated statement of profit or loss and comprehensive income and consolidated statement of cash flows:
 - for the period between 1 July 2020 to 30 June 2021 comprises 12 months of CIL, Credit Intelligence Holding Limited and subsidiaries (CIH), ICS, HHC, CHT and 6 months of Yozo.
 - for the period between 1 July 2019 to 30 June 2020 comprises 12 months of CIL, Credit Intelligence Holding Limited and subsidiaries (CIH), ICS and 9 months of HHC.
- The consolidated statement of financial position:
 - as at 30 June 2021 represents both CIL, CIH, ICS, HHC, CHT, Yozo and OneStep as at that date; and
 - as at 30 June 2020 represents both CIL, CIH, ICS, and HHC as at that date.
- The consolidated statement of changes in equity:
 - for the period between 1 July 2020 to 30 June 2021, CIL, CIH, ICS, HHC and CHT's balance at 1 July 2020, its profit or loss for the period and transactions with equity holders for 12 months and 6 months of Yozo. It also comprises the equity value of CIL, CIH, ICS, HHC, CHT, Yozo and OneStep at 30 June 2021. The number of shares on issue at period end represent those of CIL only; and
 - for the period between 1 July 2019 to 30 June 2020, CIL, CIH and ICS's balance at 1 July 2019, its profit for the period and transactions with equity holders for 12 months and HHC's profit for the period and transactions with equity holders for 9 months. It also comprises the equity value of CIL, CIH, ICS and HHC at 30 June 2020. The number of shares on issue at period end represent those of CIL only.

Dividend reinvestment plan

The dividend reinvestment plan was adopted in the FY21 and there was no dividend reinvestment plan in the previous corresponding period.

10. Acquisition or disposal of any entities occurred during the financial year.

The Company acquired the following entities during the year:

| Name of Entity | Country of Incorporation | Ownership Interest 2021 % | Ownership Interest 2020 % | Principal Activities |
|--|--------------------------|---------------------------|---------------------------|----------------------|
| Chapter Two Holdings Pty Ltd | Australia | 60% | Nil | Debt solutions |
| Yozo Finance Pty Ltd | Australia | 60% | Nil | Fintech Platform |
| OneStep Information Technology Limited | BVI | 60% | Nil | Fintech Platform |

The Company incorporated the following entity on 21 September 2020.

| Name of Entity | Country of Incorporation | Ownership Interest 2021 % | Ownership Interest 2020 % | Principal Activities |
|------------------------------|--------------------------|---------------------------|---------------------------|----------------------|
| BIBO Investment Holdings Ltd | BVI | 100% | Nil | Holding company |

No entity has been disposed during the year.

11. There are no associates or joint venture entities.

12. The Company is not a foreign entity.

13. See commentary and the attached financial statements.
14. The full financial statements are in the process of being audited.

Commentary

Credit Intelligence has made positive result in this financial year as a conglomerate fintech financial servicing group in Australia, Hong Kong and Singapore.

One of the Company's core business of Bankruptcy administration and Individual Voluntary Arrangement continues to perform well under the circumstance of pandemic COVID-19 in Hong Kong.

Under proper management, Singapore's subsidiaries ICS and HHC have performed well too and have contributed positive profits to the group results for the year ended 30 June 2021.

The outbreak of COVID-19 at the early 2020 has deeply impacted each country in the world. CHT saw a downturn in business in the last 12 months due to the Government's implementation of measures to protect Australian from the collection of debt. The Australian banks and business creditors were prohibited to collect debt and saw Australian consumers protected from collection action. As a result fewer enquiries to CHT and debtors did not require the assistance of debt solution providers. CHT will accelerate its businesses when these measures were relaxed by the Government and CHT starts the development of its own mobile App and community portal using Salesforce.

Yozo has joined the family of CI1 since December 2020, Yozo has leveraged its existing database and have offered BNPL (Buy Now Pay Later) services to the SME market to differentiate itself in the market. Moreover Yozo has developed extensive partnership with various SME leading industry firms so as to diversify its products and services to them.

The group has also completed the acquisition of a 60% interest in Onestep on 14 May 2021, a Hong Kong based fintech and AI SME BNPL platform company. Although OneStep has not generated any revenue, the Group considers that Onestep will generate revenue for the next 12 months.

REVENUE

Revenue for the equivalent twelve months slightly decreased by 7% year on year. Total revenue was \$12,698,718 (2020: \$13,611,618). It included the results of Australia, Hong Kong and Singapore businesses. The Australia business (CHT and Yozo) started generating revenue stream to the Group in this year in order to diversify revenue avenues. The revenue to the group from Hong Kong remained stable compared to last corresponding year denominated in Hong Kong dollars. Offsetting the results of increase in revenue of HHC and decrease in revenue of ICS, the Singapore business reported a decrease in revenue. This is due to Singapore Government continuing to provide interest subsidies to SME because of COVID-19 (see the breakdown in note 1).

EXPENDITURE

Expenditure increased over the prior year from \$9,410,834 to \$11,159,894. The cost increases are mainly attributable to the finance costs \$829,341 regarding the settlement of equity financing facility as well as marketing expenses, legal and professional fees. The value of non-cash share based payment expense \$191,568 was recognised in this year due to the options issued to the service provider. A one off, non-recurring consultancy fee of \$227,234 was taken up in the statement of profit or loss and other comprehensive income during the year attributable to the acquisition of subsidiaries and equity financing equity.

BALANCE SHEET

The net assets of the Group grew to \$24,085,451 as at 30 June 2021 (2020: \$11,052,136), following a legal acquisition of a majority 60% interest in CHT, Yozo and OneStep and a decrease in current and non-current liabilities. The Group has \$2,433,881 cash on hand as at 30 June 2021, portion of which will fund the planned operation of the Group's business into Australia, Hong Kong and Singapore.

CASHFLOW

The Group reported an operating cash outflow before changes in movements of operating assets for the year of \$125,728 (2020 cash inflow: \$1,240,379), reflecting the decrease in liabilities. This reflects the Group's ability to commit its obligation to repay the debts and expenses in a timely manner. There is no major capital expenditure is expected for the Group's business activity in the foreseeable future.

Dividend declared subsequent to year end

The Group has identified great opportunities of business growth itself and advised that the Company will not declare final dividend subsequent to year end. The cash generated within the Group will be retained for the business development.

Outlook

The Group expects the Hong Kong business to remain strong, and in the short term the mainstay of the group's operations. As more and more people in Hong Kong have taken the vaccines, COVID-19 will have limited impact on the Hong Kong operations, and will potentially increase business in the years to come.

The Singapore business of ICS and HHC continue to perform well, notwithstanding Singapore Government continues to provide interest subsidies to SME. Both businesses are looking to expand their businesses in a challenging economic climate, but are well supported by the Group.

CHT will release their mobile App and community portal to the public in the coming months. The App allows customers to have all of their debts in one place, make one repayment monthly to CHT where CHT disburses the payments to the creditors, see all their repayment history and have access to their Credit file which is updated monthly. Given that this technology does not exist in Australia CHT looks forward to engaging with more customers and growing the business substantially.

By leveraging existing AI technology built in collaboration with UTS, Yozo will be working closely with it to further enhance its technology and finding new ways to develop innovative products to launch to the market. Yozo aims to focus on its technology and customer experience to set its position in the Fintech space. Given the Company already has presence in both Hong Kong and Singapore. Yozo will not limit itself to only in Australia but rather on a global scale.

OneStep is developing an AI & financial technology platform which provide services to Hong Kong SMEs at the initial stage. The platform is designed with a unique credit rating system based on clients' background information, spending payment patterns, and bills and settlement historical records. High credit SMEs are privilege to extra BNPL and withdrawal limit, and extended instalments period. The platform targets to launch in mid-September 2021.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

| | Notes | 2021 \$ | 2020 \$ |
|--|-------|------------------|------------------|
| Revenue | 1 | 12,698,718 | 13,611,618 |
| Other income | 2 | 767,597 | 342,745 |
| Bad debt written off and loss allowance | | (1,490,851) | (1,434,425) |
| Bank charges and interest | | (163,632) | (173,719) |
| Consultancy fee | | (337,558) | (262,317) |
| Directors' fees | | (189,095) | (195,138) |
| Directors' fees (Share-based payments) | | - | (163,079) |
| Amortisation on right-of-use assets | 3 | (378,142) | (502,615) |
| Depreciation expense | | (89,760) | (73,582) |
| Employee benefits expense (including Share-based payments) | | (4,070,996) | (4,197,468) |
| Administration cost | | (3,145,021) | (1,911,076) |
| Finance cost | | (1,294,839) | (497,415) |
| Profit before income tax | | 2,306,421 | 4,543,529 |
| Income tax expense | 4 | (1,027,873) | (961,656) |
| Profit for the year | | 1,278,548 | 3,581,873 |
| Other comprehensive income | | | |
| Exchange differences on translating foreign operations, net of tax | | (523,262) | (93,556) |
| Total comprehensive income for the year, net of tax | | 755,286 | 3,488,317 |
| Net profit attributable to: | | | |
| Members of the parent entity | | 736,062 | 2,541,275 |
| Non-controlling interest | | 542,486 | 1,040,598 |
| | | 1,278,548 | 3,581,873 |
| Total comprehensive income attributable to: | | | |
| Members of the parent entity | | 242,027 | 2,502,701 |
| Non-controlling interest | | 513,259 | 985,616 |
| | | 755,286 | 3,488,317 |
| Earnings per share | | | |
| Basic earnings per share | 23 | 0.0006 | 0.0025 |
| Diluted earnings per share | 23 | 0.0005 | 0.0023 |

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2021

| | Notes | 2021 \$ | 2020 \$ |
|--|-------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 2,433,881 | 3,060,459 |
| Trade and other receivables | 6 | 642,089 | 410,294 |
| Loan receivables | 7 | 8,721,135 | 11,447,207 |
| Swap assets | 8 | - | 500,000 |
| Current tax assets | 18 | 141,060 | - |
| Other current assets | 9 | 283,290 | 769,583 |
| TOTAL CURRENT ASSETS | | 12,221,455 | 16,187,543 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 289,432 | 302,935 |
| Right-of-use assets | 3 | 374,870 | 316,363 |
| Intangible assets | 11 | 16,617,279 | 11,094,456 |
| TOTAL NON-CURRENT ASSETS | | 17,281,581 | 11,713,754 |
| TOTAL ASSETS | | 29,503,036 | 27,901,297 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 982,918 | 2,835,852 |
| Lease liabilities | 13 | 136,661 | 322,055 |
| Contract liabilities | 14 | 445,393 | - |
| Amounts due to vendors | 15 | 508,058 | 6,254,453 |
| Amounts due to related party | 16 | - | 3,485,696 |
| Derivative liabilities | 17 | - | 1,000,000 |
| Current tax liabilities | 18 | 999,486 | 807,710 |
| Other borrowings | 19 | 1,619,905 | - |
| TOTAL CURRENT LIABILITIES | | 4,692,421 | 14,705,766 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 13 | 225,251 | - |
| Amounts due to vendors | 15 | 224,000 | - |
| Amounts due to related party | 16 | 275,913 | 2,143,395 |
| TOTAL NON-CURRENT LIABILITIES | | 725,164 | 2,143,395 |
| TOTAL LIABILITIES | | 5,417,585 | 16,849,161 |
| NET ASSETS | | 24,085,451 | 11,052,136 |
| EQUITY | | | |
| Issued capital | 20 | 21,705,165 | 8,915,406 |
| Reserves | | (259,874) | 71,107 |
| Accumulated profit / (loss) | | 937,795 | 801,422 |
| Equity attributable to owners of the parent entity | | 22,383,086 | 9,787,935 |
| Non-controlling interest | | 1,702,365 | 1,264,201 |
| TOTAL EQUITY | | 24,085,451 | 11,052,136 |

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

| | Notes | Issued Capital \$ | Retained Earnings \$ | Merger Reserve \$ | Foreign Currency Translation Reserve \$ | Share based Payment Reserve \$ | Option Reserve \$ | Total \$ | Non- controlling Interest \$ | Total Equity \$ |
|---|-------|-------------------------|----------------------------|-------------------------|---|---|-------------------------|-------------|---------------------------------------|--------------------|
| Balance at 1.7.2019 | | 6,220,555 | (719,707) | 11,037 | 98,644 | 475,840 | - | 6,086,369 | 210,587 | 6,296,956 |
| Comprehensive income: | | | | | | | | | | |
| Profit after tax for the year | | - | 2,541,275 | - | - | - | - | 2,541,275 | 1,040,598 | 3,581,873 |
| Other comprehensive loss for the year | | - | - | - | (38,574) | - | - | (38,574) | (54,982) | (93,556) |
| Total comprehensive income for the year | | 6,220,555 | 1,821,568 | 11,037 | 60,070 | 475,840 | - | 8,589,070 | 1,196,203 | 9,785,273 |
| Transactions with owners, in their capacity as owners, and other transfers | | | | | | | | | | |
| Allotment of shares | | 2,424,007 | - | - | - | - | - | 2,424,007 | - | 2,424,007 |
| Acquisition of subsidiary | | - | - | - | - | - | - | - | 484,491 | 484,491 |
| Disposal of subsidiary | | - | - | - | - | - | - | - | (47) | (47) |
| Share based payments expense recognised in the year | | - | - | - | - | 795,004 | - | 795,004 | - | 795,004 |
| Classified to derivative liabilities | | (1,000,000) | - | - | - | - | - | (1,000,000) | - | (1,000,000) |
| Convert share based payment reserve on exercise of share based payment | | 1,270,844 | - | - | - | (1,270,844) | - | - | - | - |
| Dividends recognised for the period | | - | (1,020,146) | - | - | - | - | (1,020,146) | (416,446) | (1,436,592) |
| Total transactions with owners and other transfers | | 2,694,851 | (1,020,146) | - | - | (475,840) | - | 1,198,865 | 67,998 | 1,266,863 |
| Balance at 30.6.2020 | | 8,915,406 | 801,422 | 11,037 | 60,070 | - | - | 9,787,935 | 1,264,201 | 11,052,136 |
| Balance at 1.7.2020 | | 8,915,406 | 801,422 | 11,037 | 60,070 | - | - | 9,787,935 | 1,264,201 | 11,052,136 |
| Comprehensive income: | | | | | | | | | | |
| Profit after tax for the year | | - | 736,062 | - | - | - | - | 736,062 | 542,486 | 1,278,548 |
| Other comprehensive loss for the year | | - | - | - | (494,035) | - | - | (494,035) | (29,227) | (523,262) |
| Total comprehensive income for the year | | 8,915,406 | 1,537,484 | 11,037 | (433,965) | - | - | 10,029,962 | 1,777,460 | 11,807,422 |
| Transactions with owners, in their capacity as owners, and other transfers | | | | | | | | | | |
| Allotment of shares | | 7,300,184 | - | - | - | - | - | 7,300,184 | - | 7,300,184 |
| Acquisition of subsidiaries | | 1,050,000 | - | - | - | - | - | 1,050,000 | (75,095) | 974,905 |
| Option expense recognised in the year | | - | - | - | - | - | 191,568 | 191,568 | - | 191,568 |
| Derecognition of derivative liabilities | | 3,000,000 | - | - | - | - | - | 3,000,000 | - | 3,000,000 |
| Exercise convertible notes | | 1,269,000 | - | - | - | - | - | 1,269,000 | - | 1,269,000 |
| Convert option reserve on exercise of share option | | 141,314 | - | - | - | - | (28,514) | 112,800 | - | 112,800 |
| Issued shares for dividend reinvestment plan | | 29,261 | - | - | - | - | - | 29,261 | - | 29,261 |
| Dividends recognised for the period | | - | (599,689) | - | - | - | - | (599,689) | - | (599,689) |
| Total transactions with owners and other transfers | | 12,789,759 | (599,689) | - | - | - | 163,054 | 12,353,124 | (75,095) | 12,278,029 |
| Balance at 30.6.2021 | | 21,705,165 | 937,795 | 11,037 | (433,965) | - | 163,054 | 22,383,086 | 1,702,365 | 24,085,451 |

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

| | Notes | 2021 \$ | 2020 \$ |
|--|-------|-------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 7,999,005 | 7,534,217 |
| Payments to suppliers and employees | | (7,052,737) | (5,740,283) |
| Interest received | | 19 | 304 |
| Bank charges and interest | | (163,632) | (173,719) |
| Income tax paid | | (908,383) | (380,140) |
| | | (125,728) | 1,240,379 |
| Changes in operating assets arising from cash flow movements: | | | |
| Net funding of customer loans | | 6,164,981 | (777,724) |
| (Payment) / receipt of loan – related party | | (5,432,911) | 2,680,350 |
| Net cash provided by operating activities | 21 | 606,342 | 3,143,005 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (101,242) | (135,406) |
| Expenditure on intangible assets | | (245,188) | - |
| Investment in subsidiaries | | (2,066,121) | (1,008,607) |
| Disposal of subsidiary | | - | (47) |
| Payment to vendors | | (693,109) | (1,180,771) |
| Net cash used in investing activities | | (3,105,660) | (2,324,831) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payment of lease liabilities | | (396,458) | (496,131) |
| Repayment of dividend payable prior to the acquisition of subsidiary | | (1,864,715) | - |
| Proceeds from issuance of shares upon exercise of share options | | 112,800 | - |
| Net proceeds from convertible notes | | 1,269,000 | - |
| Net proceeds from other borrowings | | 1,469,132 | - |
| Net proceeds from debt for equity funding | | 1,670,659 | 435,000 |
| Payment of dividends | | (570,428) | (1,020,146) |
| Net cash provided by/used in financing activities | | 1,689,990 | (1,081,277) |
| Net decrease in cash held | | (809,328) | (263,103) |
| Cash at beginning of the year | | 3,060,459 | 3,432,929 |
| Effect of foreign currency translation | | 182,750 | (109,367) |
| Cash at the end of the year | | 2,433,881 | 3,060,459 |

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

| | 2021 \$ | 2020 \$ |
|--|-------------------|-------------------|
| 1 Revenue | | |
| Bankruptcy administration service income | 6,540,705 | 7,300,894 |
| IVA service income | 68,919 | 80,206 |
| Service income of ICS | 1,688,414 | 2,990,110 |
| Service income of HHC | 3,907,735 | 3,240,408 |
| Debt solution service income of CHT | 487,359 | - |
| Finance service income of Yozo | 5,586 | - |
| | 12,698,718 | 13,611,618 |

The service income of ICS and HHC comprise interest income, late interest income, permit fees income and factoring income.

2 Other income

| | | |
|------------------------|----------------|----------------|
| Bank interest income | 19 | 304 |
| Administrative charges | 132,817 | 156,711 |
| Other income | 634,761 | 87,292 |
| Foreign exchange gain | - | 98,438 |
| | 767,597 | 342,745 |

Government grant income of \$382,280 (2020: \$35,804) was recognised as part of other income during the financial period.

3 Right-of-use assets

The Group leases proprieties under non-cancellable operating lease arrangements with lease term 2-5 years without option to renew the lease term at the expiry date. The leases do not include contingent rentals.

(i) AASB 16 related amounts recognised in the balance sheet

| | 2021 \$ | 2020 \$ |
|---|----------------|----------------|
| Right-of-use assets | | |
| Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117) | - | 192,277 |
| Balance at the beginning of the year | 316,363 | - |
| Addition to right-of-use assets | 461,839 | 624,162 |
| Amortisation expense for the year | (378,142) | (502,615) |
| Foreign exchange adjustment | (25,190) | 2,539 |
| Net carrying amount | 374,870 | 316,363 |

(ii) AASB 16 related amounts recognised in the statement of profit or loss

| | | |
|--|----------------|----------------|
| Amortisation charge related to right-of-use assets | 378,142 | 502,615 |
| Interest expense on lease liabilities (under finance cost) | 13,986 | 21,056 |
| Short-term leases expense | 170,135 | 37,800 |
| | 562,263 | 561,471 |

| | | |
|---------------------------------------|---------|---------|
| Total yearly cash outflows for leases | 410,442 | 517,187 |
|---------------------------------------|---------|---------|

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

4 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.

The Company, CHT and Yozo are subject to Australia tax. At the date of this report, the Group has an Australian income tax refund receivable.

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 2021. Singapore Profits Tax is calculated at 17% of estimated assessable profit.

| | 2021 \$ | 2020 \$ |
|--|------------------|----------------|
| The components of tax expense comprise: | | |
| Current tax – Australia | 27,122 | - |
| Current tax – Hong Kong | 463,959 | 462,663 |
| Current tax – Singapore | 536,792 | 498,993 |
| Income tax reported in statement of comprehensive income | <u>1,027,873</u> | <u>961,656</u> |

5 Cash and cash equivalents

| | | |
|--------------------------|------------------|------------------|
| Cash at bank and on hand | <u>2,433,881</u> | <u>3,060,459</u> |
|--------------------------|------------------|------------------|

6 Trade and other receivables

| | | |
|---------------|----------------|----------------|
| Trade debtors | <u>642,089</u> | <u>410,294</u> |
|---------------|----------------|----------------|

7 Loan receivables

| | | |
|--|------------------|-------------------|
| Loan receivables – Third parties | <u>8,721,135</u> | <u>11,447,207</u> |
| Current | 8,721,135 | 11,447,207 |
| Non-current | - | - |
| Loan receivables – unsecured money lending | <u>8,721,135</u> | <u>11,447,207</u> |

Unsecured loans to customers in the moneylending segment are loans which are interest-bearing.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

| | 2021 \$ | 2020 \$ |
|----------------------|------------|------------|
| 8 Swap assets | | |
| Swap assets | - | 500,000 |

Under the equity financing facility with LS Whitehall Group (see note 17 for further details), the Group received \$1,000,000 cash (2020: \$500,000) and has a right to \$1,000,000 (2020: \$500,000) swap assets (50% of equity financing arrangement). On settlement of equity financing arrangement, the difference between the amount received and the swap assets was recognised as changes in fair value in the statement of profit or loss in accordance with AASB 9: Financial Instruments. The facility expired on 21 May 2021.

9 Other current assets

| | | |
|----------------------------------|----------------|----------------|
| Deposits | 127,876 | 94,031 |
| Accrued income and other debtors | 73,033 | 544,280 |
| Prepayments | 82,247 | 131,272 |
| Amount due from a shareholder | 134 | - |
| | 283,290 | 769,583 |

10 Property, plant and equipment

| | | |
|---|----------------|----------------|
| Leasehold improvements | | |
| At cost | 95,161 | 72,307 |
| Accumulated depreciation | (27,254) | (12,854) |
| Foreign exchange adjustment | (4,977) | (236) |
| Total leasehold improvements | 62,930 | 59,217 |
| Furniture, fixtures and equipment | | |
| At cost | 623,908 | 536,644 |
| Accumulated depreciation | (377,467) | (298,097) |
| Foreign exchange adjustment | (19,939) | 5,171 |
| Total furniture, fixtures and equipment | 226,502 | 243,718 |
| Total property, plant and equipment | 289,432 | 302,935 |

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 | 59,217 | 243,718 | 302,935 |
| Additions | 23,140 | 78,033 | 101,173 |
| Disposals | - | - | - |
| Depreciation expense | (14,450) | (75,310) | (89,760) |
| Foreign exchange adjustment | (4,977) | (19,939) | (24,916) |
| Carrying amount at the end of year | 62,930 | 226,502 | 289,432 |

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

11 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.

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

| | Goodwill |
|---|-------------------|
| | \$ |
| Balance at 1 July 2020 | 11,094,456 |
| Acquisitions through business combinations | 3,963,557 |
| Reassessment on finalisation of HHC acquisition | 2,261,752 |
| Foreign exchange adjustment | (946,746) |
| Balance at 30 June 2021 | 16,373,019 |

Intangible assets comprise of software under development. As at 30 June 2021, the software under development is not available for use. Therefore, no amortisation was incurred during the financial year.

| | Software under development |
|-----------------------------|-----------------------------------|
| | \$ |
| Balance at 1 July 2020 | - |
| Additions | 245,188 |
| Foreign exchange adjustment | (928) |
| Balance at 30 June 2021 | 244,260 |
| Total intangible assets | 16,617,279 |

12 Trade and other payables

| | 2021 | 2020 |
|------------------|----------------|------------------|
| | \$ | \$ |
| Accrued expenses | 586,469 | 346,873 |
| Other payables | 396,449 | 2,488,979 |
| | 982,918 | 2,835,852 |

The other payables represents a dividend payable to the individual shareholders of ICS and HHC.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

| | 2021 \$ | 2020 \$ |
|---|----------------|------------------|
| 13 Lease liabilities | | |
| Balance at the beginning of the year | 322,055 | 192,277 |
| New leases during the period | 461,839 | 624,162 |
| Payments | (410,442) | (517,187) |
| Interest charges during the period | 13,986 | 21,056 |
| Foreign exchange adjustment | (25,526) | 1,747 |
| Net carrying amount at the end of the year | 361,912 | 322,055 |
| Current | 136,661 | 322,055 |
| Non current | 225,251 | - |
| | 361,912 | 322,055 |
| 14 Contract liabilities | | |
| Contract liabilities | 445,393 | - |
| Contract liabilities relate to permit fees advances received for loans provided to individuals. Contract liabilities are recognised as revenue when the Group satisfies the performance obligations. | | |
| 15 Amounts due to vendors | | |
| Current | 508,058 | 6,254,453 |
| Non-current | 224,000 | - |
| | 732,058 | 6,254,453 |
| Amounts due to vendors represent the acquisition of 60% interest of subsidiaries. | | |
| 16 Amounts due to related party | | |
| Current | - | 3,485,696 |
| Non-current | 275,913 | 2,143,395 |
| | 275,913 | 5,629,091 |
| The amount is non-trade in nature and unsecured. | | |
| 17 Derivative liabilities | | |
| Equity financing | - | 1,000,000 |
| On 29 Mar 2021, the Group issued 66,445,183 (2020: 32,148,759) fully paid ordinary shares for \$2,000,000 (2020: \$1,000,000) to LS Whitehall Group under an equity financing (swap) facility. This facility was fully settled after an agreed pricing period where the final amount was adjusted by a swap amount calculated using an average VWAP of CIL's shares nominated by the investor. After settlement, the carrying amount of \$2,000,000 (2020: \$1,000,000) was transferred to share capital. | | |
| 18 Current tax assets & liabilities | | |
| Current tax assets | | |
| Tax refund receivable - Australia | 141,060 | - |
| Current tax liabilities | | |
| Provision for taxation - Hong Kong | 232,453 | 170,234 |
| Provision for taxation - Singapore | 767,033 | 637,476 |
| | 999,486 | 807,710 |

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

| | 2021 \$ | 2020 \$ |
|----------------------------|------------------|------------|
| 19 Other borrowings | | |
| Bond | 1,619,905 | - |

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

20 Issued capital

| | | |
|---|-------------------|------------------|
| 1,602,723,518 (2020: 1,114,952,542*) fully paid ordinary shares | 21,705,165 | 8,915,406 |
|---|-------------------|------------------|

The increase in shares on issue of 487,770,976 is mainly attributable to the issue of shares to the vendors of ICS, HHC, Yozo and OneStep as part of the consideration for the acquisition, conversion of convertible notes and the settlement of equity financing facility.

*Excluding the shares issued under equity financing arrangement pending settlement.

| | 2021 \$ | 2020 \$ |
|---|----------------|------------------|
| 21 Cash flow information | | |
| Reconciliation of cash flow from operations with operating profit after tax from ordinary activities: | | |
| Profit after income tax from ordinary activities | 1,278,548 | 3,581,873 |
| Non-cash flows in profit from ordinary activities: | | |
| Bad debt written off | 1,490,851 | 1,434,425 |
| Depreciation | 89,760 | 73,582 |
| Amortisation on right-of-use assets | 378,142 | 502,615 |
| Finance cost | 990,945 | 32,500 |
| Exchange loss | 14,654 | - |
| Interest expense on advance from shareholders | 289,908 | 443,987 |
| Share-based payment | 191,568 | 795,004 |
| Movements in working capital | | |
| Effect of foreign currency translation | (304,082) | (33,783) |
| Increase in trade and other receivables | (14,549) | (97,465) |
| Decrease/(Increase) in loan receivables | 1,235,221 | (6,958,915) |
| Decrease/(Increase) in other current assets | 524,063 | (95,058) |
| (Decrease)/Increase in loan from related party | (5,865,634) | 2,658,618 |
| (Decrease)/Increase in trade and other payables | (189,162) | 233,706 |
| Increase in contract liabilities | 445,393 | - |
| Increase in income tax payable | 50,716 | 571,916 |
| Cash flow from operations | 606,342 | 3,143,005 |

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

22 Interests in other entities

The Group's subsidiaries at 30 June 2021 are set out below. The subsidiaries have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group.

| Name of Entity | Country of Incorporation | Principal Place of Business | Ownership Interest 2021 % | Ownership Interest 2020 % |
|--|--------------------------|-----------------------------|---------------------------|---------------------------|
| 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) Limited | Hong Kong | Hong Kong | 100 | 100 |
| Credit Intelligence (Singapore) Holdings Limited | Cayman Islands | Hong Kong | 100 | 100 |
| ICS Funding Pte. Ltd | Singapore | Singapore | 60 | 60 |
| Hup Hoe Credit Pte Ltd | Singapore | Singapore | 60 | 60 |
| Chapter Two Holdings Pty Ltd | Australia | Australia | 60 | Nil |
| BIBO Investment Holdings Ltd | British Virgin Island | Hong Kong | 100 | Nil |
| Yozo Finance Pty Ltd | Australia | Australia | 60 | Nil |
| OneStep Information Technology Limited | British Virgin Island | Hong Kong | 60 | Nil |

23 Earnings per share

| | 2021 | 2020 |
|-----------------------------------|--------|--------|
| | \$ | \$ |
| Basic Earnings/(loss) per share | 0.0006 | 0.0025 |
| Diluted Earnings/(loss) per share | 0.0005 | 0.0023 |

*Weighted average number of shares used in

| | | |
|---|---------------|---------------|
| Basic earnings per share calculation | 1,329,461,761 | 1,023,909,906 |
| Diluted earnings per share calculation ¹ | 1,356,544,138 | 1,084,181,248 |

*Excluding the shares issued under equity financing equity pending settlement in year 2020.

Profit/(loss) for the period used in earnings per share

| | | |
|----------------------------|---------|-----------|
| From continuing operations | 736,062 | 2,541,275 |
|----------------------------|---------|-----------|

¹Rights 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.

24 Segment information

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

24 Segment information (continued)

During the year ended 30 June 2021 the Group operated in the Australia, Hong Kong and Singapore markets. The Group operated only in the Hong Kong and Singapore market during the year ended 30 June 2020. There are inter-segment sales of \$327,035 between CIL and CIH in the current year (2020: \$365,055).

(i) Revenue by geographical region

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

| | 2021 | 2020 |
|----------------------|-------------------|-------------------|
| | \$ | \$ |
| Australia | 492,945 | - |
| Hong Kong | 6,609,624 | 7,381,100 |
| Singapore | 5,596,149 | 6,230,518 |
| Total revenue | 12,698,718 | 13,611,618 |

(ii) Revenue by operating segment

| | | |
|--|-------------------|-------------------|
| Debt solution and finance service | 492,945 | - |
| Debt restructuring and personal insolvency | 6,609,624 | 7,381,100 |
| Credit Financing | 5,596,149 | 6,230,518 |
| Total revenue | 12,698,718 | 13,611,618 |

(iii) Timing of revenue recognition

| | | |
|----------------------|-------------------|-------------------|
| At point in time | 487,359 | - |
| Over time | 12,211,359 | 13,611,618 |
| Total revenue | 12,698,718 | 13,611,618 |

(iv) Assets by geographical region

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

| | | |
|---------------------|-------------------|-------------------|
| Australia | 5,593,797 | 1,158,462 |
| Hong Kong | 1,606,692 | 2,958,508 |
| Singapore | 22,302,547 | 23,784,327 |
| Total assets | 29,503,036 | 27,901,297 |