

Credit Corporation (PNG) Limited

Appendix 5B

Consolidated Financial Report

For the Half Year to 30 June 2023

1. Company details and reporting period

Credit Corporation (PNG) Limited and subsidiaries

Reporting period - six months ended 30 June 2023

Previous corresponding period - six months ended 30 June 2022

2. Results for announcement to the market

2.1 Revenue from ordinary activities

		30 June 2023	30 June 2022
Revenue from ordinary activities (PGK'000)	13.7%	121,348	106,716

2.2 Profit from ordinary activities after tax

Profit from ordinary activities (PGK'000)	13.0%	71,143	62,976
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2.3 Net profit after tax for the period

Net profit after tax for the period (PGK'000)	17.9%	74,262	62,976
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2.4 Dividend (distributions)

	Amount per security	PGK'000
Current reporting period 2023		
Interim dividend (PGK toea per share)	11.0	33,872
Previous financial period 2022		
Interim dividend (PGK toea per share)	10.2	31,409
Final dividend (PGK toea per share)	12.3	37,875

2.5 Record date

Date for determining entitlements to the dividend.

	Ex date	Record date	Payment date
Current reporting period 2023			
Interim dividend	20 September 2023	25 September 2023	18 October 2023
Previous financial period 2022			
Interim dividend	19 September 2022	27 September 2022	18 November 2022
Final dividend	24 March 2023	26 September 2023	5 May 2023

Credit Corporation (PNG) does not have a dividend reinvestment plan.

2.6 Earnings per security

	30 June 2023	30 June 2022
Basic EPS (Toea per share)	0.24	0.20
Diluted EPS	same as above	same as above
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	307,931,332	307,931,332

2.7 Commentary on key information

The financial performance highlights for the period include notable developments in various key areas:

Revenue from Ordinary Activities: The organization has experienced an increase in revenues from its operational endeavours compared to the previous year. This rise can be attributed to multiple factors, including higher dividend receipts, an upswing in interest income, and an increase in rental income. These combined contributions have led to an overall growth in the organization's revenue from its core activities.

Net Profit After Tax (NPAT): The overall net profit after tax (NPAT) for the organization has yielded positive results. This achievement is rooted in a multifaceted approach to bolstering the organization's financial health. The positive momentum in NPAT is driven by several factors, including improvements in revenue streams compared to the previous corresponding period, gains from the positive valuation of investments, and a prudent approach to cost control exercised across the organization's subsidiaries.

These financial indicators collectively underscore the organization's commitment to sustainable growth, effective financial management, and a strategic focus on generating value for stakeholders. The diverse drivers behind the growth in revenue, combined with efforts to optimize costs and enhance investments, have resulted in a favourable net profit after tax. The overall trajectory remains positive, reflecting Credit Corporation's resilience and strategic acumen in navigating the financial landscape.

3. Consolidated profit and loss

	Jun-23 K'000	Jun-22 K'000	vs Jun-22 %
Finance Income	33,811	33,366	1.3%
Finance cost	(7,268)	(7,775)	(6.5%)
Net finance income	26,543	25,591	3.7%
Dividend income	50,943	48,353	5.4%
Rental income from property	17,099	16,318	4.8%
Interest on term deposit, treasury bills and semi-government bonds	2,130	2,023	5.3%
Other operating income	2,016	1,169	72.5%
Fair value gain on financial assets	15,349	5,487	179.7%
Net operating income	114,080	98,941	15.3%
Impairment reversal/(loss) on finance receivables	5,327	6,972	(23.6%)
Personnel expenses	(14,592)	(13,595)	7.3%
Depreciation expenses	(3,024)	(3,410)	(11.3%)
Write-off receivables	(1,169)	(1,747)	(33.1%)
Marketing expenses	(1,491)	(1,277)	16.7%
Office ongoing costs	(2,458)	(2,234)	10.0%
Communications & IT	(3,017)	(1,754)	72.0%
Rent and utilities	(580)	(743)	(21.9%)
Repairs and maintenance	(3,749)	(4,989)	(24.9%)
Other expenses	(427)	(743)	(42.6%)
Professional services & management fees	(7,923)	(5,854)	35.3%
Interest expense - property	(1,060)	(1,147)	(7.6%)
Results from operating activities	79,917	68,420	16.8%
Share of profit of equity accounted investee	4,455	-	100.0%
Profit before tax	84,372	68,420	23.3%
Income tax expense	(10,110)	(5,444)	85.7%
Profit attributable to equity holders of the Company	74,262	62,976	17.9%

4. Consolidated Balance Sheet

	Jun-23 K'000	Dec-22 K'000	vs Dec-22 %
ASSETS			
Cash and cash equivalents	181,275	220,397	(17.8%)
Finance receivables	437,356	413,618	5.7%
Other receivables	12,669	11,309	12.0%
Interest bearing securities	62,248	36,171	72.1%
Other equity investments	34	34	0.0%
Investment in associate	11,725	8,283	41.6%
Other investments	471,559	456,210	3.4%
Inventories	1,108	1,077	2.9%
Income taxes receivable	5,257	7,503	(29.9%)
Property and equipment	32,692	29,153	12.1%
Investment property	247,273	250,500	(1.3%)
Assets held for sale	4,500	-	100.0%
Deferred tax assets (net)	17,336	22,752	(23.8%)
Total assets	1,485,032	1,457,007	1.9%
LIABILITIES			
Trade and other payables	14,910	19,979	(25.4%)
Employee benefits	7,037	7,322	(3.9%)
Deposits and borrowings	504,249	506,943	(0.5%)
Total liabilities	526,196	534,244	(1.5%)
Net assets	958,836	922,763	3.9%
EQUITY			
Share capital	21,984	21,984	0.0%
Reserves	460,105	445,069	3.4%
Retained earnings	476,747	455,710	4.6%
Total equity	958,836	922,763	3.9%

5. Consolidated statement of cash flow

	Consolidated Half year ended	
	30 Jun 2023 Reviewed K'000	30 Jun 2022 Reviewed K'000
OPERATING ACTIVITIES		
Charges earned on leases & loans	33,811	33,268
Commission, fees and rents	19,167	17,106
Interest payments	(7,268)	(7,775)
Payments to suppliers and employees	(42,747)	(35,776)
Operating cash flows before changes in operating assets	2,963	6,823
Net cash (advanced)/received in respect of finance receivables	(18,411)	14,255
Net cash (repaid)/received in respect of deposits	(262)	10,712
Net cash from operating activities before income tax	(15,710)	31,790
Income taxes paid	(1,963)	(2,577)
Cash flows from operating activities	(17,673)	29,213
INVESTING ACTIVITIES		
Purchase of property, & equipment	(6,536)	(1,724)
Proceeds from sale of property	115	216
Acquisition of investment property	(1,273)	(385)
Dividend received	51,956	48,353
Interest from funds deposited	2,078	2,144
Net cashflow from other investments	(26,078)	(9,918)
Cash flows from investing activities	20,262	38,686
FINANCING ACTIVITIES		
Repayment of borrowings	(2,432)	(2,487)
Repayment of interest	(1,061)	(1,147)
Dividends paid	(37,876)	-
Cash flows used in financing activities	(41,369)	(3,634)
Effect of exchange rate changes on foreign subsidiaries cash and cash equivalents	(342)	(4,854)
Net (decrease)/increase in cash and cash equivalents	(39,122)	59,411
Cash and cash equivalents at 1 January	220,397	189,339
Cash and cash equivalents at period ended	181,275	248,750

6. Net tangible asset backing

	30 June 2023	30 June 2022
Net tangible asset backing per ordinary security	3.11	3.00

7. Details of entities over which control has been gained or lost during the period

There have been no changes in ownership to Group entities during the reporting period.

8. Details of aggregate share of profits (losses) of associates

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to operating profit (loss) and extraordinary items after tax	
	Half Year June 2023 %	Half Year June 2022 %	Half Year June 2023 PGK'000	Half Year June 2022 PGK'000
Equity accounted +associated entities				
Capital Insurance Group	25%	25%	4,455	-
Total	25%	25%	4,455	-
Other material interests	-	-	-	-
Total	25%	25%	-	-

9. Reports for industry and geographical segments

9.1 Information about reportable segments

At 30 June 2023	General finance, leasing and hire purchase	Property investment	Investment company	TOTAL
	K'000	K'000	K'000	K'000
Revenue	38,219	16,605	66,524	121,348
Inter-segment revenue	1,217	2,764	41,473	45,454
Finance costs	(7,268)	-	-	(7,268)
Depreciation	(1,598)	(861)	(565)	(3,024)
Reportable segment profit before income tax	20,387	6,791	57,194	84,372
Share of profit of equity-method investee	-	-	4,455	4,455
Reportable segment assets	660,946	272,069	552,018	1,485,032
Investment in associate	-	-	11,725	11,725
Reportable segment liabilities	477,220	42,762	6,214	526,196

9. Reports for industry and geographical segments (continued)

9.2 Reconciliation of reportable segment revenues, profits or loss, assets and liabilities:

	Jun-23	Jun-22
	K'000	K'000
Revenues		
Total revenue for reportable segments	166,802	118,290
Finance costs	(7,268)	(8,059)
Elimination of inter-segment revenue	(45,454)	(11,290)
Net operating income	114,080	98,941
Profit or loss		
Total profit or loss for reportable segments	120,872	75,558
Elimination of inter-segment profit	(40,955)	(7,138)
Share of profit of equity-accounted investee	4,455	-
Consolidated profit before tax	84,372	68,420

	Jun-23	Dec-22
	K'000	K'000
Assets		
Total assets for reportable segments	2,057,331	1,977,436
Investment in equity-accounted investee	11,725	8,283
Elimination of intercompany balance	(190,855)	(135,543)
Elimination of investment in subsidiaries	(393,169)	(393,169)
Consolidated total assets	1,485,032	1,457,007

Liabilities		
Total liabilities for reportable segments	(723,228)	(675,964)
Elimination of intercompany balances	197,032	141,720
Consolidated total liabilities	(526,196)	(534,244)

Geographical segments	Net operating income		Net assets	
	K'000	K'000	K'000	K'000
	Jun-23	Jun-22	Jun-23	Dec-22
Papua New Guinea	98,897	82,350	825,974	789,195
Fiji	11,209	13,429	97,100	94,378
Solomon Islands	1,768	1,061	12,868	15,702
Vanuatu	2,206	2,101	22,894	23,488
Total	114,080	98,941	958,836	922,763

10. Commentary on the results for the period

Credit Corporation's performance in the first half of the financial year 2023 (1H23) remains consistently positive, reflecting the organization's strategic focus and prudent financial management. The driving factors behind these encouraging results include:

Increased Investment Valuation and Dividend Receipts: The organization experienced a surge in the valuation of its investments, coupled with enhanced dividend receipts. These developments have contributed positively to the Group's overall performance, reinforcing the organization's sound investment decisions and its ability to generate returns from its portfolio.

Release of Excess Provisions: The release of excess provisions indicates a successful enhancement in managing the organization's loan portfolio. The diligent management of credit risk and risk provisioning has led to improved credit quality and a decreased need for provisions, ultimately bolstering the financial position.

Cost Management: Demonstrating effective financial stewardship, Credit Corporation has efficiently managed costs across all its subsidiaries. This disciplined approach to cost management has contributed to the organization's positive financial outcomes by optimizing operational efficiency and preserving resources.

The impact of these factors is clearly reflected in key financial indicators:

Earnings Per Share (EPS): The increase in investment valuation, dividend receipts, and efficient cost management has translated into favourable movements in Earnings Per Share. This indicator reflects the portion of profit attributable to each outstanding share of the organization's stock, indicating a positive trend in profitability.

Dividends Per Share (DPS): The positive performance of 1H23 has also driven favourable movements in Dividends Per Share. This demonstrates the organization's ability to reward shareholders by distributing a portion of the profits generated during the period.

These positive outcomes against the backdrop of the prior corresponding period (PCP) underscore Credit Corporation's sustained growth and commitment to delivering value to its stakeholders. The organization's strategic decisions, effective risk management, and focus on efficient operations have collectively contributed to these encouraging results, positioning Credit Corporation as a reliable and prosperous financial entity in the market.

11. Basis of preparation

The financial information has been extracted from the interim condensed consolidated financial statements which been prepared on a going concern basis in accordance with historical cost concepts, except for financial instruments designated at fair value through profit and loss and investment property which are measured at fair value through profit or loss. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Papua New Guinea Kina and are rounded off to the nearest thousand Kina, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 31 December 2022. These accounting policies are consistent with International Financial Reporting Standards.

12. Compliance statement

The financial information extracted from the interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include notes of the type normally included in an annual financial report and shall be read in conjunction with the Group's annual financial report as at and for the year ended 31 December 2022. However, selected explanatory notes within the interim condensed consolidated financial statements are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The Appendix 5B has been prepared in accordance with the updated PNGX listing rules which became effective from 3 July 2023.


This report, and the financial statements prepared under the Companies Act 1997 (if separate), use the same accounting policies.

This report is based on financial statements to which one of the following applies.

<input type="checkbox"/> The financial statements have been audited.	<input checked="" type="checkbox"/> The financial statements have been subject to review.
<input type="checkbox"/> The financial statements are in the process of being audited or subject to review.	<input type="checkbox"/> The financial statements have <i>not</i> yet been audited or reviewed.


If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available.

The entity has a formally constituted audit committee.

Sign here: 
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Chairman Albert Mellam

Date: 12 September 2023


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Director Stephen Humphries

Date: 12 September 2023