Credit Corporation (PNG) Limited

Interim Condensed Consolidated Financial Report

for the half year ended

30 June 2023

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Directors' report

The directors of Credit Corporation (PNG) Limited ("the Company") submit herewith the interim condensed consolidated financial report for the half year ended 30 June 2023. This directors' report was prepared for the Company and its subsidiaries (together "the Group").

Information about the directors

The names of the directors of the Company during or since the end of the financial half year are:

Name

Albert Mellam (chairman)

Richard Sinamoi

Faye-Zina Lalo

Abigail Chang

Melchior Togolo

Stephen Humphries

Clare Mazzetti

Daryl Johnson

Winifred Kamit (appointed 22 March 2023)

Principal activities

The Group's principal activities are as follows:

- Chattel mortgage and lease finance for customers to acquire a wide variety of motor vehicles, heavy machinery, plant and equipment for commercial and business use;
- Specially tailored financing packages;
- Insurance premium funding;
- Investment property; and
- Equity investments.

Review of operations

The total consolidated profit after tax for the half year ended 30 June 2023 amounted to K74.3 million (June 2022: K63.0 million). The net assets of the Group are K958.8 million (December 2022: K922.8 million).

Changes in state of affairs

There are no changes in the affairs of the company for the half year ending 30 June 2023.

Directors' report (continued)

Dividends

During the half year, Credit Corporation (PNG) Limited declared a final dividend for the year ended 31 December 2022 of K37.9 million or 12.3 toea per share on 15 March 2023. This was paid on 5 May 2023.

Subsequent events

Subsequent to the half year ended 30 June 2023, the Group executed agreement to dispose the Gerehu Vacant Land disclosed in Note 16 Asset Held For Sale. No matter(s) of significance have arisen since the end of the reporting period that may affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

In the directors' opinion, the attached interim condensed consolidated financial statements and notes thereto are in accordance with the Companies Act 1997, including compliance with accounting standards and give a true and fair view of the financial position of the Group.

On behalf of the Directors:

Albert Mellam	Stephen Humphries
Chairman	Director
Port Moresby	Port Moresby
Date: 12 September 2023	Date: 12 September 2023

Independent Auditor's Review Report

To the shareholders of Credit Corporation (PNG) Limited ("Company") and its subsidiaries ("Group")

Conclusion

We have reviewed the accompanying Interim Condensed Consolidated Financial Report of Credit Corporation (PNG) Limited and its subsidiaries (the Group).

The Group comprises Credit Corporation (PNG) Limited and the entities it controlled at the half year period's end or from time to time during the half year period.

The Interim Condensed Consolidated Financial Report comprises:

- The condensed consolidated statement of financial position as at 30 June 2023;
- The condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date; and
- Notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Condensed Consolidated Financial Report of the Group does not give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half year period ended on that date; and in accordance with the requirements of IAS 34 *Interim Financial Reporting*.

Responsibility of the Directors for the Interim Condensed Consolidated Financial Report

The Directors of the Credit Corporation (PNG) Limited are responsible for:

- the preparation of the Interim Condensed Consolidated Financial Report that gives a true and fair view in accordance with the requirements of IAS 34 *Interim Financial Reporting*, and
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Condensed Consolidated Financial Report that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility for the review of the Interim Condensed Consolidated Financial Report

Our responsibility is to express a conclusion on the Interim Condensed Consolidated Financial Report based on our review. We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Condensed Consolidated Financial Report is not giving a true and fair view of the Group’s financial position as at 30 June 2023 and its performance for the half year ended on that date; and complying with the requirements of the International Accounting Standard IAS 34 *Interim Financial Reporting*. As auditor of Credit Corporation (PNG) Limited, ISRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the Interim Condensed Consolidated Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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.

We are independent of Credit Corporation (PNG) Limited and the Group in accordance with the relevant ethical requirements of the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

KPMG
Chartered Accountants

Suzaan Theron
Partner
Registered under the Accountants Act 1996

Port Moresby

12 September 2023

Condensed consolidated statement of financial position

as at 30 June 2023

	Notes	Consolidated As At 30 Jun 2023 Reviewed K'000	31 Dec 2022 Audited K'000
ASSETS			
Cash and cash equivalents		**181,275**	220,397
Finance receivables	10	**437,356**	413,618
Other receivables		**12,669**	11,309
Interest bearing securities		**62,248**	36,171
Other equity investments		**34**	34
Investment in associate	18	**11,725**	8,283
Other investments	17	**471,559**	456,210
Inventories		**1,108**	1,077
Income taxes receivable		**5,257**	7,503
Property and equipment	14	**32,692**	29,153
Investment property	15	**247,273**	250,500
Asset held for sale	16	**4,500**	-
Deferred tax assets (net)		**17,336**	22,752
Total Assets		**1,485,032**	**1,457,007**
LIABILITIES			
Trade and other payables		**14,910**	19,979
Employee benefits		**7,037**	7,322
Deposits and borrowings	19	**504,249**	506,943
Total Liabilities		**526,196**	**534,244**
Net Assets		**958,836**	**922,763**
EQUITY			
Share capital	21	**21,984**	21,984
Reserves	11	**460,105**	445,069
Retained earnings		**476,747**	455,710
Total Equity		**958,836**	**922,763**

The above statement should be read in conjunction with the accompanying notes on pages 10 to 30.

Condensed consolidated income statement

for the half year ended 30 June 2023

		Consolidated Half year ended	
		30 Jun 2023	30 Jun 2022
		Reviewed	Reviewed
	Notes	K'000	K'000
Finance income	8	33,811	33,366
Finance cost		(7,268)	(7,775)
Net finance income		26,543	25,591
Other income	8	72,188	67,863
Fair value gain on financial assets	17	15,349	5,487
Net operating income		114,080	98,941
Impairment reversal on finance receivables	10	5,327	6,972
Personnel expenses		(14,592)	(13,595)
Depreciation expenses		(3,024)	(3,410)
Other operating expenses		(21,874)	(20,488)
Results from operating activities		79,917	68,420
Share of profit of equity accounted investee		4,455	-
Profit before tax		84,372	68,420
Income tax expense	9	(10,110)	(5,444)
Profit attributable to equity holders of the Company		74,262	62,976
Earnings per share based on profit for the half year			
Basic and diluted	12	0.24	0.20

The above statement should be read in conjunction with the accompanying notes on pages 10 to 30.

Condensed consolidated statement of other comprehensive income

for the half year ended 30 June 2023

		Consolidated Half year ended	
	Notes	30 Jun 2023 Reviewed K'000	30 Jun 2022 Reviewed K'000
Profit for the half year		74,262	62,976
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Foreign currency translation differences for foreign operations	11 (c)	(313)	(10,916)
Other comprehensive income for the half year (net of income tax)		(313)	(10,916)
Total comprehensive income for the half year attributable to equity holders of the Company		73,949	52,060

The above statement should be read in conjunction with the accompanying notes on pages 10 to 30.

Condensed consolidated statement of changes in equity

for the half year ended 30 June 2023

	Issued Capital	Reserves	Retained Earnings	Total Equity
	K'000	K'000	K'000	K'000
Balance at 1 January 2022	21,984	451,406	446,922	920,312
Total comprehensive income for the period	-	-	52,060	52,060
Transfers to reserves	-	(5,430)	5,430	-
	21,984	445,976	504,412	972,372
Transactions with owners				
Dividends paid	-	-	(41,263)	(41,263)
	-	-	(41,263)	(41,263)
Balance as at 30 June 2022	**21,984**	**445,976**	**463,149**	**931,109**
Balance at 1 January 2023	21,984	445,069	455,710	922,763
Total comprehensive income for the period	-	-	73,949	73,949
Transfer to reserves	-	15,036	(15,036)	-
	21,984	460,105	514,623	996,712
Transactions with owners				
Dividends paid	-	-	(37,876)	(37,876)
	-	-	(37,876)	(37,876)
Balance at 30 June 2023	**21,984**	**460,105**	**476,747**	**958,836**

The above statement should be read in conjunction with the accompanying notes on pages 10 to 30.

Condensed consolidated statement of cash flows

for the half year ended 30 June 2023

	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
Net cash generated during the six months ended 31 December 2022	**-**	(28,353)
Cash and cash equivalents at the end of the period 30 June 2023 (31 December 2022)	**181,275**	220,397

The above statement should be read in conjunction with the accompanying notes on pages 10 to 30.

Notes to the interim condensed consolidated financial statements

for the half year ended 30 June 2023

Note 1: Reporting Entity

Credit Corporation (PNG) Limited (the "Company") is a company domiciled in Papua New Guinea. These interim condensed consolidated financial statements as at and for the six months ended 30 June 2023, comprise the Company and its subsidiaries (together "the Group") and the Group's interest in associates. The Group is primarily involved in providing general finance, leasing and hire purchase financing, property and equity investment.

Note 2: Statement of Compliance

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 should 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 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.

Note 3: Basis of preparation

The interim condensed consolidated financial statements have 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 is 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.

These interim consolidated financial statements were authorised for issue by the Company's board of directors on 12 September 2023.

Note 4: Use of estimates and judgements

In preparing these interim condensed consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Note 4: Use of estimates and judgements (continued)

The significant judgements and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the International Financial Reporting Standards ("IFRS"), including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Notes 15 and 17.

A brief explanation of the key estimates, assumptions and judgements that have changed during the half year ended 30 June 2023 are as follows:

Expected credit loss ("ECL") allowances

The modelling methodology applied in estimating ECL in these financial statements has been reviewed and changed from that applied in the Group's Financial Statements for the year ended 31 December 2022 and is briefly described in note 6 on these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements

for the half year ended 30 June 2023

Note 4: Use of estimates and judgements (continued)

The following table summarises the key judgements and assumptions in relation to the model inputs and the interdependencies between those inputs and highlights significant changes during the six months ended 30 June 2023.

Judgment / assumptions *(Descriptions discussed in Note 6)*		**Changes and/or considerations during the six months ended 30 June 2023**
1	Measuring both 12-month and lifetime credit losses	The probability of default (PD), exposure at default (EAD), and loss given default (LGD) model risk policy stipulates periodic model monitoring, periodic re-validation and defines approval procedures and authorities according to model materiality. There were no material changes to the policies during the half year ended 30 June 2023.
2	Forward-looking information	There have been no changes to the types of forward-looking variables (key economic drivers) used in the model inputs in the current half year. While the Group notes improved economic conditions, the Group has considered that it is prudent to maintain similar forward-looking variables until full recovery.
3	Macroeconomic factors	As at 30 June 2023, the base case assumptions had been reviewed and adjusted. This included the assessment of the impact of central bank (monetary policy), governments (wage subsidies) and institution specific responses (such as payment holidays). These are readily available information considered in determining the length and severity of the forecast economic downturn. The principal macroeconomic indicators are discussed below.
4	Multiple forward-looking scenarios	In addition to the base case forecast which reflects largely the current macro-economy, the ECL weightings have been applied to the downside scenarios given the Group's assessment of downside risks. The assigned ECL weightings are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considered these weightings to provide the best estimate of the possible loss outcome and has analysed inter-relationships and correlations within the Group's portfolios in determining them.
5	Assessment of significant increase in credit risk (SICR)	Various initiatives, deferrals and special agreements have been offered to customers in this year, recognising the potential detrimental impact of the local and global economy impact to businesses and individuals. Such offers, if accepted, are not automatically considered to indicate SICR but are used as necessary within the broader set of indicators used to assess and grade customer facilities.
6	Collateral	Haircut on collateral has been maintained in the current year despite a general upturn in economic activities across key markets. The business has used a conservative approach by maintaining haircut on collateral.
7	Management overlays	The improvement to the current economy, and the extent to which the actions of government, businesses and consumers mitigate against potentially adverse credit outcomes have been incorporated into the existing ECL models. Accordingly, management have applied a minimal adjustment to the modelled ECL to ensure credit provisions are appropriate Management overlays have been made for risks particular to small business, companies in the wholesale and retail industry, construction, transport and tourism.

Note 4: Use of estimates and judgements (continued)

Base case economic forecast assumptions

The recovery actions have reduced the risk to potential misstatement of the ECL balance due to improvement in uncertainties around:

- the extent and duration of the economic downturn, along with the time required for economies to fully recover; and
- the effectiveness of government stimulus measures, in particular their impact on the magnitude of economic downturn and the extent and duration of the recovery.

	Revised Base case economic forecast as at 30 June 2023	Base case economic forecast as at 31 December 2022
Papua New Guinea		
GDP	PNG's GDP decreased by 0.8% in 2023 but is expected to increase to 4.4% in 2024.	PNG's GDP increased by 2.6% in 2022 and expected to increase to 5.1% in 2023.
Consumer price index	Average CPI for 2023 is at 5.4% but is expected to decrease to 4.9% in 2024	Average CPI for 2022 was at 6.6% and this is expected to decrease to 5.4% in 2023.
Fiji		
GDP	Fiji's GDP decreased by 7.5% in 2023 and is expected to decrease further to 5% in 2024	Fiji's GDP increased by 16.5% in 2022 but is expected to decrease to 6.9% in 2023.
Consumer price index	Average CPI for Fiji for 2023 is 3.5% but is expected to decrease to 3% in 2024	Average CPI for Fiji in 2022 was 4.7% but is expected to decrease to 3.5% in 2023.
Vanuatu		
GDP	Vanuatu's GDP increased by 1.6% in 2023 and is expected to increase to 3.6% in 2024	Vanuatu's GDP increased by 0.5% in 2022 and is expected to grow by 1.4% in 2023.
Consumer price index	Average CPI for Vanuatu for 2023 is 3.5% but is expected to decrease to 3% in 2024	Average CPI for Vanuatu in 2022 was 4.6% but is expected to decrease to 3.4% in 2023.
Solomon Islands		
GDP	Solomon Island's GDP increased by 6.6% in 2023 but is expected to decrease to 2.4% in 2024	Solomon Island's GDP is decreased by 5.7% in 2022 and is expected to grow by 7.1% in 2023.
Consumer price index	Average CPI for Solomon Islands for 2023 is 4.8% but is expected to decrease to 3.7% in 2024	Average CPI for Solomon Islands in 2022 was 3.7% but is expected to decrease to 3.6% in 2023.

**Source: International Monetary Fund*

Note 4: Use of estimates and judgements (continued)

Sensitivity analysis

The key assumptions affecting the ECL allowances are:

1. Haircut on collateral values;

2. Weighting on economic scenarios;

3. Recovery amount; and

4. Time to realisation.

Set out below is the sensitivity analysis on reasonable changes to these key assumptions:

	30 June 2023	
	increase by 10%	decrease by 10%
	K'000	K'000
Change in haircut on collateral values	1,227	(958)
Changes in probability weighted scenarios	(4,481)	4,496
Time to realisation	209	(206)

	31 December 2022	
	increase by 10%	decrease by 10%
	K'000	K'000
Change in haircut on collateral values	2,576	(2,438)
Changes in probability weighted scenarios	(6,136)	6,136
Time to realisation	615	(619)

Fair Value of investment properties

Fair values were determined using present value of future cash flows, having regard to current market characteristics for similar properties located in Papua New Guinea.

The volatility of prices on various markets including property values has increased the estimation uncertainty on valuation and assessment. For the current period, the directors assessed that the carrying value of the investment properties are fairly stated.

Valuation of properties are based on direct capitalisation approach by making reference to comparable sales transactions as available in the relevant markets and having regard to the tenancy agreements in place.

Note 4: Use of estimates and judgements (continued)

	Judgment / assumptions *(Descriptions discussed in Note 15)*	Changes and considerations during the six months ended 30 June 2023
1	**Market capitalisation rate**	The Group has taken into consideration the past valuation exercises done and thus, expects market capitalisation rates to be similar to those as at 31 December 2022.
2	**Market lease rentals**	The Group expects a minimal growth in demand for leasing properties, low investments, oversupply of leasing properties inventory, and delays in major resource projects. These contribute to the slow increase in occupancy rates and lease prices.

Sensitivity analysis

	Effect on profit or loss and equity increase/(decrease)	
	30 June 2023 K'000	31 December 2022 K'000
Increase of 100bps in market capitalisation rate	(9,348)	(23,421)
10% increase in market lease rental rates	24,810	26,192

A decrease in any of the above unobservable inputs would have the opposite effect to profit or loss.

Note 5: Changes in significant accounting policies

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these interim condensed consolidated financial statements.

New accounting standards or amendments

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies- Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimate- Amendments to IAS 8
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction- Amendments to IAS 12

The application of these amended standards and interpretations is not expected to have material impact on the amounts recognised in the interim condensed consolidated financial statements of the Group.

Note 5: Changes in significant accounting policies (continued)

New and revised International Financial Reporting Standards and Interpretations issued but not yet effective.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing these interim condensed consolidated financial statements. The application of these new and revised standards and interpretations is not expected to have material impact on the amounts recognised in the financial statements of the Group.

- Non-current Liabilities with Covenants- Amendments to IAS 1
- Classification of Liabilities as Current or Non-current- Amendments to IAS 1
- Lease Liability in a Sale and Leaseback- Amendments to IFRS 16

Note 6: Impairment of financial assets carried at amortised cost

(i) Expected credit loss impairment model

The Group applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, Financial Instruments.

This impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk (SICR) since origination and are not credit impaired. The ECL will be computed using a 12-month PD that represents the probability of default occurring over the period. For those assets with a remaining maturity of less than 12 months, a PD is used that corresponds to remaining maturity.
- Stage 2 – When a financial asset experiences a SICR subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Credit loss allowances are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.
- Stage 3 – Financial assets that demonstrate objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime expected credit losses.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is now at recovering stage. This improvement is reflected in the Group's assessment of expected credit losses from its portfolio which are subject to a number of management judgements and estimates.

Note 6: Impairment of financial assets carried at amortised cost (continued)

(i) Expected credit loss impairment model (continued)

The Group's allowance for credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The modelling methodology applied in estimating in ECL in these interim condensed consolidated financial statements is consistent with that applied in the Group's Annual Financial Statements for the year ended 31 December 2022.

The following table summarizes the average qualitative information assumptions in relation to estimating the Group's ECL.

Qualitative information assumptions on ECL changes.

Assumptions	Scenario	HY 2023	HY 2022	FY 2022	vs HY 2022 Increase/ decrease
Haircut on Collateral	Base	38%	44%	42%	Decrease
	Upturn	15%	16%	16%	Decrease
	Downturn	61%	75%	70%	Decrease
Time to realisation	Base	11 months	12 months	12 months	Decrease
	Upturn	2 months	6 months	6 months	Decrease
	Downturn	26 months	30 months	30 months	Decrease
Costs to recover		0%	0%	0%	Stable
Cure rate	Base	23%	18%	20%	Increase
	Upturn	35%	26%	31%	Increase
	Downturn	3%	0%	0%	Increase
ECL Weighting	Base	72%	70%	73%	Increase
	Upturn	6%	5%	5%	Increase
	Downturn	22%	25%	22%	Decrease

(ii) Macroeconomic factors

In its models, the Group relies on a broad range of forward-looking economic information as inputs, such as: GDP growth, unemployment rates, interest rates, and house-price indices. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgment.

The 'base case' represents the most likely outcome. The upturn scenario represents more optimistic outcome while the downturn represents more pessimistic outcomes. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables, credit risk, and credit losses.

Note 6: Impairment of financial assets carried at amortised cost (continued)

(ii) Macroeconomic factors (continued)

Country - GDP Movement		2022	2023	2024	2025
Papua New Guinea	Base scenario	3.80%	5.10%	4.40%	3.10%
Fiji	Base scenario	12.50%	6.90%	5.00%	4.80%
Solomon Islands	Base scenario	(4.50%)	2.60%	2.40%	3.00%
Vanuatu	Base scenario	1.70%	3.10%	3.50%	3.90%
Group Total GDP Growth					
	Base scenario	15.30%	21.50%	16.60%	18.00%
	Upside scenario 10%	16.83%	23.65%	18.26%	19.80%
	Downside scenario 10%	13.77%	19.35%	14.94%	16.20%

**Source: International Monetary Fund*

(iii) Multiple forward-looking scenarios

The Group determines its allowance for credit losses using three probability-weighted forward-looking scenarios. The Group considers both internal and external sources of information and data in order to achieve unbiased projections and forecasts.

The weightings assigned to each economic scenario were as follows:

At 30 June 2023

Scenario	Base	Upturn	Downturn	
Weighting	72%	6%	22%	

At 30 June 2022

Scenario	Base	Upturn	Downturn	
Weighting	70%	5%	25%	

At 31 December 2022

Scenario	Base	Upturn	Downturn	
Weighting	73%	5%	22%	

(iv) Changes in loss allowance

The loss allowance recognised in the period was impacted by the following factors:

- Movement of exposures between the three stages depending on the whether there has been a significant increase in credit risk for exposures since initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors.
- Additional allowances as a result of new financial instruments added during the period.
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period as a result of regular updates on general models

Note 6: Impairment of financial assets carried at amortised cost (continued)

(iv) Changes in loss allowance (continued)

- Foreign exchange retranslations for assets denominated in foreign currencies and other movements.
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

(v) Credit Risk Exposure

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	Jun-23	Dec-22
	K'000	K'000
Stage 1- 12-month ECL	327,073	308,718
Stage 2- Lifetime ECL	55,698	45,468
Stage 3- Lifetime ECL	116,249	126,345
Gross carrying amount	499,020	480,531
Allowance for credit loss	(61,664)	(66,913)
Net carrying amount	437,356	413,618

Note 7: Operating segments

Information about reportable segments and reconciliation of reportable segment profit or loss

The following is an analysis of the Group's revenue and results by reportable operating segment for the half-years under review.

	Revenue	
	Half-year ended	
	30 Jun 23	30 Jun 22
	K'000	K'000
General finance, leasing and hire purchase	39,435	37,837
Property investment - Rental revenues	19,370	18,793
Investment	107,997	61,660
	166,802	118,290

	Segment profit / (loss)	
	Half-year ended	
	30-Jun-23	30-Jun-22
	K'000	K'000
General finance, leasing and hire purchase	20,317	20,562
Property investment - Rental revenues	7,711	6,562
Investment	92,843	48,434
Total profit before tax for reportable segments	120,871	75,558
Elimination of inter-segment profit	(40,954)	(7,138)
Share of profit of equity-accounted investee	4,455	-
Profit before tax	**84,372**	**68,420**

Note 7: Operating segments (continued)

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' fees, share of profits of associates, investment revenue and finance costs, income tax expense, and gains or losses on disposal of associates and discontinued operations. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The revenue reported above represents revenue generated from external customers. The reconciliation of revenue generated from external customers is shown below. There is no difference, from the last annual financial statements, in the basis of segmentation or in the basis of measurement of segment profit or loss.

Half-year ended 30 June 2023	Segment revenue K'000	Inter-segmental revenue K'000	External revenues K'000
General finance, leasing and hire purchase	39,435	(1,217)	38,218
Property investment - Rental revenues	19,370	(2,764)	16,606
Investment	107,997	(41,473)	66,524
	166,802	**(45,454)**	**121,348**

Half-year ended 30 June 2022	Segment revenue K'000	Inter-segmental revenue K'000	External customers K'000
General finance, leasing and hire purchase	37,837	(1,219)	36,618
Property investment - Rental revenues	18,793	(2,513)	16,280
Investment	61,660	(7,842)	53,818
	118,290	**(11,574)**	**106,716**

Note 7: Operating segments (continued)

Reconciliation of reportable segment assets and liabilities:

	General finance, leasing and hire purchase	Property investment	Investment	30 June 2023 K'000	General finance, leasing and hire purchase	Property investment	Investment	31 December 2022 K'000
Assets								
Total assets for reportable segments	760,936	287,099	1,009,296	**2,057,331**	755,031	288,915	933,491	**1,977,437**
Investment in equity-accounted investee	-	-	11,725	**11,725**	-	-	8,282	**8,282**
Elimination of inter-company balances	(99,991)	(15,030)	(75,834)	**(190,855)**	(81,824)	(14,802)	(38,917)	**(135,543)**
Elimination of investment in subsidiaries	-	-	(393,169)	**(393,169)**	-	-	(393,169)	**(393,169)**
Consolidated total assets	**660,945**	**272,069**	**552,018**	**1,485,032**	**673,207**	**274,113**	**509,687**	**1,457,007**
Liabilities								
Total liabilities for reportable segments	(531,859)	(110,271)	(81,098)	**(723,228)**	(497,381)	(113,011)	(52,220)	**(662,612)**
Elimination of inter-company balances	54,639	67,508	74,885	**197,032**	17,381	66,228	44,759	**128,368**
Consolidated total liabilities	**(477,220)**	**(42,763)**	**(6,213)**	**(526,196)**	**(480,000)**	**(46,783)**	**(7,461)**	**(534,244)**

Note 8: Revenue

The following are the Group’s main revenue streams:

	Half-year ended	
	30 June 2023 K’000	30 June 2022 K’000
Finance income	**33,811**	**33,366**
Other income		
Profit on sale of property, and equipment	199	221
Dividend income	50,943	48,353
Rental income from property	14,297	14,142
Rental outgoings	2,802	2,176
Interest on term deposit, treasury bills and semi-government bonds	2,130	2,023
Other operating income	1,817	948
Total other income	**72,188**	**67,863**

Note 9: Income tax expense

Income tax expense and deferred income tax assets and liabilities have been determined by applying the tax rate for each individual jurisdiction to measures of taxable income for each jurisdiction.

Reconciliation of total income tax expense	**30 June 2023 K'000**	**30 June 2022 K'000**
Current tax expense	4,642	1,185
Under provisions in tax expense	114	-
Deferred tax expense	5,354	4,259
Income tax expense	10,110	5,444
Profit before tax	84,371	68,420
Computed tax using the applicable PNG corporate income tax rate (30%)	25,311	20,526
Effect of tax rates in foreign jurisdictions	(797)	(2,136)
Tax effect of:		
Current year unrealized gains/(loss) for which no deferred tax is recognized	(5,941)	521
Dividend income exempt from tax listed entities	(10,396)	(13,048)
Other	1,933	(419)
Tax expense in the income statement	10,110	5,444

Note 10: Finance receivables

	30 June 2023 K'000	**31 December 2022 K'000**
Gross finance receivables	568,817	542,134
Less: Unearned charges	(64,942)	(57,438)
Less: Deferred establishment fees	(4,855)	(4,165)
Less: Impairment allowance	(61,664)	(66,913)
Net finance receivables	437,356	413,618

Finance leases included in finance receivables analysed as follows:

Not later than one year	16,807	16,177
Later than one year and not later than five years	8,573	10,775
	25,380	26,952
Less: Unearned charges	(316)	(652)
Present value of lease payments receivable	25,064	26,300
Impairment allowance	(4,604)	(6,966)
Net finance leases	20,460	19,334

Note 10: Finance receivables (continued)

Analysis of provisions

	30 June 2023 K'000	31 December 2022 K'000
Impairment allowance		
Opening balance	66,913	114,987
Increase/(decrease) in allowance	(5,327)	(19,050)
Bad debts written off (net of recoveries)	148	(26,765)
Effect of changes in foreign exchange rates	(70)	(2,259)
Closing balance	**61,664**	**66,913**

Total recoveries on written off accounts for the period ended 30 June 2023 was K1.1 million (30 June 2022: K3.7 million).

Reconciliation of opening to closing of loss allowance for each stage

	Stage 1 K'000	Stage 2 K'000	Stage 3 K'000	Total K'000
Balance as at 1 January 2023	(10,494)	(11,323)	(45,096)	(66,913)
Transfer to Stage 1	(8,215)	4,238	3,977	-
Transfer to Stage 2	2,626	(3,413)	787	-
Transfer to Stage 3	1,266	2,285	(3,551)	-
Net remeasurement of loss allowance	8,091	(14,337)	10,985	4,739
New financial assets originated	(4,314)	(1,519)	(1,035)	(6,868)
Financial assets that have been derecognised	759	1,271	2,235	4,265
Write-offs	73	13	2,957	3,043
Foreign exchange and other movements	(7)	32	45	70
Balance at 30 June 2023	(10,215)	(22,753)	(28,696)	(61,664)

Reconciliation of opening to closing of loss allowance for each stage

	Stage 1 K'000	Stage 2 K'000	Stage 3 K'000	Total K'000
Balance as at 1 January 2022	(11,104)	(14,232)	(89,651)	(114,987)
Transfer to Stage 1	(29,950)	4,380	25,570	-
Transfer to Stage 2	1,586	(4,228)	2,642	-
Transfer to Stage 3	927	3,221	(4,148)	-
Net remeasurement of loss allowance	33,931	698	4,149	38,778
New financial assets originated	(8,090)	(4,276)	(937)	(13,303)
Financial assets that have been derecognised	1,996	2,596	1,436	6,028
Write-offs	(11)	109	14,214	14,312
Foreign exchange and other movements	221	409	1,629	2,259
Balance at 31 December 2022	(10,494)	(11,323)	(45,096)	(66,913)

Note 11: Reserves

	30 June 2023 K'000	31 December 2022 K'000
(a) Asset revaluation reserve		
Balance at 1 January	19,771	20,731
Deficit on revaluation of properties	-	(1,372)
Tax effect on revaluation of properties	-	412
Closing balance	19,771	19,771
(b) Asset realisation reserve		
Balance at 1 January	149	149
Closing balance	149	149
(c) Exchange fluctuation reserve		
Balance at 1 January	1,603	12,518
Translation adjustment	(313)	(10,915)
Closing balance	1,290	1,603
(d) General reserve		
Balance at 1 January	423,546	418,007
Transfer from retained earnings	15,349	5,539
Closing balance	438,895	423,546
Total Reserves	460,105	445,069

Note 12: Earnings per share

For continuing and discontinued operations

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings per share	30 June 2023 K	30 June 2022 K
Earnings per share for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the parent)	0.24	0.20

Number of shares	30 June 2023 K'000	30 June 2022 K'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	307,931	307,931
Weighted average number of ordinary shares for the purposes of diluted earnings per share	307,931	307,931

Note 12: Earnings per share (continued)

From continuing operations Earnings figures are calculated as follows:	30 June 2023 K'000	30 June 2022 K'000
Profit for the period attributable to owners of the parent	74,262	62,976
Earnings for the purposes of basic and diluted earnings per share from continuing operations	74,262	62,976

Note 13: Dividends

During the half year, Credit Corporation (PNG) Limited declared a final dividend for the year ended 31 December 2022 of K37.9 million or 12.3 toea per share on 15 March 2023. This was paid on 5 May 2023.

Note 14: Property and equipment

Consolidated	Building, capital WIP & ROUA K'000	Furniture & fittings K'000	Motor vehicles K'000	Office equipment K'000	Project WIP K'000	Total K'000
Cost						
At 1 January 2022	21,116	14,905	7,020	16,295	-	59,336
Additions	-	1,569	1,334	2,399	-	5,302
Disposals/transfers	(266)	(4,228)	(670)	(922)	-	(6,086)
IFRS 16 Right of Use Asset	800	-	-	-	-	800
Effect of changes in foreign exchange rates	(597)	(28)	(102)	(117)	-	(844)
At 31 December 2022	21,053	12,219	7,582	17,654	-	58,508
At 1 January 2023	21,053	12,219	7,582	17,654	-	58,508
Additions	9	656	1,088	951	3,832	6,536
Disposals/transfers	-	(9)	(62)	(232)	-	(303)
IFRS 16 Right of Use Asset	332	-	-	-	-	332
Effect of changes in foreign exchange rates	(43)	1	(8)	(4)	-	(54)
At 30 June 2023	21,351	12,867	8,600	18,369	3,832	65,019
Depreciation						
At 1 January 2022	4,856	11,232	3,957	9,908	-	29,953
Charge for the period	135	1,112	1,092	1,609	-	3,948
IFRS 16 Depreciation - ROU	1,481	-	-	-	-	1,481
Disposals/transfers	(4)	(4,161)	(670)	(894)	-	(5,729)
Effect of changes in foreign exchange rates	(123)	(22)	(67)	(86)	-	(297)
At 31 December 2022	6,345	8,161	4,313	10,537	-	29,356

Note 14: Property and equipment (continued)

Consolidated	Building, capital WIP & ROUA K'000	Furniture & fittings K'000	Motor vehicles K'000	Office equipment K'000	Project WIP K'000	Total K'000
Depreciation						
At 1 January 2023	6,345	8,161	4,313	10,537	-	29,356
Charge for the period	69	652	635	980	-	2,336
IFRS 16 Depreciation - ROU	707	-	-	-	-	707
Disposals/transfers	44	(6)	(80)	(14)	-	(56)
Effect of changes in foreign exchange rates	(7)	1	(5)	(5)	-	(16)
At 30 June 2023	7,158	8,808	4,863	11,498	-	32,327
Carrying amounts						
At 1 January 2022	16,260	3,673	3,063	6,387	-	29,383
At 31 December 2022	14,708	4,058	3,269	7,118	-	29,153
At 30 June 2023	14,193	4,059	3,737	6,871	3,832	32,692

Note 15: Investment property

	30 June 2023 K'000	**31 December 2022 K'000**
Balance as at 1 January	250,500	254,773
Revaluation	-	(4,273)
Transfer to asset held for sale (Note 16)	(4,500)	-
Acquisitions	1,273	-
Closing balance	**247,273**	**250,500**

Investment properties are land and buildings held for long-term investments. The carrying amount of the following investment properties is the fair value of the properties as determined by management.

Investment property	Valuation basis	Valuer	Valuation date	30 June 2023 K'000	31 December 2022 K'000
Era Dorina	Direct capitalisation	Directors' valuation	30 June 2023	103,167	103,000
Credit House	Direct capitalisation	Directors' valuation	30 June 2023	91,083	90,000
Era Matana	Direct capitalisation	Directors' valuation	30 June 2023	53,023	53,000
CCIL	Replacement cost	Directors' valuation	30 June 2023	-	4,500
				247,273	250,500

Fair values were determined using present value cash flows, having regard to current market characteristics for similar properties located in Papua New Guinea. The directors assessed that the fair values of the investment properties are fairly stated.

Measurement of fair value, fair value model and significant unobservable inputs

Information about how the fair values of the Group's investment properties are determined (in particular, the valuation method(s) and inputs used) is detailed as follows:

Note 15: Investment property (continued)

Direct capitalisation is a fair value model, which considers the annual gross income of the property adjusted for vacancies and expenses. The net operating income is divided by a capitalisation rate. The capitalisation rate is derived from comparable markets transactions and adjusted for certain property specific characteristics such as the physical deterioration of the property and its location (prime or secondary). Key unobservable inputs include the capitalisation rates and market lease rates.

The Group decided to use the direct capitalisation approach to ensure consistency with the fair valuation model used by external valuations available as at the 2023 half-year end.

Fair value hierarchy:

The fair value measurement for investment properties of K247.3 million have been categorised at level 3 fair value, as the input to the valuation techniques used made reference to significant unobservable inputs such as risk-adjusted capitalisation rates and market rental rates. Significant key unobservable inputs used include the risk adjusted market capitalisation rates of between 10.00% and 10.50% (2022: 10.00% to 10.50%). Accordingly, an increase in market lease rental rates and/or increase capitalisation rate would decrease the fair value of properties. A sensitivity analysis is in Note 4.

Recognition and measurement

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of material and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Key judgments and estimate

Judgment is required in determining the following key assumptions:

- Adopted capitalisation rate: The rate at which net market rental revenue is capitalised to determine the value of a property. The rate is determined with regard to market evidence and the prior external valuation.
- Net market rental (per sqm): The net market rent is the estimated amount for which a property should lease between a lessor and a lessee on appropriate lease terms in an arm's length transaction.
- Land rate (per sqm): The land rate is the market land value per sqm.

Note 16: Asset held for sale

Assets held for sale are stated at the lower of carrying amount or fair value less cost to sell when their carrying amount is to be recovered principally through a sale transaction and the sale is considered highly probable within twelve months. The fair market value is determined similar to investment properties. On the 27 July 2023, the Group entered into a sale contract with VoorTrekker Limited to sell the land in Gerehu owned by Credit Corporation Industrial Limited.

Measurement	**Value as at**	
a) At the time of classification as held for sale		
	30 June	**31 December**
	2023	**2022**
	K'000	**K'000**
Balance as at 1 January	-	-
Transfer from investment properties (Note 15)	4,500	-
	4,500	**-**

b) After Classification as held for sale	**Value as at**	
	30 June	**31 December**
	2023	**2022**
	K'000	**K'000**
Fair value	4,500	-
Less: Cost to sell	(21)	-
	4,479	**-**

Note 17: Financial assets designated at fair value through profit and loss

Credit Corporation (PNG) Limited owns listed shares of other entities designated as financial assets at fair value through profit and loss. The summary of listed shares is presented below.

Listed shares	30 June 2023				31 December 2022		
	% Held	No. of shares	Fair value K'000	Fair value gain/(loss) K'000)	No. of shares	Fair value K'000	Fair value gain/(loss) K'000
Bank South Pacific	7.77%	36,294,081	466,379	15,969	36,294,081	450,410	5,808
Airlines PNG Limited	0.65%	2,000,000	-	-	2,000,000	-	-
City Pharmacy Limited	0.95%	1,953,544	1,563	(195)	1,953,544	1,758	(99)
Kina Asset Management Ltd.	8.53%	4,255,463	3,617	(425)	4,255,463	4,042	(170)
			471,559	15,349		456,210	5,539

Note 18: Investment in associate

	30 June 2023 K'000	31 December 2022 K'000
Equity-accounted investee	11,725	8,283

Credit Corporation (PNG) Limited has an associate that is material to the Group which is equity accounted. The Group owns 25% (31 December 2022: 25%) of the issued shares of Capital Insurance Group (its principal place of business is Papua New Guinea) and has determined that it has significant influence having met classification criteria as outlined in IAS 28 "Investments in Associates and Joint Ventures". At 30 June 2023, the investment was valued at K11.7 million (31 December 2022: K8.3 million).

The Group has assessed the value of its investment in CIG based on the current results, financial position and current economic situation which had resulted in an increase to the value. During the 6-month period ended 30 June 2023, the Group received dividends from the Capital Insurance Group amounting to K1.0m (31 December 2022: Nil).

Note 19: Deposits and borrowings

	30 June 2023 K'000	31 December 2022 K'000
Current		
Interest bearing deposits	406,993	385,157
IFRS 16 lease liability	1,185	1,141
Secured bank loans	38,097	40,369
	446,275	426,667
Non-current		
Interest bearing deposits	55,913	77,807
IFRS 16 lease liability	2,061	2,469
	57,974	80,276
	504,249	**506,943**

Note 20: Financial Instruments- Fair value versus carrying values

Consolidated	Level of FV hierarchy	Fair Values 30 June 2023 K'000	Fair Values 31 December 2022 K'000	Carrying amounts 30 June 2023 K'000	Carrying amounts 31 December 2022 K'000
Interest bearing securities	1	62,248	36,171	62,248	36,171
Financial assets at fair value through profit or loss	1	471,559	456,210	471,559	456,210
Other equity investments	3	34	34	34	34
Finance receivables	2	437,356	413,618	437,356	413,618
Other receivables	2	12,669	11,309	12,669	11,309
Cash and cash equivalents	1	181,275	220,397	181,275	220,397
Trade and other payables	2	(14,910)	(19,979)	(14,910)	(19,979)
Secured bank loans	2	(38,097)	(40,369)	(38,097)	(40,369)
Interest bearing deposits	2	(462,906)	(462,964)	(462,906)	(462,964)
Lease liabilities	2	(3,247)	(3,610)	(3,247)	(3,610)
Total		**645,981**	**610,817**	**645,981**	**610,817**

There are no debt markets in the segments the Group operates. Based on history, secondary market transactions for fixed rate instruments have been very minimal and have been at the interest rate implicit in the instrument. As a result, there is no material difference between fair value and carrying value of fixed rate instruments.

Note 21: Issued capital

Issued capital as at 30 June 2023 amounted to K22.0 million. There were no movements in the issued capital of the Group in the current interim reporting period.

Note 22: Capital commitments

As at 30 June 2023, the Group expects no capital outlay for the acquisition of various property and equipment in its Property Division. The Group has budgeted K1.5m planned contractual capital commitments and is not expecting any significant contingent liabilities.

Note 23: Subsequent events

On 27 July 2023, the Group entered into a sale contract with VoorTrekker Limited to sell the land located in Gerehu owned by Credit Corporation Industrial Limited.