

2 Cheap Cars Group Limited

Interim financial statements

For the 6 month period ended 30 September 2023

2 Cheap Cars Group Limited
Consolidated statement of changes in equity
For the 6 month period ended 30 September 2023

	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Amalgamation Reserve	Total attributable to equity holders of Parent	Non- Controlling Interests	Total Equity/ (Accumulated Losses)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 April 2022	39,365	11,789	(85)	(35,956)	15,113	-	15,113
Profit for the Period	-	1,292	-	-	1,292	-	1,292
Translation of Foreign Operations	-	-	77	-	77	-	77
Total Comprehensive Income for the Period	-	1,292	77	-	1,369	-	1,369
Share options recognised at fair value net of options lapsed	(21)	-	-	-	(21)	-	(21)
Dividends paid	-	(287)	-	-	(287)	-	(287)
Total transactions with owners of the Group	(21)	(287)	-	-	(308)	-	(308)
Balance as at 31 March 2023	39,344	12,794	(8)	(35,956)	16,174	-	16,174
Balance as at 1 April 2023	39,344	12,794	(8)	(35,956)	16,174	-	16,174
Profit for the period	-	3,158	-	-	3,158	-	3,158
Translation of foreign operations	-	-	(165)	-	(165)	-	(165)
Total comprehensive income for the period	-	3,158	(165)	-	2,993	-	2,993
Share options recognised at fair value net of options lapsed	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Total transactions with owners of the Group	-	-	-	-	-	-	-
Balance as at 30 September 2023	39,344	15,952	(173)	(35,956)	19,167	-	19,167

The accompanying notes form part of these interim consolidated financial statements

2 Cheap Cars Group Limited
Interim consolidated statement of financial position
As at 30 September 2023

	Note	Unaudited SEP 2023 \$'000	Audited MAR 2023 \$'000
Equity			
Share capital		39,344	39,344
Amalgamation reserve		(35,956)	(35,956)
Foreign currency translation reserve		(172)	(8)
Retained earnings		15,952	12,794
Total equity		19,167	16,174
Current liabilities			
Trade and Other Payables		3,307	2,743
Employee Benefit liabilities		497	834
Borrowings		-	900
Income tax Payable		1,024	91
Derivative financial liabilities		172	55
Related Party Payable		10	10
Lease liability		1,614	1,856
Other Current Liabilities		53	81
Total current liabilities		6,679	6,570
Non-current liabilities			
Lease liability		5,782	6,078
Total non-current liabilities		5,782	6,078
Total equity and liabilities		31,627	28,822
Current assets			
Cash and cash equivalents		6,094	3,767
Lease Guarantee		1,500	-
Trade and other receivables		863	669
Other current assets		1,550	2,871
Income tax receivable		-	-
Loans receivable	4	1,358	1,767
Inventories		10,191	8,377
Total current assets		21,556	17,451
Non-current assets			
Plant, property and equipment		1,420	1,319
Intangible assets		5	5
Loans receivable	4	1,330	2,142
Deferred tax asset		491	445
Right-of-use assets		6,826	7,461
Total non-current assets		10,071	11,371
Total assets		31,627	28,822

Approved on behalf of the Board on 28th November 2023

Director _____ Date _____

Director _____ Date _____

The accompanying notes form part of these interim consolidated financial statements

2 Cheap Cars Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the 6 month period ended 30 September 2023

	Note	Unaudited SEP 2023 \$'000	Unaudited SEP 2022 \$'000
Revenue			
Revenue and income		41,903	40,146
Sundry income		0	23
Expenses			
Cost of sales		(31,593)	(32,760)
Administration expenses	5	(1,473)	(1,821)
Advertising expenses		(741)	(820)
Depreciation expenses		(1,135)	(1,021)
Employee benefits	5	(1,848)	(2,180)
Finance expenses		(391)	(477)
Property expenses		(335)	(326)
Profit before income tax	3	4,386	764
Income tax expense		(1,228)	(205)
Profit for the period		3,158	559
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation of foreign operations		(165)	36
Total other comprehensive income		(165)	36
Total comprehensive income for the period		2,993	595
Earnings per share			
Basic earnings per share		0.07	0.01
Diluted earnings per share		0.07	0.01
The accompanying notes form part of these interim consolidated financial statements			

2 Cheap Cars Group Limited
Interim consolidated statement of cash flows
For the 6 month period ended 30 September 2023

	Unaudited SEP 2023 \$'000	Unaudited SEP 2022 \$'000
Cash flows from operating activities		
Cash receipts from customers	41,643	40,331
Government grants received	-	17
Cash paid to suppliers and employees	(36,773)	(35,994)
Loan receivables advanced	-	(1,362)
Proceeds from loan receivables	1,143	2,451
Interest received	100	52
Interest paid	(127)	(246)
Non-recurring costs	-	(461)
Tax paid	256	(157)
Net cash inflow from operating activities	6,242	4,631
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	7	87
Purchase of property, plant and equipment	(219)	(204)
Net cash outflow from investing activities	(212)	(117)
Cash flows from financing activities		
Dividend paid	-	(287)
Repayments from related parties	-	-
Advances to related parties	(99)	-
Interest paid	(177)	(194)
Principal elements of lease payments	(929)	(406)
Lease Guarantee	(1,500)	-
Cost of capital raise	76	-
Trade finance advance	(910)	(1,200)
Net cash outflow from financing activities	(3,539)	(2,087)
Net increase/(decrease) in cash and cash equivalents	2,491	2,427
Cash and cash equivalents at beginning of period	3,767	3,790
Effect of exchange rate	(165)	(63)
Cash and cash equivalents at end of period	6,094	6,154

The accompanying notes form part of these interim consolidated financial statements

Notes to the financial statements

1. Reporting entity

2 Cheap Cars Group Limited (the Company) is a company domiciled in New Zealand.

The Company is incorporated in New Zealand, registered under the Companies Act 1993 and is publicly traded on the New Zealand Stock Exchange.

These interim consolidated financial statements comply with the requirements of the Companies Act 1993 and the Financial Markets Conduct Act 2013.

These interim consolidated financial statements as at 30 September 2023 comprise the Company and its subsidiaries:

2 Cheap Cars Limited, NZ Motor Finance Limited, 2CC International Limited, 2 Cheap Rental Cars Limited, Car Safety NZ Limited and Car Plus K.K. (collectively, the Group).

2. Basis of preparation

(a) Statement of compliance

These unaudited interim consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (GAAP) and the requirements of the Financial Markets Conduct Act 2013. They have been prepared in accordance with IAS 34 'Interim financial reporting'. They do not include all of the required information in annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements for the year ended 31 March 2023.

(b) Basis of measurement

The interim consolidated financial statements have been prepared on the historical cost basis except that certain assets and liabilities are measured at fair value where stated under their specific accounting policies.

- Derivative financial instruments
- Loans receivable (Note 4)

(c) Functional and presentation currency

These interim consolidated financial statements for the Group are presented in New Zealand dollars (\$), which is the Group's functional and the Group's presentation currency. All financial information presented has been rounded to the nearest thousand dollars.

(d) Going Concern

The Directors consider that the Group is a going concern and the consolidated financial statements have been prepared on that basis.

(e) Critical accounting estimates and judgements

The preparation of the consolidated financial statements, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(f) Changes in accounting policies

There were no accounting policy changes during the period.

3. Segment reporting

Description of segments

Management has determined the operating segments based on the components of the Group that engage in business activities, which have discrete financial information available and whose operating results are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors. The Board of Directors makes decisions about how resources are allocated to the segments and assesses their performance. Geographically the Group's business activities are located in New Zealand.

Reportable segments have been identified as follows:

Operating Segments

As at 30 September 2023	2 Cheap Cars Limited \$'000	NZ Motor Finance Limited \$'000	Others \$'000	Elimination - Inter-entity transactions \$'000	Total \$'000
Revenue including interest	41,656	239	3,382	(3,375)	41,903
Sundry Income	(4)	-	133	(128)	0
Cost of sale	(32,514)	1	(2,489)	3,407	(31,593)
Interest expense - finance	-	(10)	-	-	(10)
Operating expense	(3,789)	(139)	(1,606)	(0)	(5,533)
Operating profit	5,350	92	(580)	(96)	4,767
Dividend received	-	-	-	-	-
Interest expense - trading	(289)	(77)	(6)	(9)	(382)
Net profit before tax	5,060	15	(585)	(105)	4,386

As at 30 September 2022	2 Cheap Cars Limited \$'000	NZ Motor Finance Limited \$'000	Others \$'000	Elimination - Inter-entity transactions \$'000	Total \$'000
Revenue including interest	39,714	594	1,057	(1,219)	40,146
Sundry Income	20	-	3	-	23
Cost of sale	(33,213)	-	(601)	1,053	(32,760)
Interest expense - finance	-	(115)	-	-	(115)
Operating expense	(4,032)	(349)	(1,788)	1	(6,168)
Operating profit	2,489	130	(1,329)	(165)	1,126
Dividend received	-	-	287	(287)	-
Interest expense - trading	(307)	(241)	-	186	(362)
Net profit before tax	2,182	(111)	(1,042)	(266)	764

4. Loans Receivable

Determination of fair values

Loans and receivables – At amortised cost book value Book value
 Loans and receivables – At fair value through profit and loss Discounted cash flow

	<i>Amortised cost</i>	<i>Fair value through profit and loss</i>	<i>Total</i>
Opening balance (1 Apr 2022)			
Gross carrying value	3,455	3,442	6,897
Less: Impairment allowance	(73)	-	(73)
Total Loans receivable	3,382	3,442	6,824
Movements during the period			
Advances of loans to customers	622	707	1,329
Repayments of loans by customers	(2,292)	(2,158)	(4,450)
Movement in accrued interest	456	-	456
Movement in Impairment Allowance	(28)	-	(28)
Fair value gain/(loss) on revaluation	-	(222)	(222)
Total Movements	(1,242)	(1,673)	(2,915)
Gross carrying value	2,241	1,769	4,010
Less: Impairment allowance	(101)	-	(101)
Total Loans receivable	2,140	1,769	3,909
Closing balance (31 March 2023)			
Current portion	1,029	839	1,868
Non-current portion	1,212	930	2,142
Less: Impairment allowance	(101)	-	(101)
Total Loans receivable	2,140	1,769	3,909

	<i>Amortised Cost</i>	<i>Fair value through profit and loss</i>	<i>Total</i>
Opening balance (1 Apr 2023)			
Gross carrying value	2,241	1,769	4,010
Less: Impairment allowance	(101)	-	(101)
Total loans receivable	2,140	1,769	3,909
Movements during the period			
Advances of loans to customers	-	-	-
Repayments of loans by customers	(774)	(635)	(1,409)
Movement in accrued interest	141	-	141
Other accrued repayments	9	9	18
Movement in Impairment Allowance	(34)	-	(34)
Fair value gain/(loss) on revaluation	-	63	63
Total movements	(658)	(563)	(1,284)
Gross carrying value	1,617	1,207	2,824
Less: Impairment allowance	(136)	-	(136)
Total loans receivable	1,482	1,207	2,688
Closing balance (30 Sep 2023)			
Current portion	794	700	1,495
Non-current portion	824	506	1,330
Less: Impairment allowance	(136)	-	(136)
Total loans receivable	1,482	1,207	2,689

The effective interest rate on Loans receivable at Amortised cost are 9.95% - 17.95%

Loans receivable measured at amortised cost (financial assets which represent solely payments of principal and interest) have been impaired at 8.8%, using the expected credit loss model.

Loans receivable measured at fair value (financial instruments that include waiver based clauses) are modelled at fair value and include an effective default risk impairment rate of 7.5% which is factored into the valuation inputs.

The Company ceased additional lending in July 2022 with the remaining loan book now being wound down.

5. Operating expenses

Prior year operating costs included a significant change in the Board of Directors and Management which resulted in restructuring costs (including terminal benefits) and other non recurring costs of \$654,086 being incurred during the period.

6. Subsequent events

No significant events have occurred subsequent to the balance date.