

2 Cheap Cars Group Limited

Interim financial statements

For the 6 month period ended 30 September 2024

2 Cheap Cars Group Limited

Consolidated statement of profit or loss and other comprehensive income

For the 6 month period ended 30 September 2024

	Note	Unaudited SEP 2024 \$'000	Unaudited SEP 2023 \$'000
Revenue			
Revenue and income		41,978	41,903
Sundry income		35	-
Expenses			
Cost of sales		(32,950)	(31,593)
Administration expenses		(1,670)	(1,473)
Advertising expenses		(1,106)	(741)
Depreciation expenses		(1,279)	(1,135)
Employee benefits		(1,907)	(1,848)
Finance expenses		(368)	(391)
Property expenses		(409)	(335)
Profit before income tax	3	2,324	4,386
Income tax expense		(651)	(1,228)
Profit for the period		1,673	3,158
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation of foreign operations		5	(165)
Total other comprehensive income		5	(165)
Total comprehensive income for the period		1,678	2,993
Earnings per share			
Basic earnings per share		0.04	0.07
Diluted earnings per share		0.04	0.07
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 2024

	Note	Unaudited SEP 2024 \$'000	Audited MAR 2024 \$'000
Equity			
Share capital		39,344	39,344
Amalgamation reserve		(35,956)	(35,956)
Foreign currency translation reserve		(150)	(155)
Retained earnings		16,907	17,141
Total equity		20,145	20,373
Current liabilities			
Trade and Other Payables		1,487	2,259
Employee Benefit liabilities		857	840
Borrowings		1,500	1,500
Income tax Payable		440	2,055
Derivative financial liabilities		58	(13)
Related Party Payable		10	10
Lease liability		2,044	1,689
Other Current Liabilities		23	36
Total current liabilities		6,419	8,375
Non-current liabilities			
Lease liability		7,141	5,617
Total non-current liabilities		7,141	5,617
Total equity and liabilities		33,705	34,365
Current assets			
Cash and cash equivalents		2,541	4,673
Trade and other receivables		428	514
Other current assets		3,460	2,602
Loans receivable	4	675	990
Inventories		13,147	13,873
Total current assets		20,251	22,652
Non-current assets			
Other Non Current Assets		2,085	1,843
Plant, property and equipment		1,886	1,787
Intangible assets		67	75
Loans receivable	4	522	831
Deferred tax asset		445	474
Right-of-use assets		8,449	6,702
Total non-current assets		13,454	11,713
Total assets		33,705	34,365

Approved on behalf of the Board on 14th November 2024

Director		Date	14-Nov-24
Director		Date	14-Nov-24

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 2024

	Unaudited SEP 2024 \$'000	Unaudited SEP 2023 \$'000
Cash flows from operating activities		
Cash receipts from customers	41,988	41,620
Cash paid to suppliers and employees	(39,602)	(36,773)
Proceeds from loan receivables	628	1,143
Interest received	62	100
Interest paid - retail operations	(57)	(127)
Tax paid / received	(1,567)	256
Net cash inflow from operating activities	1,452	6,219
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	28	7
Purchase of property, plant and equipment	(288)	(219)
Net cash outflow from investing activities	(260)	(212)
Cash flows from financing activities		
Dividend paid	(1,907)	-
Interest paid - finance operations	(275)	(177)
Principal elements of lease payments	(905)	(929)
Lease Guarantee	(242)	(1,500)
Trade finance advance / (repayments)	-	(910)
Net cash outflow from financing activities	(3,329)	(3,516)
Net increase/(decrease) in cash and cash equivalents	(2,137)	2,491
Cash and cash equivalents at beginning of period	4,673	3,767
Effect of exchange rate	5	(165)
Cash and cash equivalents at end of period	2,541	6,094

The accompanying notes form part of these interim consolidated financial statements

2 Cheap Cars Group Limited
Consolidated statement of changes in equity
For the 6 month period ended 30 September 2024

	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Amalgamation Reserve	Total Equity/ (Accumulated Losses)
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 01 April 2023	39,344	12,794	(8)	(35,956)	16,174
Profit for the Period	-	6,241	-	-	6,241
Translation of Foreign Operations	-	-	(147)	-	(147)
Total Comprehensive Income for the Period	-	6,241	(147)	-	6,095
Share options recognised at fair value net of options lapsed	-	-	-	-	-
Dividend Paid	-	(1,895)	-	-	(1,895)
Total transactions with owners of the Group	-	(1,895)	-	-	(1,895)
Balance as at 31 March 2024	39,344	17,140	(155)	(35,956)	20,373
Balance as at 01 April 2024	39,344	17,140	(155)	(35,956)	20,373
Profit for the period	-	1,673	-	-	1,673
Translation of foreign operations	-	-	5	-	5
Total comprehensive income for the period	-	1,673	5	-	1,678
Share options recognised at fair value net of options lapsed	-	-	-	-	-
Dividend Paid	-	(1,906)	-	-	(1,906)
Total transactions with owners of the Group	-	(1,906)	-	-	(1,906)
Balance as at 30 September 2024	39,344	16,907	(150)	(35,956)	20,145

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 2024 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 2024.

(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 2024	Automotive retail \$'000	Finance \$'000	Other entities \$'000	Inter-entity transactions \$'000	Total \$'000
Revenue including interest	41,788	169	5,406	(5,385)	41,978
Sundry Income	35	-	26	(26)	35
Cost of sale	(34,387)	-	(3,948)	5,385	(32,950)
Interest expense - finance	-	-	-	-	-
Operating expense	(4,667)	(91)	(1,613)	-	(6,371)
Operating profit	2,769	78	(129)	(26)	2,692
Dividend received	-	-	-	-	-
Interest expense - trading	(331)	(51)	-	14	(368)
Net profit before tax	2,438	27	(129)	(12)	2,324

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)	-
Cost of sale	(32,514)	1	(2,489)	3,407	(31,593)
Interest expense - finance	-	(10)	-	-	(10)
Operating expense	(3,789)	(139)	(1,606)	-	(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

4. Loans Receivable

Determination of fair values

Loans and receivables – At amortised cost book value
 Loans and receivables – At fair value through profit and loss

Book value
 Discounted cash flow

	<i>Amortised cost</i>	<i>Fair value through profit and loss</i>	Total
Opening balance (1 April 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	(1,585)	(864)	(2,448)
Repayments of loans by customers	442	-	442
Movement in accrued interest	15	-	15
Movement in Impairment Allowance	(7)	-	(7)
Fair value gain/(loss) on revaluation	-	(89)	(89)
Total Movements	(1,135)	(953)	(2,088)
Gross carrying value	1,113	816	1,930
Less: Impairment allowance	(109)	-	(109)
Total Loans receivable	1,005	816	1,821
Closing balance (31 March 2024)			
Current portion	603	496	1,099
Non-current portion	510	321	831
Less: Impairment allowance	(109)	-	(109)
Total Loans receivable	1,005	816	1,821
	<i>Amortised Cost</i>	<i>Fair value through profit and loss</i>	Total
Opening balance (1 April 2024)			
Gross carrying value	1,113	816	1,930
Less: Impairment allowance	(109)	-	(109)
Total loans receivable	1,005	816	1,821
Movements during the period			
Advances of loans to customers	-	-	-
Repayments of loans by customers	(418)	(268)	(686)
Movement in accrued interest	68	-	68
Other accrued repayments	10	11	21
Movement in Impairment Allowance	(4)	-	(4)
Fair value gain/(loss) on revaluation	-	(22)	(22)
Total movements	(344)	(279)	(624)
Gross carrying value	773	537	1,310
Less: Impairment allowance	(113)	-	(113)
Total loans receivable	660	537	1,197
Closing balance (30 September 2024)			
Current portion	439	349	788
Non-current portion	334	188	522
Less: Impairment allowance	(113)	-	(113)
Total loans receivable	660	537	1,197

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 14.6%, 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 9.8% 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. Subsequent events

No significant events have occurred subsequent to the balance date.