



LATAM AUTOS LIMITED

ABN 12 169 063 414

**APPENDIX 4E PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

LatAm Autos Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	LatAm Autos Limited
ABN:	12 169 063 414
Reporting period:	For the year ended 31 December 2016
Previous period:	For the year ended 31 December 2015

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	22.9% to	8,205
Loss from ordinary activities after tax attributable to the owners of LatAm Autos Limited	up	3.1% to	(14,892)
Loss for the year attributable to the owners of LatAm Autos Limited	up	3.1% to	(14,892)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Consolidated Entity after providing for income tax amounted to \$14,892,000 (31 December 2015: \$14,448,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.91	5.98

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

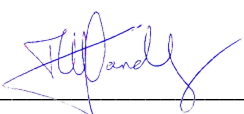
This report, and the accompanying financial statements, are based upon accounts which are in the process of being audited.

11. Attachments

Details of attachments (if any):

The Preliminary Final Report of LatAm Autos Limited for the year ended 31 December 2016 is attached.

12. Signed

Signed  _____

Date: 27 February 2017

LatAm Autos Limited
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31 December 2016

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LatAm Autos Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

	Note	Consolidated 2016 \$'000	2015 \$'000
Revenue		8,205	6,677
Other income		-	404
Expenses			
Production costs		(1,245)	(887)
Marketing expenses		(8,102)	(5,519)
Employee benefits expense		(7,792)	(7,929)
Depreciation and amortisation expense		(1,658)	(1,138)
Operating lease expense		(604)	(697)
Professional and consulting fees expense		(1,374)	(1,214)
Travel expense		(401)	(511)
Technology expenses		(360)	(752)
Other expenses		(1,888)	(1,416)
Finance costs and related costs		(109)	(246)
Loss before income tax (expense)/benefit		(15,328)	(13,228)
Income tax (expense)/benefit		436	(1,220)
Loss after income tax (expense)/benefit for the year attributable to the owners of LatAm Autos Limited		(14,892)	(14,448)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation - exchange differences on translating foreign operations and subsidiaries		(811)	2,140
Other comprehensive income for the year, net of tax		(811)	2,140
Total comprehensive income for the year attributable to the owners of LatAm Autos Limited		(15,703)	(12,308)
		Cents	Cents
Basic earnings per share	12	(4.8)	(5.8)
Diluted earnings per share	12	(4.8)	(5.8)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

LatAm Autos Limited
Statement of financial position
As at 31 December 2016

	Note	Consolidated 2016 \$'000	2015 \$'000
Assets			
Current assets			
Cash and cash equivalents		4,915	18,361
Trade and other receivables		4,873	3,322
Inventories		15	18
Other		355	157
Total current assets		<u>10,158</u>	<u>21,858</u>
Non-current assets			
Receivables		44	351
Plant and equipment		547	525
Intangibles	4	24,236	25,018
Deferred tax		513	313
Total non-current assets		<u>25,340</u>	<u>26,207</u>
Total assets		<u>35,498</u>	<u>48,065</u>
Liabilities			
Current liabilities			
Trade and other payables		2,997	2,251
Provisions		1,039	1,122
Other		315	372
Total current liabilities		<u>4,351</u>	<u>3,745</u>
Non-current liabilities			
Deferred tax		830	1,248
Employee benefits		151	24
Total non-current liabilities		<u>981</u>	<u>1,272</u>
Total liabilities		<u>5,332</u>	<u>5,017</u>
Net assets		<u>30,166</u>	<u>43,048</u>
Equity			
Issued capital	5	59,647	56,992
Reserves	6	1,700	2,345
Accumulated losses	7	(31,181)	(16,289)
Total equity		<u>30,166</u>	<u>43,048</u>

The above statement of financial position should be read in conjunction with the accompanying notes

LatAm Autos Limited
Statement of changes in equity
For the year ended 31 December 2016

Consolidated	Issued capital \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2015	38,834	-	141	(1,841)	37,134
Loss after income tax expense for the year	-	-	-	(14,448)	(14,448)
Other comprehensive income for the year, net of tax	-	-	2,140	-	2,140
Total comprehensive income for the year	-	-	2,140	(14,448)	(12,308)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 5)	16,994	-	-	-	16,994
Share-based payments	1,164	64	-	-	1,228
Balance at 31 December 2015	<u>56,992</u>	<u>64</u>	<u>2,281</u>	<u>(16,289)</u>	<u>43,048</u>

Consolidated	Issued capital \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2016	56,992	64	2,281	(16,289)	43,048
Loss after income tax benefit for the year	-	-	-	(14,892)	(14,892)
Other comprehensive income for the year, net of tax	-	-	(811)	-	(811)
Total comprehensive income for the year	-	-	(811)	(14,892)	(15,703)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 5)	2,024	-	-	-	2,024
Share-based payments	631	166	-	-	797
Balance at 31 December 2016	<u>59,647</u>	<u>230</u>	<u>1,470</u>	<u>(31,181)</u>	<u>30,166</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

LatAm Autos Limited
Statement of cash flows
For the year ended 31 December 2016

		Consolidated	
	Note	2016	2015
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST and equivalents)		7,838	6,861
Payments to suppliers and employees (inclusive of GST and equivalents)		(21,421)	(16,734)
		(13,583)	(9,873)
Interest received		64	54
Other - Net Sales tax recovered/(paid)		(221)	-
Net cash used in operating activities		(13,740)	(9,819)
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired		-	(280)
Payments for plant and equipment		(267)	(417)
Payments for intangibles	4	(1,566)	(920)
Net cash used in investing activities		(1,833)	(1,617)
Cash flows from financing activities			
Proceeds from issue of shares	5	2,150	18,000
Share issue transaction costs		(63)	(1,389)
Net cash from financing activities		2,087	16,611
Net increase/(decrease) in cash and cash equivalents		(13,486)	5,175
Cash and cash equivalents at the beginning of the financial year		18,361	12,760
Effects of exchange rate changes on cash and cash equivalents		40	426
Cash and cash equivalents at the end of the financial year		<u>4,915</u>	<u>18,361</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover LatAm Autos Limited as a Consolidated Entity consisting of LatAm Autos Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is LatAm Autos Limited's functional and presentation currency.

LatAm Autos Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Level 4 100 Albert Road South Melbourne VIC 3205, Australia Tel: +61 (3) 9692 7222	Latamautos Corporación S.A. Isla Pinzon y Tomas de Berlanga Quito, Ecuador Tel: +593 2 393 2200

The preliminary financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2017.

Note 2. Significant accounting policies

This financial report has been prepared in accordance with International Financial Reporting Standards, other authoritative pronouncements and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001.

This financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2015, the 30 June 2016 half-year financial report, and any public announcements made by LatAm Autos Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the financial year ended 31 December 2016, the consolidated entity incurred a loss after tax of \$14,892,000 (2015: \$14,448,000) and had net cash outflows from operating activities of \$13,740,000 (2015: \$9,819,000). At 31 December 2016 the consolidated entity had net assets of \$30,166,000 (31 December 2015: \$43,048,000).

During and since the end of the financial period, the Directors have taken a number of actions to ensure the Company and the consolidated entity can continue to fund their operations and further develop the consolidated entity's projects. These steps revolve around capital raising initiatives from a number of external sources.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The consolidated financial statements are presented in Australian dollars, which is LatAm's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are taken to other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the consolidated statement of comprehensive income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition.

Intangible assets acquired separately are initially recognised at cost.

Intangible assets with indefinite useful lives are not amortised, but treated for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. Amortisation expense is included in depreciation and amortisation expense in the Statement of profit or loss and other comprehensive income.

The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Note 2. Significant accounting policies (continued)

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date).

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the LatAm Combined Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis generally over 3-5 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Content, domain names and trademarks / software

When these assets are acquired as part of a business combination they are recognised separately from goodwill. The assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, as follows:

Domain names and trademarks – 10 to 15 years

Software - 3 to 5 years

Content – 4 years

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 2. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of LatAm Autos Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 31 December 2016. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Operating segments

Identification of reportable operating segments

The Consolidated Entity operates in one industry, being the provision of online auto classified services, and there are five operating business segments that are determined on the basis of geographic information.

The operating segments are analysed by the Chief Executive Officer and the Board of Directors (collectively identified as the Chief Operating Decision Makers ('CODM')), based on the internal reports that are reviewed and used by the CODM in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews revenues, relevant expenses and Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis.

The reportable segments are:

Argentina	Mexico
Ecuador	Peru
Panama	

Business activities are also carried out in Bolivia, however these are not material and, for the purposes of reporting to the CODM, this financial information is included in the Ecuador reportable segment.

Intersegment transactions

There were no material intersegment transactions during the reporting period.

Note 3. Operating segments (continued)

Major customers

The Consolidated Entity does not have a major customer that contributes more than 10% or more to the Consolidated Entity's revenue.

Operating segment information, including reconciliation to Group totals

Consolidated 2016	Argentina \$'000	Ecuador \$'000	Panama \$'000	Mexico * \$'000	Peru \$'000	Total reportable segments \$'000
Revenue						
Sales to external customers	2,677	2,448	135	2,095	623	7,978
Total sales revenue	2,677	2,448	135	2,095	623	7,978
Operating expenses	(4,475)	(1,925)	(237)	(8,109)	(880)	(15,626)
EBITDA	(1,798)	523	(102)	(6,014)	(257)	(7,648)

* The segment report above has been done on a statutory basis. Mexico is invoiced for various expenses of other countries for operational reasons. In 2016 Mexico had approximately \$900,000 worth of operating expenses that relate to other countries that the Company operates in. If this amount was to be reallocated Mexico's operating expenses would decrease by approximately \$900,000 and other countries' operating expenses would increase by the same value.

Consolidated 2015	Argentina \$'000	Ecuador \$'000	Panama \$'000	Mexico \$'000	Peru \$'000	Total reportable segments \$'000
Revenue						
Sales to external customers	2,471	1,859	111	1,442	474	6,357
Total sales revenue	2,471	1,859	111	1,442	474	6,357
Operating expenses	(6,545)	(1,712)	(249)	(3,412)	(842)	(12,760)
EBITDA	(4,074)	147	(138)	(1,970)	(368)	(6,403)

The total Revenue and Loss after income tax presented in the Consolidated Entity's operating segments reconcile to the corresponding key financial figures as presented in its Statement of profit or loss and other comprehensive income as follows:

	2016 \$'000	2015 \$'000
Revenue		
Total reportable segment revenues	7,978	6,357
Interest income	64	54
Other revenue	163	266
Group revenues	8,205	6,677
Profit or loss		
Total reportable segment EBITDAs	(7,648)	(6,403)
Interest income	63	54
Other revenue	163	266
Foreign exchange (loss)/ gain	(269)	388
Financial expenses	(109)	(246)
Other income	-	-
Depreciation and amortisation expenses	(1,658)	(1,138)
Share-based payments expense	(334)	(1,264)
Other non-segment expenses	(5,536)	(4,885)
Income tax (expense)/benefit	436	(1,220)
Group profit/(loss) after income tax expense/benefit	(14,892)	(14,448)

Note 3. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Australia	-	-	1	2
Argentina	2,677	2,471	93	106
Ecuador	2,448	1,859	15,156	12,466
Panama	135	111	16	9
Mexico	2,095	1,442	7,559	8,227
Peru	623	474	1,958	1,635
	<u>7,978</u>	<u>6,357</u>	<u>24,783</u>	<u>22,445</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Non-current assets - intangibles

	Consolidated	
	2016 \$'000	2015 \$'000
Goodwill - at cost	18,270	19,247
Software - at cost	5,547	3,808
Less: Accumulated amortisation - software	(1,977)	(785)
	<u>3,570</u>	<u>3,023</u>
Domain names and trademarks - at cost	2,701	2,844
Less: Accumulated amortisation - Domain names and trademarks	(373)	(194)
	<u>2,328</u>	<u>2,650</u>
Content - at cost	139	136
Less: Accumulated amortisation - Content	(71)	(38)
	<u>68</u>	<u>98</u>
	<u>24,236</u>	<u>25,018</u>

Note 4. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Content \$'000	Domain names and trademarks \$'000	Software \$'000	Goodwill \$'000	Total \$'000
Balance at 1 January 2015	132	2,706	2,670	18,675	24,183
Additions	-	31	889	-	920
Amortisation expense	(34)	(193)	(820)	-	(1,047)
Other adjustments	-	-	(89)	-	(89)
Exchange differences	-	106	373	572	1,051
Balance at 31 December 2015	98	2,650	3,023	19,247	25,018
Additions	-	-	1,566	-	1,566
Amortisation expense	(34)	(185)	(1,245)	-	(1,464)
Other adjustments	-	-	53	-	53
Exchange differences	4	(137)	173	(977)	(937)
Balance at 31 December 2016	<u>68</u>	<u>2,328</u>	<u>3,570</u>	<u>18,270</u>	<u>24,236</u>

For the purpose of ongoing annual impairment testing goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	Consolidated	
	2016 \$'000	2015 \$'000
Demotores.com.mx & Seminuevos.com (Mexico)	6,703	7,954
PatioTuerca.com (Ecuador, Panama, Bolivia)	9,908	9,672
Todoautos.pe (Peru)	1,659	1,621
Goodwill allocation at 31 December	<u>18,270</u>	<u>19,247</u>

Management has undertaken an impairment assessment of goodwill based on comparable entities' relative value metrics and operating performances of businesses when compared to the operating key performance indicators of the Consolidated Entity. The key assumptions and processes used in the assessment were:

- an average 2016 Enterprise Value / Revenue multiple of 9.3x was derived from 20 listed companies comparable to LAA
- applied to this multiple was:
 - a 20% "liquidity" discount
 - a 20% "size" discount
 - a 30% "control" premium

This equated to an appropriate 2016 EV/Revenue multiple of 8.4x being applied to the actual 2016 revenue.

Identifiable intangible assets with finite lives - remaining amortisation periods

Domain names and trademarks - 13.32 years
 Software - 2.11 years

Note 5. Equity - issued capital

		2016	Consolidated	
		Shares	2015	2016
			Shares	\$'000
				2015
				\$'000
Ordinary shares - fully paid		<u>310,258,777</u>	<u>301,289,131</u>	<u>59,647</u>
				<u>56,992</u>
<i>Movements in ordinary share capital</i>				
Details	Date	Shares	Issue price	\$'000
Balance	1 January 2015	239,822,166		38,834
Shares issued to settle employee entitlement	12 May 2015	286,487	\$0.3700	106
Bonus shares issued to Chief Executive Officer	12 May 2015	1,209,235	\$0.3721	450
Shares issued to settle deferred consideration owed on previous business acquisition	6 July 2015	783,886	\$0.3450	271
Shares issued to settle deferred consideration owed on previous business acquisition	1 October 2015	1,122,842	\$0.3005	337
Issue of placement shares	5 November 2015	58,064,515	\$0.3100	18,000
Costs of issuing shares		-		(1,006)
Balance	31 December 2015	301,289,131		56,992
Issue of placement shares	20 January 2016	6,935,485	\$0.3100	2,150
Share issue to employees	18 March 2016	1,492,293	\$0.3100	463
Share issue to employee	18 & 21 March 2016	312,836	\$0.3100	97
Share issue to employee	16 May 2016	229,032	\$0.3100	71
Costs of issuing shares		-		(126)
Balance	31 December 2016	<u>310,258,777</u>		<u>59,647</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 6. Equity - reserves

	Consolidated	
	2016	2015
	\$'000	\$'000
Foreign currency reserve	1,470	2,281
Share-based payments reserve	230	64
	<u>1,700</u>	<u>2,345</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share based payments reserve \$'000	Foreign currency Translation reserve \$'000	Total \$'000
Balance at 1 January 2015	-	141	141
Foreign currency translation	-	2,140	2,140
Amortisation of share based employee incentives	64	-	64
Balance at 31 December 2015	64	2,281	2,345
Foreign currency translation	-	(811)	(811)
Amortisation of share based employee incentives	166	-	166
Balance at 31 December 2016	<u>230</u>	<u>1,470</u>	<u>1,700</u>

Note 7. Equity - accumulated losses

	Consolidated	
	2016	2015
	\$'000	\$'000
Accumulated losses at the beginning of the financial year	(16,289)	(1,841)
Loss after income tax (expense)/benefit for the year	<u>(14,892)</u>	<u>(14,448)</u>
Accumulated losses at the end of the financial year	<u>(31,181)</u>	<u>(16,289)</u>

Note 8. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 9. Contingent liabilities

There are no known material contingent liabilities in relation to the Consolidated Entity at the end of the reporting period.

Note 10. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2016 %	2015 %
LatAm Autos Holdings Pty Ltd	Australia	100.00%	100.00%
Anuntis Segundamano Argentina S.A.	Argentina	100.00%	100.00%
Anuntis Segundamano Argentina Holdings S.A.	Argentina	100.00%	100.00%
Latamautos Mexico S. de R.L. de C.V.	Mexico	100.00%	100.00%
Avisoriaweb S.A.	Ecuador	100.00%	100.00%
LatAm Autos Peru S.A.	Peru	100.00%	100.00%
LatAm Autos Panama S.A.	Panama	100.00%	100.00%
Latamautos Corporacion S.A.	Ecuador	100.00%	100.00%

Note 11. Events after the reporting period

The Company entered a trading halt on 31 January 2017 to undertake a capital raising. The Company requested, and was granted, suspension in the trade of its shares on 2 February 2017. Further to the ASX release on 2 February 2017, the reason for the requested suspension of shares was for the company to evaluate a potential alternative to the proposed equity raising, which arose after the Company went into a trading halt. The Company expects that the suspension will remain in place until the Company makes an announcement to the market in relation to these matters.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 12. Earnings per share

	Consolidated	
	2016 \$'000	2015 \$'000
Loss after income tax attributable to the owners of LatAm Autos Limited	(14,892)	(14,448)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	309,409,359	250,347,718
Weighted average number of ordinary shares used in calculating diluted earnings per share	309,409,359	250,347,718
	Cents	Cents
Basic earnings per share	(4.8)	(5.8)
Diluted earnings per share	(4.8)	(5.8)