



**LATAM AUTOS LIMITED**

**ABN 12 169 063 414**

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**LatAm Autos Limited**  
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**31 December 2017**

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**LatAm Autos Limited**  
**Corporate directory**  
**31 December 2017**

Directors

Tim Handley (Executive Chairman)  
Jorge Mejia (Executive Director & Chief Executive Officer)  
Simon Clausen (Non-Executive Director)  
Michael Fitzpatrick (Non-Executive Director)  
Colin Galbraith (Non-Executive Director)  
Gareth Bannan (Alternate Director)  
Cameron Griffin (Alternate Director)

Company secretaries

Melanie Leydin  
Gareth Bannan

Registered office

Level 4, 100 Albert Road  
South Melbourne VIC 3205  
Tel: +61 (3) 9692 7222  
Fax: +61 (3) 9077 9233

Principal place of business

Latamautos Corporación S.A.  
Isla Pinzon y Tomas de Berlanga  
Quito  
Ecuador  
Tel: +593 2 393 2200

Share register

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000

Auditor

Grant Thornton  
Collins Square, Tower 1  
727 Collins Street  
Melbourne VIC 3008

Solicitors

Minter Ellison  
Level 40, Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000  
Grillo Higgins Lawyers  
Level 20, 31 Queen Street  
Melbourne VIC 3000

Stock exchange listing

LatAm Autos Limited shares are listed on the Australian Securities Exchange (ASX code: LAA)

Website

[www.latamautos.com](http://www.latamautos.com)



## **Chairman's Letter**

Dear Shareholders,

On behalf of the Company's Board of Directors and Management, I am pleased to present the 2017 Annual Report for LatAm Autos (ASX:LAA). LatAm Autos is the leading dedicated online auto classifieds and content platform in Mexico, Ecuador and Peru. In our third year as a listed company we undertook a restructure and have been able to grow our business with strong traction particularly in our largest market Mexico with a population of 125 million people. Since LatAm Autos entered the Mexican market in 2014 the number of internet users has increased by approximately 50%. We are very excited to be the clear leader in such a dynamic and significant market.

The company achieved a number of key milestones in the last year such as the launch of its first products in Mexico that assist car buyers and car dealers in the transaction process itself, rather than providing solely marketplace solutions. The first of these was our auto financing product that was launched in the second half of the year, in partnership with Credito Real.

Despite being launched in Mexico in mid-2017, these new revenue streams are already gaining significant traction.

2018 has started strongly, particularly in Mexico and promises to be an exciting one as we scale up our classifieds business alongside our Cross Sell products.

I would also like to take this opportunity to thank our senior management team and Board of Directors for their support as we navigated our way through the restructure process, and the successful introduction of our new Cross Sell revenue streams. These actions have positioned the company with a great foundation from which we expect to build on during the coming years for an exciting future.

Yours sincerely,

Tim Handley  
Executive Chairman



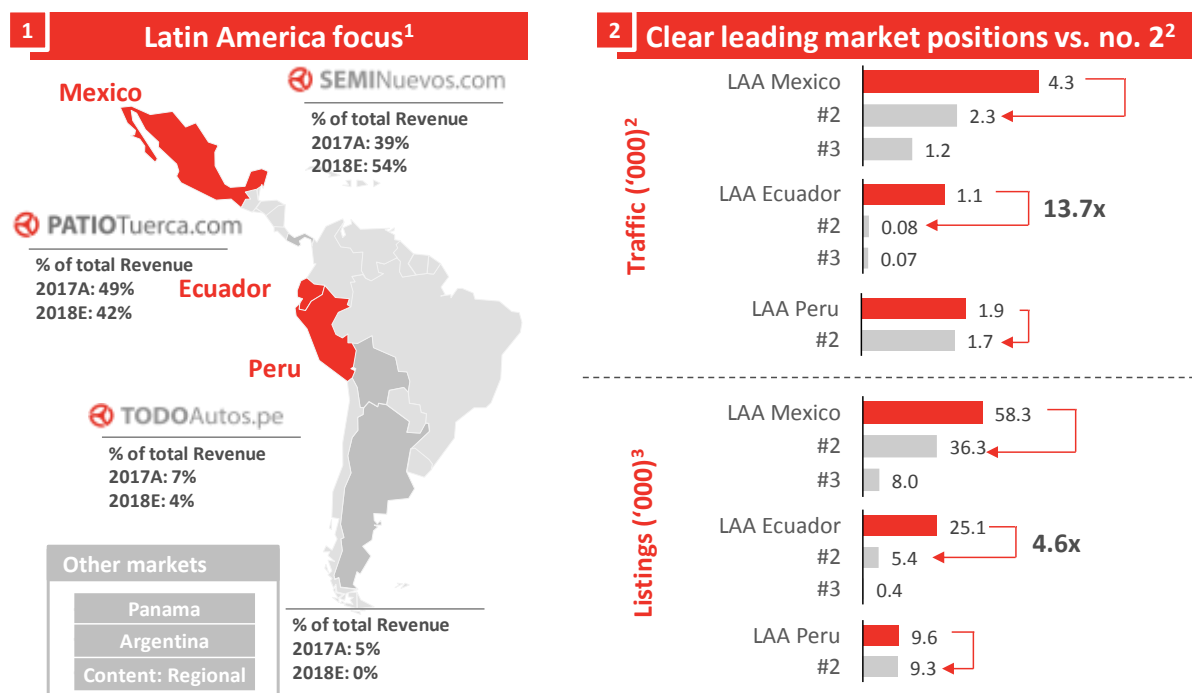
**ACN 169 063 414**

Level 4, 100 Albert Road, South Melbourne, Vic, 3205

Ph: 03 9692 7222 Fax: 03 9077 9233

*Group Overview*

LatAm Autos provides a Latin American online automotive marketplace, supplemented by an ecosystem of transaction related “Cross Sell” products. The 2017 calendar year was a transformational one for that saw the Company undertake a substantial restructure of the business that was fully implemented during the first half of the year. The result of the restructure was to focus on core markets of Mexico and Ecuador. Focus on these core markets led to the company gaining strong momentum in the second half of 2017 that has continued into the 2018 calendar year.



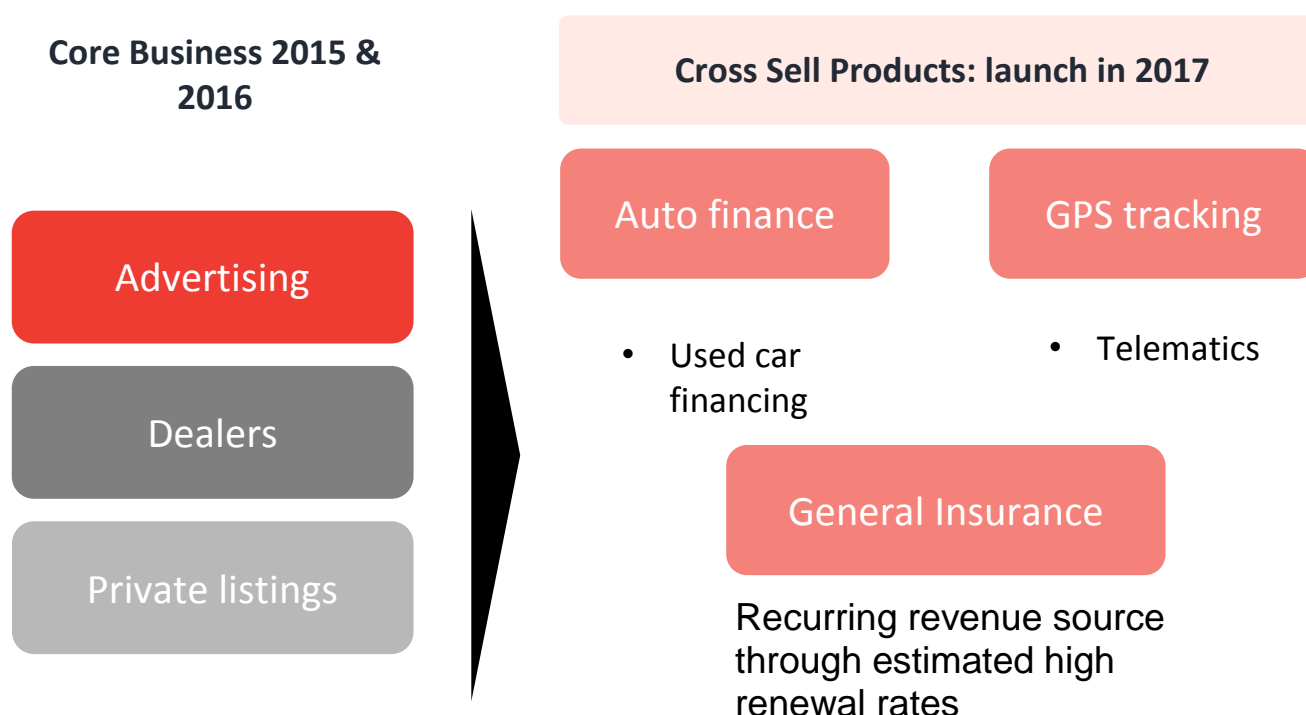
Footnotes <sup>1, 2, 3</sup>

In addition, LatAm Autos further invested in its ecosystem via the introduction of several new high margin Cross Sell products distributed through its dealership network such as auto finance, insurance and GPS tracking devices. This further diversifies LatAm Autos' revenue streams as well as allows LatAm Autos to directly monetise transactions ancillary to the purchase of a vehicle.

<sup>1</sup> Revenue by country percentage estimated 2018

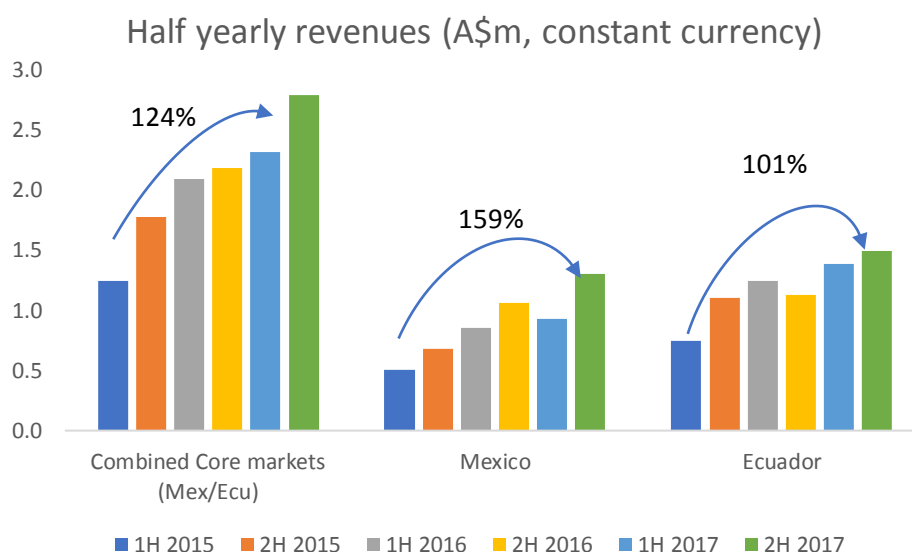
<sup>2</sup> Traffic source: Similarweb, traffic as of Jan-2018. Similarweb.com third party service provider that provides estimates only, actual results may be significantly different to similarweb estimates

<sup>3</sup> Listings for competitors from each website, for LatAm Autos from management, both as at Feb-2018

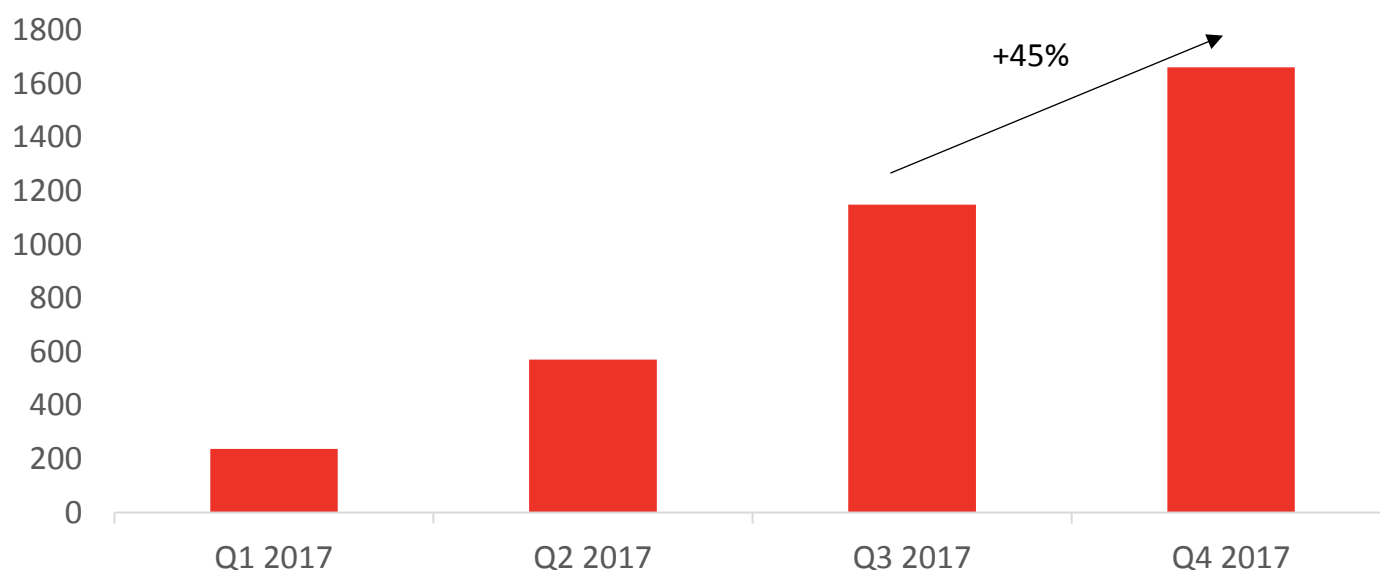


Group highlights from FY17 (compared to FY16) included:

- Financial Performance:
  - o Group EBITDA from continued operations, improved 15% from a loss of A\$11.4m to a loss of A\$9.7m
  - o Overall group revenues year on year declined 28% due to the exit of Argentina and Panama, however operations in continued regions increased 5%
  - o Operating and Investing cashflows improved by 32% to -A\$10.4m
- Classifieds:
  - o Very strong growth of organic website traffic across Mexico (+92%), Ecuador (+29%) and Peru (+44%)
  - o Total leads to car sellers in Mexico and Ecuador increased 31% year on year
- Cross Sell products:
  - o Were formerly launched during the year and had an immediate impact representing 27% of total revenue in Ecuador and 11% of total revenue in Mexico (despite being launched six months later.)
- Capital:
  - o Successful raising of \$17.2 million in total during 2017 across two capital raisings, to show the continued support of its shareholders and provide the Company with the capital to accelerate its new product development program.



### Total Cross Sell product sales (unit sales per quarter in Ecuador and Mexico)



Note: Cross sell products unit sales include auto finance. GPS tracking/telematics and

#### Mexico Summary

In 2017, LatAm Autos' flagship Mexican business seminuevos.com which generated 41% of FY17 revenues from continued operations, achieved several important goals by combining continued growth in both revenues and operating metrics, from a significantly lower cost base. This trend, particularly in 2H17, is important as it demonstrates the power of combining our high margin Cross Sell products (finance, insurance, GPS tracking) with our leading classifieds business.

#### Mexico Operating Metrics and Performance

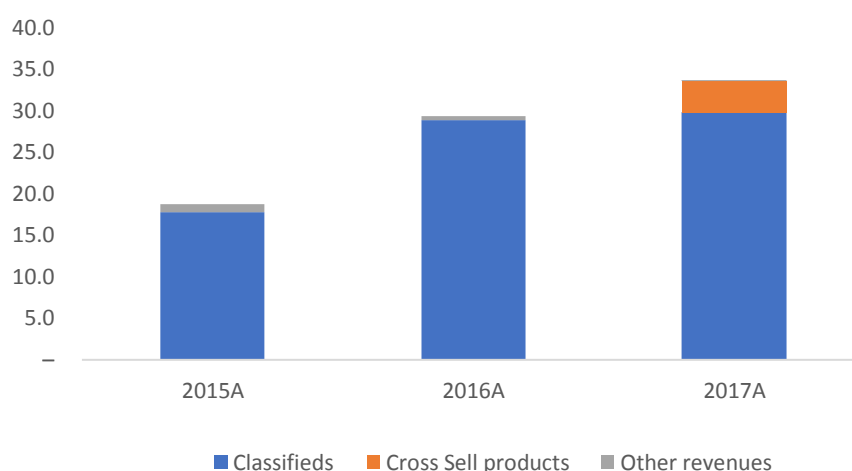
- Local currency revenues grew 16% year on year to MXN33.6 million (A\$2.2 million), with Cross Sell revenue streams representing 11% of total revenues, despite only being launched in second half of the year
- Local currency underlying EBITDA loss improved 41% year on year to -MXN38.2m (-A\$2.7m)
- Organic (free) website traffic grew 92% on a full year basis, year on year
- Total leads to car sellers grew significantly by 68% year on year

### Launch of Cross Sell Products in Mexico

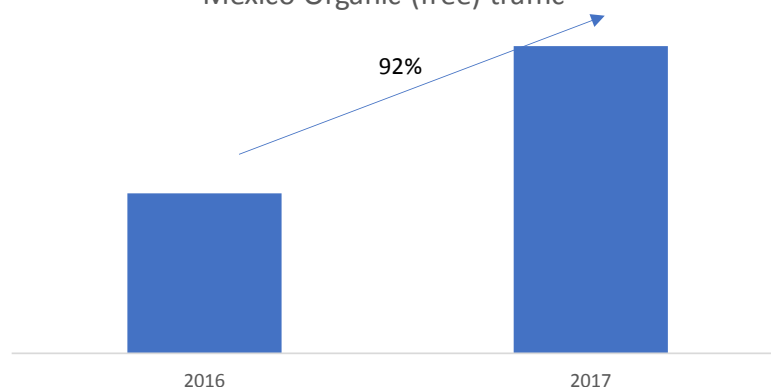
On 24 July 2017, LatAm announced that it had entered into an exclusive arrangement with Credito Real SAB de CV SOFOM ER (BMV: CREAL) (**Credito Real**) to provide auto finance products in Mexico, targeted at the used car market, distributed through the company's car dealer network. Credito Real is a publicly listed financial institution in Mexico focused on consumer lending and with a loan book above MXN24bn.

MotorCredit has shown very strong growth, particularly in Mexico where it was launched during 3Q. The total unit sales of all Cross Sell products grew 45% in the final quarter of 2017 and both January and February 2018 posted consecutive record high unit sales, continuing the strong trend.

Mexico Revenues (MXN millions)



Mexico Organic (free) traffic



Continued growth of seminuevos.com was the combination of effective product, good flow of car buyers to the site, brand awareness and effective execution of our strategy in Mexico. The introduction of Cross Sell revenue streams such as finance, insurance and GPS tracking services has significantly improved the value we can offer car dealer customers, we remain the only online classifieds platform able to offer such an integrated solution.

Strategic partnerships with several used and new car dealer associations in Mexico, including one of the largest in the country, ANCA (Asociacion Nacional de Comerciantes en Automóviles y Camiones Nuevos y Usado, for the purposes of increasing our industry engagement and ultimately increasing our dealer listings. We are very pleased with the progress of this partnership to date, and have now entered into several other similar relationships with dealer associations.

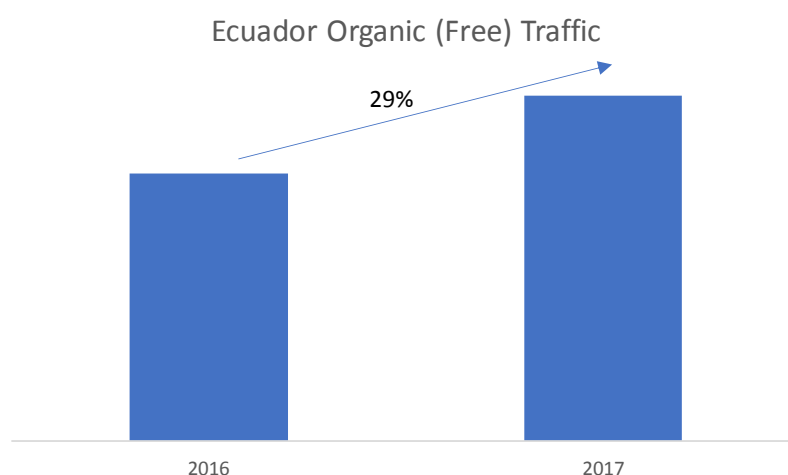
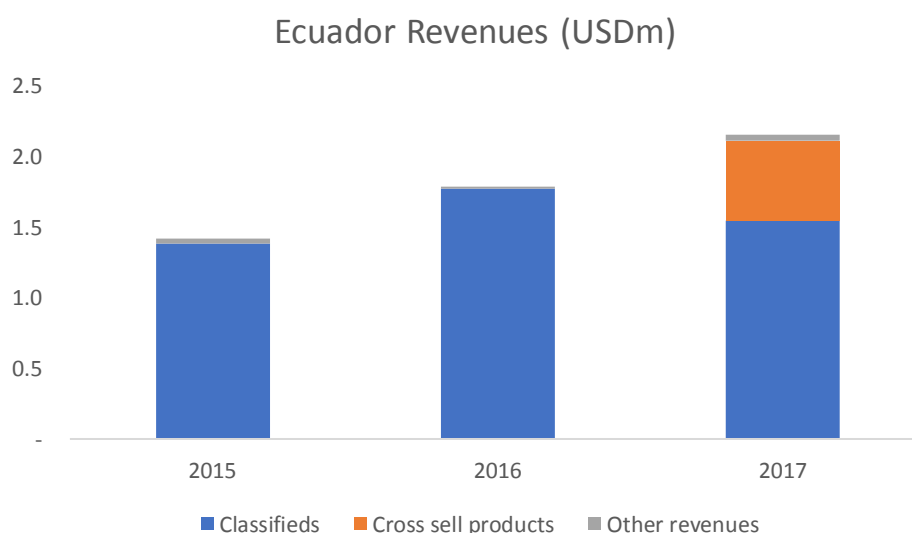


LatAm Autos' Mexican team continued to strengthen in 2017 with the relocation of several senior Ecuadorean employees to Mexico City, as well as specialised teams for the integration of new revenue streams into the business. Mexico continues to be the Company's primary focus in 2017 and beyond, given the large addressable market size of approximately 125 million population and an estimated 36 million used cars in circulation.

### **Ecuador Operating Metrics and Performance**

LatAm Autos' Ecuadorean business patiotuerca.com grew its already dominant position as the leading auto classifieds website and recorded local currency revenue growth of 21% during the period, despite distractions from a significant company restructure. The Ecuadorean business continues to operate on a cashflow positive basis, generating A\$0.3m in EBITDA on an adjusted basis.

- Local currency revenues growth of 19% year on year to USD2.1 million, with Cross Sell revenue streams representing 27% of total revenues, after being launched in December 2016. Of the new revenue streams, insurance was a particularly strong performer.
- Organic (free) website traffic grew 29% on a full year basis, year on year
- Total leads to car sellers were flat year on year



Patio Tuerca continued to be the dominant auto classified vertical in Ecuador and accelerated growth from the Cross Sell products being introduced into the market, as well as a post-recession recovery in general market conditions from 2016. GDP grew an estimated 1.4% in 2017 and an increase in the sale of new cars of 65% compared to 2016 demonstrating the rebound in economic conditions and consumer confidence.

During 2017 Patio Tuerca continued to rollout its new Cross Sell products across the company, with insurance being a strong contributor to growth. Patio Tuerca extended its MotorCredit product to a second bank on its platform, diversifying the financing options available for consumers.

**LatAm Autos Limited**  
**Directors' report**  
**31 December 2017**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of LatAm Autos Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2017.

**Directors**

The following persons were directors of LatAm Autos Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Timothy Handley (Executive Chairman)  
Jorge Mejia (Executive Director & Chief Executive Officer)  
Simon Clausen (Non-Executive Director)  
Michael Fitzpatrick (Non-Executive Director)  
Colin Galbraith (Non-Executive Director)  
Gareth Bannan (Alternate Director)  
Cameron Griffin (Alternate Director)

**Principal activities**

The Consolidated Entity is a dedicated online auto classifieds business with operations in Mexico, Ecuador and Peru. In these key Latin American markets ('LatAm Markets'), the Consolidated Entity provides a dedicated online auto classifieds platform to commercial sellers, private sellers and buyers of vehicles. The Consolidated Entity also offers premium automotive related content to automotive buyers and enthusiasts, as well as advertising services and solutions.

**Dividends**

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

**Review of operations**

The loss for the Consolidated Entity after providing for income tax amounted to \$13,950,000 (31 December 2016: \$15,680,000).

**Significant changes in the state of affairs**

On 17 July 2017 the Company issued 1,917,500 fully paid ordinary shares as a short term incentive bonus to employees, in recognition of achievement of agreed performance objectives during the 2016 financial year. It also issued 1,933,332 performance rights to employees, the Executive Chairman, Executive Director and Chief Executive Officer and Alternate Director and Chief Financial Officer pursuant to the Equity Incentive Plan. The performance rights convert to fully paid ordinary shares on a 1 for 1 basis if the Company's performance conditions, and respective employees' service conditions, are met prior to the vesting date of 31 December 2020. The performance rights lapse on 31 January 2021.

On 6 October 2017 the Company issued 10,000,000 Convertible Notes raising a total of \$10 million to fund the Company's ongoing costs and capital requirements associated with achieving the Company's business plan.

On 11 December 2017 the Company announced the successful completion of a \$5.5 million placement at \$0.14 (14 cents) per share, and the launch of a Share Purchase Plan (SPP).

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

### **Matters subsequent to the end of the financial year**

On 17 January 2018 the Company announced the results of the Share Purchase Plan which was strongly supported by Eligible Shareholders and was oversubscribed with the Company receiving applications totalling \$1.67 million. In total the Company raised \$7.17 million in two tranches:

- Placement - \$5.5 million through a placement announced to ASX on 11 December 2017 to institutional and sophisticated investors in Australia and selected overseas jurisdictions; Senior Management and Directors (subject to shareholder approval at the General Meeting to be held on 9 March 2018). \$4.7 million of this was received in December 2017, with the balance of \$0.8 million (being the Directors portion of the placement) to be received in March 2018 following the General Meeting.
- Share Purchase Plan - \$1.67 million through a Share Purchase Plan which closed on 12 January 2018.

No other matter or circumstance has arisen since 31 December 2017 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.

### **Likely developments and expected results of operations**

2018 will see management be able to spend more of its time focusing on growing the business, as opposed to issues such as integration of operations and migration of technologies. Mexico will continue to be a big focus for LatAm Autos in 2018, with management time and resources largely concentrated on that market.

The Company is excited about the technology that it is developing and will provide to customers and users in 2018, and believes that it will provide users with unparalleled functionality and user experience. Almost all of our IT team is now focused on developing mobile solutions. This coupled with solid marketing spend and an experienced management team, should result in substantial growth of the Company.

### **Environmental regulation**

The Consolidated Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

### **Information on directors**

Name:	Tim Handley
Title:	Executive Chairman
Qualifications:	Tim holds a Bachelor of Engineering degree (Honours) from the University of Melbourne, and a Masters of Commerce degree (major in Finance and Accounting) from the University of Sydney
Experience and expertise:	Tim is a co-founder and Director of LatAm Autos. Prior to co-founding LatAm Autos in early 2014, Tim worked for 11 years' in mergers & acquisitions, equity and debt capital markets experience (including 7 years in Latin America). Previously Tim worked at Gresham Partners and UBS. Tim also founded and was managing director of Chestnut Partners, a São Paulo, Brazil based corporate finance advisory business where he advised several leading Australian organisations on acquisitions and investments in Latin America.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	28,366,935 fully paid ordinary shares
Interests in rights:	1,016,666 performance rights

**LatAm Autos Limited**  
**Directors' report**  
**31 December 2017**

Name: Jorge Mejia  
Title: Executive Director & Chief Executive Officer  
Qualifications: Jorge holds a Bachelor and a Master in Human Resources Development, both from the Palm Beach Atlantic University, USA. He is a founding member and President of Internet Advertising Bureau Ecuador.  
Experience and expertise: Jorge has served as the Chief Executive Officer of LatAm Autos Limited since October 2014 and has overseen the Company's business acquisitions, ASX listing and significant development during 2015 and 2016.

Jorge is an experienced Latin America digital media executive. He is the founder and ex- CEO of Grupo Centrico, the Ecuadorian- based holding company for Vive1.com, Evaluar.com, and Seguros123.com, and previously PatioTuerca.com.

Jorge began his career in the technology sector after founding and managing multitrabajos.com, Ecuador's foremost job search engine. After multitrabajos.com was acquired by Bumeran.com/Navent, Jorge acted as the company's country manager before becoming Regional Vice President where he was responsible for all new business development and operations. During his time at Navent, Jorge led the successful acquisitions of five different Latin American based online classified sites.

As CEO of Grupo Centrico Jorge founded Evaluar.com, Latin America's leading HR evaluation company with operations in Chile, Peru, Ecuador and Mexico, as well as Seguros123.com, an online insurance comparison portal. Jorge also led the successful acquisition and integration of PatioTuerca.Com and Vive1.com.

Other current directorships: None  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: 13,293,477 fully paid ordinary shares  
Interests in rights: 1,333,334 performance rights

Name: Simon Clausen  
Title: Non-Executive Director  
Experience and expertise: Simon has more than 18 years' experience in high growth technology businesses in both Australia, United States and Asia. His technical expertise includes proficiency in multiple software development languages, computer security and vulnerability analysis, and he is co-author and inventor of a number of technology patents. Focusing on consumer-centric software and Internet-enabled technology he founded and was CEO of WinGuides, which later became PC Tools. With Simon as CEO PC Tools grew to over \$100m in revenue, more than 250 employees and offices in 7 countries. PC Tools was acquired by Symantec Corporation (NASDAQ:SYMC) in October 2008 in one of Australia's largest ever technology acquisitions at the time. Following the acquisition Simon became a Vice President at Symantec, before leaving in 2009 and founding Startive Ventures, a specialised technology venture fund. In addition to numerous private company investments, Simon is a founding investor and non-executive director of Freelancer.com (ASX:FLN), the world's largest online marketplace for outsourcing, freelancing and crowdsourcing services.

Other current directorships: Freelancer Limited (appointed April 2010)  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: 26,500,000 fully paid ordinary shares  
Interests in rights: 1,000,000 Convertible notes

**LatAm Autos Limited**  
**Directors' report**  
**31 December 2017**

Name:	Michael Fitzpatrick
Title:	Non-Executive Director
Qualifications:	Bachelor of Engineering with honours from the University of Western Australia and a Bachelor of Arts with Honours from Oxford University, where he was the 1975 Rhodes Scholar from Western Australia
Experience and expertise:	After leaving professional football in 1983 and working for the Treasury of the State of Victoria and with investment banks in New York, Michael founded the pioneering infrastructure asset management company Hastings Funds Management Limited in 1994. Michael is chairman of Pacific Current Group Limited, a Sydney-based incubator of fund management companies, former chairman of the Australian Football League and the Australian Sports Commission.
Other current directorships:	Pacific Current Group Limited (appointed 2006), Carnegie Wave Limited (appointed 2012)
Former directorships (last 3 years):	Rio Tinto Limited (appointed 2006, retired May 2015)
Special responsibilities:	None
Interests in shares:	37,662,845 fully paid ordinary shares
Interests in rights:	7,750,000 Convertible notes
Name:	Colin Galbraith AM
Title:	Non-Executive Director
Qualifications:	Bachelor of Laws (Hons) and a Master of Laws from the University of Melbourne
Experience and expertise:	Colin is a Special Advisor to Gresham Partners Limited. He joined Gresham in 2006 after 28 years as a partner of Allens Arthur Robinson. He is the Chair of CARE Australia (Chair), a Director of the Colonial Foundation and a Trustee of the Royal Melbourne Hospital Neuroscience Foundation.
Other current directorships:	None
Former directorships (last 3 years):	Arrium Limited (appointed October 2000, retired 2015)
Special responsibilities:	None
Interests in shares:	1,521,396 fully paid ordinary shares
Interests in options:	214,284 unlisted options
Name:	Gareth Bannan
Title:	Alternate Director
Qualifications:	Bachelor of Economics and Master of Finance, both from the University of New Wales
Experience and expertise:	Gareth Bannan is co-founder, joint company secretary and Chief Financial Officer of the Company. Gareth has 14 years' financial management, mergers & acquisitions and capital markets experience (including 7 years in Latin America), and previously worked at Chestnut Partners (São Paulo), KPMG Corporate Finance (Sydney) and Rabobank (Sydney). Gareth has extensive operating and advisory experience in online classified companies in Latin America.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Financial Officer; Joint Company Secretary
Interests in shares:	20,054,032 fully paid ordinary shares
Interests in rights:	766,668 performance rights

**LatAm Autos Limited**  
**Directors' report**  
**31 December 2017**

Name:	Cameron Griffin
Title:	Alternate Director
Qualifications:	Bachelor of Commerce., CA
Experience and expertise:	Cameron has 20 years of finance and investment industry experience having worked in Australia, the United Kingdom and the United States of America. Cameron currently runs the direct investment portfolio at Squitchy Lane Holdings, the private investment vehicle of the Fitzpatrick Family Office. Cameron previously held investment and advisory roles at Hastings Funds Management Ltd and EY (Corporate Finance). Cameron's other external appointments include directorships at AgCap Pty Ltd, as well as a board observer role at Proterra, Inc, a US manufacturer of zero emission electric buses.
	Cameron holds a Bachelor of Commerce from the University of Melbourne, is a Chartered Accountant and has completed post graduate studies at Harvard Business School.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

**Company secretaries**

Melanie Leydin is joint company secretary and has 24 years' experience in the accounting profession and is a director and company secretary for a number of oil and gas, junior mining and exploration entities listed on the Australian Securities Exchange. She is a Chartered Accountant and is a Registered Company Auditor. She Graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer, and Director of Leydin Freyer Corp Pty Ltd, specialising in outsourced company secretarial and financial duties for resources and biotechnology sectors.

Gareth Bannan is joint company secretary. Details of his qualifications and experience are set out in the Directors' information above.

**Meetings of directors**

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2017, and the number of meetings attended by each director were:

	Full Board Held	Full Board Attended
Tim Handley	18	18
Jorge Mejia	18	15
Simon Clausen	18	14
Mike Fitzpatrick	18	18
Colin Galbraith	18	15
Gareth Bannan	18	16
Cameron Griffin	18	18

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

**Remuneration report (audited)**

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

As of May 2017 key management personnel agreed to take a 25% reduction in their cash salaries.

The Company has not established a separate Remuneration and Nomination Committee or Audit and Risk Committee due to the majority of the Board being Non-Executive Directors.

***Principles used to determine the nature and amount of remuneration***

The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Consolidated Entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Consolidated Entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

In accordance with best practice corporate governance, the structure of Non-Executive Directors and executive remunerations are separate.

***Non-Executive Directors' remuneration***

In accordance with the Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by LatAm Autos' general meeting. This amount has been fixed by LatAm Autos at \$350,000. Annual Directors' fees currently agreed to be paid by LatAm Autos are \$55,000 to each of the Non-Executive Directors. The remuneration of Non-Executive Directors must not include a commission on, or a percentage of profits or operating revenue. Statutory superannuation is included in these amounts.

Directors may also be reimbursed for travel and other expenses reasonably incurred in attending to the Company's affairs.

Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as Director of the Company or a subsidiary.

*Executive remuneration*

The Consolidated Entity and Company aim to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits
- variable cash and share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and provides additional value to the executive.

*Short term incentive plan (STI)*

Short-term incentives are used to differentiate rewards based on performance on a year-by-year basis. The principal performance indicator of the short-term incentive plan is based on the Company's financial performance and individual achievement of specified goals. The threshold level can differ for each individual and are reviewed each year. The Company has approved predetermined performance targets that must be met in order to trigger payments under the STI. Payments are made in the form of cash and/or shares. Key Management Personnel of the Consolidated Entity are eligible to participate in the STI program.

*Long term incentive plan (LTIP)*

During the prior year the Company implemented its long term incentive plan which will consist of the issue of performance rights to C-Level Executives and their direct reports. The LTIP is part of the Company's remuneration strategy and is designed to align the interests of management and shareholders and assist the Company in the attraction, motivation and retention of executives. In particular, the LTIP is designed to provide relevant executives with an incentive for future performance, with the conditions of vesting and exercise of the rights linked to both performance and service conditions. The conditions relate to the Company's Total Shareholder Return performance relative to peer and comparable ASX-listed companies, and staff remaining in employment.

*Consolidated entity performance and link to remuneration*

The remuneration of the Non-Executive Directors is not linked to the performance, share price or earnings of the Consolidated Entity. The remuneration of executives is linked to the performance, share price or earnings of the Consolidated Entity as described in the preceding section.

*Voting and comments made at the Company's 2017 Annual General Meeting ('AGM')*

At the 10 May 2017 AGM, 97% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

***Details of remuneration***

*Amounts of remuneration*

Details of the remuneration of the key management personnel of the Consolidated Entity are set out in the following tables.

The key management personnel of the Consolidated Entity consisted of the following directors of LatAm Autos Limited:

- Tim Handley (Executive Chairman)
- Jorge Mejía (Executive Director & Chief Executive Officer)
- Simon Clausen (Non-Executive Director)
- Michael Fitzpatrick (Non-Executive Director)
- Colin Galbraith (Non-Executive Director)

And the following person:

- Gareth Bannan (Chief Financial Officer, Joint Company Secretary and Alternate Director)



**LatAm Autos Limited**  
**Directors' report**  
**31 December 2017**

	Short-term benefits				Post-employment benefits		Share-based payments	Total
	Cash salary	Bonus	Cash expense	Annual	Super-	Other	Equity-Settled	
	and fees	shares issued	allowance	leave	annuation	long-term incentives	(Performance Rights)	
<b>2017</b>	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Mr S Clausen	55,000	-	-	-	-	-	-	55,000
Mr M Fitzpatrick	50,228	-	-	-	4,772	-	-	55,000
Mr C Galbraith	50,228	-	-	-	4,772	-	-	55,000
<i>Executive Directors:</i>								
Mr T Handley	291,466	70,000	-	-	27,689	-	28,874	418,029
Mr J Mejía	256,410	70,000	26,752	-	-	-	43,315	396,477
<i>Other Key Management Personnel:</i>								
Mr G Bannan	212,016	38,750	15,540	8,834	-	-	22,912	298,052
	915,348	178,750	42,292	8,834	37,233	-	95,101	1,277,558

	Short-term benefits				Post-employment benefits		Share-based payments	Total
	Cash salary	Bonus	Cash expense	Annual	Super-	Other	Equity-Settled	
	and fees	shares issued	allowance	leave	annuation	long-term incentives	(Performance Rights)	
<b>2016</b>	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Mr S Clausen	55,000	-	-	-	-	-	-	55,000
Mr M Fitzpatrick	50,228	-	-	-	4,772	-	-	55,000
Mr C Galbraith	50,228	-	-	-	4,772	-	-	55,000
<i>Executive Directors:</i>								
Mr T Handley	314,790	-	28,000	-	13,867	-	27,616	384,273
Mr J Mejía *	289,815	-	60,723	-	-	-	41,057	391,595
<i>Other Key Management Personnel:</i>								
Mr G Bannan	234,612	-	48,303	9,775	-	-	22,003	314,693
	994,673	-	137,026	9,775	23,411	-	90,676	1,255,561

\* Jorge Mejia was appointed as a Director on 16 May 2016

**LatAm Autos Limited**  
**Directors' report**  
**31 December 2017**

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk STI		At risk - STI		At risk - LTI	
	2017	2016	2017	2016	2017	2016	2017	2016
<i>Non-Executive Directors:</i>								
Mr S Clausen	100%	100%	-	-	-	-	-	-
Mr M Fitzpatrick	100%	100%	-	-	-	-	-	-
Mr C Galbraith	100%	100%	-	-	-	-	-	-
<i>Executive Directors:</i>								
Mr T Handley	76%	93%	17%	-	7%	7%		
<i>Other Key Management Personnel:</i>								
Mr J Mejía	71%	89%	18%	-	11%	11%		
Mr G Bannan	79%	93%	13%	-	8%	7%		

**Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Tim Handley  
Title: Executive Chairman  
Agreement commenced: 1 August 2016  
Term of agreement: No fixed term  
Details: Base Salary cost is AUD \$262,356, plus superannuation.

Superannuation will be paid in accordance with the relevant legislation as amended from time to time, and into a superannuation fund nominated by the Employee in accordance with legislation.

If the consolidated entity (and subject to Board approval) is satisfied that the Employee has met or exceeded the Key Performance Indicators (KPIs) agreed with the Employee in writing from time to time, the consolidated entity may at its sole discretion provide the Employee an incentive payment, the amount and terms of which shall be determined from time to time by the Board in cash and or in Shares, issued in accordance with the consolidated entity's Equity Incentive Plan, subject to approval by the members of the consolidated entity.

The KPIs will be determined from time to time and shall be designed to align the interests of the Employee with the interests of the consolidated entity's shareholders.

Name: Jorge Mejía  
Title: Chief Executive Officer  
Agreement commenced: December 2014  
Term of agreement: 3 years. 3 months' termination notice to Adminweb S.A. (or payment in lieu of notice)  
Details: Base Salary cost is USD \$190,500

If the consolidated entity (and subject to Board approval) is satisfied that the Employee has met or exceeded the Key Performance Indicators (KPIs) agreed with the Employee in writing from time to time, the consolidated entity may at its sole discretion provide the Employee an incentive payment, the amount and terms of which shall be determined from time to time by the Board in cash and or in Shares, issued in accordance with the consolidated entity's Equity Incentive Plan, subject to approval by the members of the consolidated entity.

The KPIs will be determined from time to time and shall be designed to align the interests of the Employee with the interests of the consolidated entity's shareholders.

**LatAm Autos Limited**  
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Name:	Gareth Bannan
Title:	Chief Financial Officer
Agreement commenced:	November 2014
Term of agreement:	3 years, 3 months' termination notice (or payment in lieu of notice)
Details:	Base Salary cost is USD \$153,750

If the consolidated entity (and subject to Board approval) is satisfied that the Employee has met or exceeded the Key Performance Indicators (KPIs) agreed with the Employee in writing from time to time, the consolidated entity may at its sole discretion provide the Employee an incentive payment, the amount and terms of which shall be determined from time to time by the Board in cash and or in Shares, issued in accordance with the consolidated entity's Equity Incentive Plan, subject to approval by the members of the consolidated entity.

The KPIs will be determined from time to time and shall be designed to align the interests of the Employee with the interests of the consolidated entity's shareholders.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

***Share-based compensation***

*Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2017.

*Options*

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 31 December 2017.

**LatAm Autos Limited**  
**Directors' report**  
**31 December 2017**

*Performance rights*

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Holding details	Grant date	Vesting date & Expiry date	Fair value per right at grant date
Tim Handley - Service Rights	13 July 2015	Vest upon Release of Company's audited FY2015 financial results to the ASX.	\$0.280
Tim Handley - Performance Rights Tranche A	27 July 2015	Vest 31 December 2018, provided service and Company performance conditions are met. Expire 30 January 2019	\$0.159
Tim Handley - Performance Rights Tranche B	27 July 2015	Vest 31 December 2018, provided service and Company performance conditions are met. Expire 30 January 2019	\$0.168
Jorge Mejía - Performance Rights Tranche A	27 July 2015	Vest 31 December 2018, provided service and Company performance conditions are met. Expire 30 January 2019	\$0.159
Jorge Mejía - Performance Rights Tranche B	27 July 2015	Vest 31 December 2018, provided service and Company performance conditions are met. Expire 30 January 2019	\$0.168
Gareth Bannan - Performance Rights Tranche A	13 January 2016	Vest 31 December 2018, provided service and Company performance conditions are met. Expire 30 January 2019	\$0.159
Gareth Bannan - Performance Rights Tranche B	13 January 2016	Vest 31 December 2018, provided service and Company performance conditions are met. Expire 30 January 2019	\$0.168
Tim Handley - Performance Rights Tranche A	16 May 2016	Vest 31 December 2019, provided service and Company performance conditions are met. Expire 31 January 2020	\$0.101
Tim Handley - Performance Rights Tranche B	16 May 2016	Vest 31 December 2019, provided service and Company performance conditions are met. Expire 31 January 2020	\$0.136
Jorge Mejía - Performance Rights Tranche A	18 March 2016	Vest 31 December 2019, provided service and Company performance conditions are met. Expire 31 January 2020	\$0.081
Jorge Mejía - Performance Rights Tranche B	18 March 2016	Vest 31 December 2019, provided service and Company performance conditions are met. Expire 31 January 2020	\$0.107
Gareth Bannan - Performance Rights Tranche A	16 May 2016	Vest 31 December 2019, provided service and Company performance conditions are met. Expire 31 January 2020	\$0.101
Gareth Bannan - Performance Rights Tranche B	16 May 2016	Vest 31 December 2019, provided service and Company performance conditions are met. Expire 31 January 2020	\$0.137
Tim Handley - Performance Rights Tranche A	17 July 2017	Vest 31 May 2021, provided service and Company performance	\$0.016

**LatAm Autos Limited**  
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Tim Handley - Performance Rights Tranche B	17 July 2017	conditions are met. Expire 31 May 2021 Vest 31 May 2021, provided service and Company performance conditions are met. Expire 31 May 2021	\$0.018
Jorge Mejía - Performance Rights Tranche A	17 July 2017	Vest 31 May 2021, provided service and Company performance conditions are met. Expire 31 May 2021	\$0.016
Jorge Mejía - Performance Rights Tranche B	17 July 2017	Vest 31 May 2021, provided service and Company performance conditions are met. Expire 31 May 2021	\$0.018
Gareth Bannan - Performance Rights Tranche A	17 July 2017	Vest 31 May 2021, provided service and Company performance conditions are met. Expire 31 May 2021	\$0.016
Gareth Bannan - Performance Rights Tranche B	17 July 2017	Vest 31 May 2021, provided service and Company performance conditions are met. Expire 31 May 2021	\$0.018

Performance rights granted carry no dividend or voting rights.

**Additional information**

The earnings of the Consolidated Entity for the four years to 31 December 2017 are summarised below:

	2017 \$'000	2016 \$'000	2015* \$'000	2014* \$'000
Sales revenue from continuing operations	5,566	5,392	6,357	926
EBITDA from continuing operations	(9,651)	(11,435)	(11,939)	(3,130)
EBIT from continuing operations	(12,742)	(13,218)	(13,228)	(3,177)
Profit/(loss) after income tax from continuing operations	(12,485)	(12,794)	(14,448)	(1,841)

\*Note, the results in 2015 and 2014 include discontinued operations, and shouldn't be compared with 2017 and 2016.

The factors that are considered to affect total shareholders return ('TSR') are summarised below.

	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Share price at financial year end (\$)	0.14	0.19	0.30	0.26
Basic earnings per share (cents per share) from continuing operations	(3.99)	(4.13)	(5.77)	(1.60)
Diluted earnings per share (cents per share) from continuing operations	(3.99)	(4.13)	(5.77)	(1.60)

***Additional disclosures relating to key management personnel***

***Shareholding***

The number of shares in the Company held during the financial period by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Mr T Handley	28,366,935	-	-	-	28,366,935
Mr S Clausen	26,500,000	-	-	-	26,500,000
Mr M Fitzpatrick	37,662,845	-	-	-	37,662,845
Mr C Galbraith	1,307,112	-	-	-	1,307,112
Mr J Mejía *	13,293,477	-	-	-	13,293,477
Mr G Bannan	19,604,032	-	450,000	-	20,054,032
	<u>126,734,401</u>	<u>-</u>	<u>450,000</u>	<u>-</u>	<u>127,184,401</u>

***Performance rights holding***

The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance rights</i>					
Mr T Handley	716,666	300,000	-	-	1,016,666
Mr J Mejía	1,033,334	300,000	-	-	1,333,334
Mr G Bannan	550,001	216,667	-	-	766,668
	<u>2,300,001</u>	<u>816,667</u>	<u>-</u>	<u>-</u>	<u>3,116,668</u>

None of the performance rights shown above had vested as at the end of the financial year.

***This concludes the remuneration report, which has been audited.***

**Shares under option**

There were no unissued ordinary shares of LatAm Autos Limited under option outstanding at the date of this report.

**Shares under performance rights**

Unissued ordinary shares of LatAm Autos Limited under performance rights at the date of this report are as follows:

Performance rights series and Grant date	Vesting date	Exercise price	Number under rights
Performance rights - 27 July 2015	31 December 2018	\$0.0000	3,366,670
Performance rights - 18 March 2016	31 December 2019	\$0.0000	1,383,333
Performance rights - 16 May 2016	31 December 2019	\$0.0000	516,667
Performance rights - 27 September 2016	28 February 2020	\$0.0000	150,000
Performance rights - 17 July 2017	31 May 2021	\$0.0000	1,933,332
			<u><u>7,350,002</u></u>

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

**Shares issued on the exercise of options**

There were no ordinary shares of LatAm Autos Limited issued on the exercise of options during the year ended 31 December 2017 and up to the date of this report.

**Shares issued on the exercise of performance rights**

There were no ordinary shares of LatAm Autos Limited issued on the exercise of performance rights during the year ended 31 December 2017 and up to the date of this report.

**Indemnity and insurance of officers**

The Company has entered into deeds of access, insurance and indemnity with each Director which confirm each Director's right of access to certain books and records of LatAm Autos for a period of seven years after the Director ceases to hold office. This seven-year period may be extended where certain proceedings or investigations commence before that seven-year period expires.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

**Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

**Officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd**

There are no officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd

**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.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

**LatAm Autos Limited**  
**Directors' report**  
**31 December 2017**

**Auditor**

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



---

Tim Handley  
Executive Chairman

29 March 2018



Collins Square, Tower 1  
727 Collins Street  
Docklands Victoria 3008

Correspondence to:  
GPO Box 4736  
Melbourne Victoria 3001

T +61 3 8320 2222  
F +61 3 8320 2200  
E [info.vic@au.gt.com](mailto:info.vic@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## Auditor's Independence Declaration to the Directors of (LatAm Autos Limited)

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of LatAm Autos Limited for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B A Mackenzie  
Partner - Audit & Assurance

Melbourne, 29 March 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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**LatAm Autos Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2017**

	<b>Note</b>	<b>Consolidated 2017 \$'000</b>	<b>2016 \$'000</b>
<b>Revenue from continuing operations</b>	5	5,566	5,392
<b>Expenses</b>			
Cost of sales		(1,224)	(1,132)
Printing costs		(567)	(580)
Advertising expenses		(3,066)	(5,035)
Employee benefits expense	6	(6,433)	(6,218)
Depreciation and amortisation expense	6	(1,997)	(1,640)
Impairment of assets	6	(180)	(95)
Operating lease expense	6	(454)	(445)
Professional and consulting fees expense		(1,518)	(1,200)
Travel expense		(299)	(376)
Technology expenses		(461)	(360)
Other expenses		(1,195)	(1,481)
Finance costs and related costs	6	(914)	(48)
<b>Loss before income tax benefit from continuing operations</b>		(12,742)	(13,218)
Income tax benefit	7	257	424
Loss after income tax (expense)/benefit from continuing operations		(12,485)	(12,794)
Loss after income tax (expense)/benefit from discontinued operations	8	(1,465)	(2,886)
<b>Loss after income tax (expense)/benefit for the year attributable to the owners of LatAm Autos Limited</b>	26	(13,950)	(15,680)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation - exchange differences on translating foreign operations and subsidiaries		(1,914)	(811)
Other comprehensive income for the year, net of tax		(1,914)	(811)
<b>Total comprehensive income for the year attributable to the owners of LatAm Autos Limited</b>		<u>(15,864)</u>	<u>(16,491)</u>
Total comprehensive income for the year is attributable to:			
Continuing operations		(14,136)	(13,424)
Discontinued operations		(1,728)	(3,067)
		<u>(15,864)</u>	<u>(16,491)</u>

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

**LatAm Autos Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2017**

	<b>Note</b>	<b>Consolidated 2017 \$'000</b>	<b>2016 \$'000</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for loss from continuing operations attributable to the owners of LatAm Autos Limited</b>			
Basic earnings per share	39	(3.99)	(4.13)
Diluted earnings per share	39	(3.99)	(4.13)
<b>Earnings per share for loss from discontinued operations attributable to the owners of LatAm Autos Limited</b>			
Basic earnings per share	39	(0.47)	(0.93)
Diluted earnings per share	39	(0.47)	(0.93)
<b>Earnings per share for loss attributable to the owners of LatAm Autos Limited</b>			
Basic earnings per share	39	(4.46)	(5.06)
Diluted earnings per share	39	(4.46)	(5.06)

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

**LatAm Autos Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2017**

	<b>Note</b>	<b>Consolidated 2017 \$'000</b>	<b>2016 \$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	6,789	4,915
Trade and other receivables	10	4,063	4,179
Inventories	11	-	15
Other	12	301	355
Total current assets		<u>11,153</u>	<u>9,464</u>
<b>Non-current assets</b>			
Receivables	13	-	44
Plant and equipment	14	352	532
Intangibles	15	21,811	24,171
Deferred tax	16	548	513
Total non-current assets		<u>22,711</u>	<u>25,260</u>
<b>Total assets</b>		<u>33,864</u>	<u>34,724</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	3,128	3,011
Provisions	18	993	1,039
Other	19	287	315
Total current liabilities		<u>4,408</u>	<u>4,365</u>
<b>Non-current liabilities</b>			
Deferred tax	20	612	830
Employee benefits	21	230	151
Convertible Note	22	9,122	-
Total non-current liabilities		<u>9,964</u>	<u>981</u>
<b>Total liabilities</b>		<u>14,372</u>	<u>5,346</u>
<b>Net assets</b>		<u>19,492</u>	<u>29,378</u>
<b>Equity</b>			
Issued capital	23	63,970	59,647
Other contributed equity	24	1,491	-
Reserves	25	(50)	1,700
Accumulated losses	26	(45,919)	(31,969)
<b>Total equity</b>		<u>19,492</u>	<u>29,378</u>

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

**LatAm Autos Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 31 December 2017**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Share based payments reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Other contributed equity \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2016	56,992	64	2,281	-	(16,289)	43,048
Loss after income tax benefit for the year	-	-	-	-	(15,680)	(15,680)
Other comprehensive income for the year, net of tax	-	-	(811)	-	-	(811)
Total comprehensive income for the year	-	-	(811)	-	(15,680)	(16,491)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 23)	2,024	-	-	-	-	2,024
Share-based payments (note 40)	631	166	-	-	-	797
Balance at 31 December 2016	<u>59,647</u>	<u>230</u>	<u>1,470</u>	<u>-</u>	<u>(31,969)</u>	<u>29,378</u>

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Share based payments reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Other contributed equity \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2017	59,647	230	1,470	-	(31,969)	29,378
Loss after income tax benefit for the year	-	-	-	-	(13,950)	(13,950)
Other comprehensive income for the year, net of tax	-	-	(1,914)	-	-	(1,914)
Total comprehensive income for the year	-	-	(1,914)	-	(13,950)	(15,864)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 23)	4,155	-	-	-	-	4,155
Share-based payments (note 40)	168	164	-	-	-	332
Value of conversion rights on convertible notes	-	-	-	1,394	-	1,394
Other contributed equity	-	-	-	97	-	97
Balance at 31 December 2017	<u>63,970</u>	<u>394</u>	<u>(444)</u>	<u>1,491</u>	<u>(45,919)</u>	<u>19,492</u>

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

**LatAm Autos Limited**  
**Consolidated statement of cash flows**  
**For the year ended 31 December 2017**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST and equivalents)		7,024	7,853
Payments to suppliers and employees (inclusive of GST and equivalents)		(17,324)	(21,436)
		(10,300)	(13,583)
Interest received		10	64
Other - Net Sales tax recovered/(paid)		(69)	(221)
Net cash used in operating activities	38	(10,359)	(13,740)
<b>Cash flows from investing activities</b>			
Payments for plant and equipment	14	(35)	(267)
Payments for intangibles	15	(1,008)	(1,566)
Net cash used in investing activities		(1,043)	(1,833)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	23	4,663	2,150
Proceeds from convertible note		10,000	-
Capital raising costs		(1,069)	(63)
Net cash from financing activities		13,594	2,087
Net increase/(decrease) in cash and cash equivalents		2,192	(13,486)
Cash and cash equivalents at the beginning of the financial year		4,915	18,361
Effects of exchange rate changes on cash and cash equivalents		(318)	40
Cash and cash equivalents at the end of the financial year	9	<u>6,789</u>	<u>4,915</u>

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

**LatAm Autos Limited**  
**Notes to the consolidated financial statements**  
**31 December 2017**

**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:

<b>Registered office</b>	<b>Principal place of business</b>
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

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 March 2018. The directors have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**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 2017, the Consolidated Entity incurred a loss after tax of \$13,950,000 (2016: \$15,680,000) and had net cash outflows from operating activities of \$10,359,000 (2016: \$13,740,000). At 31 December 2017 the consolidated entity had net assets of \$19,492,000 (31 December 2016: \$29,378,000).

**Note 2. Significant accounting policies (continued)**

Since the end of the financial period, and as announced on 17 January 2018 the Company announced the results of the Share Purchase Plan which was strongly supported by Eligible Shareholders and was oversubscribed with the Company receiving applications totalling \$1.67 million. In total the Company raised \$7.17 million in two tranches:

- Placement - \$5.5 million through a placement announced to ASX on 11 December 2017 to institutional and sophisticated investors in Australia and selected overseas jurisdictions; Senior Management and Directors (subject to shareholder approval at the General Meeting to be held on 9 March 2018). \$4.7 million of this was received in December 2017, with the balance of \$0.8 million (being the Directors portion of the placement) to be received in March 2018 following the General Meeting.
- Share Purchase Plan - \$1.67 million through a Share Purchase Plan which closed on 12 January 2018.

Based on current forecasts the Company does not intend to raise capital in 2018 for working capital purposes, unless due to changes in its strategic direction or unforeseen circumstances.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 34.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 31 December 2017 and the results of all subsidiaries for the period then ended. The Company and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.



**Note 2. Significant accounting policies (continued)**

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**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.

*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.

**Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes of duty.

The Consolidated Entity assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Consolidated Entity has concluded that it is acting as principal in all of its revenue arrangements.

Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Where services have not been provided but the Company is obligated to provide the services in the future, revenue recognition is deferred. Where the Group has utilised the services of a sales agency to sell advertising services on behalf of the Group, the sale is recorded at a value net of sales commissions paid to the sales agency. The specific recognition criteria described below must also be met before revenue is recognised.

**Note 2. Significant accounting policies (continued)**

*Banner advertising*

Revenues from banner advertising are recognised in the period over which the advertisements are placed or as the advertisements are displayed depending on the type of advertising contract.

*Dealership revenue*

Dealership revenue is recognised over the period of time which Dealers use subscription services to put listings on one of the Company's websites. Subscriptions offered to Dealers are on an annual basis, semi-annual basis and on a rolling-monthly basis.

*Individual listings revenue*

Individual listings revenue is recognised when individuals pay to put a listing on one of the Company's websites.

*Interest income*

Interest income is recognised on a time proportionate basis using the effective interest method.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

Latam Autos introduced four new services (Depth Products) which revenue recognition policy is as follows:

*Commission Income*

Commission Income relates to upsell revenue streams which include MotorCredit, Connected Car and Insurance products that the Company sells. Revenues are recognised when both parties sign the sales documentation.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Discontinued operations**

A discontinued operation is a component of the Consolidated Entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

## **Note 2. Significant accounting policies (continued)**

### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

### **Inventories**

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

**Note 2. Significant accounting policies (continued)**

*Impairment of financial assets*

The Consolidated Entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

**Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	3-10 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

**Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

**Note 2. Significant accounting policies (continued)**

**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.

*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.

**Note 2. Significant accounting policies (continued)**

*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.

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.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Provisions**

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled wholly within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Note 2. Significant accounting policies (continued)**

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

*Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial Option Valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**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.

**Note 2. Significant accounting policies (continued)**

**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.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**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.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

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 2017. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

*AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Consolidated Entity will adopt this standard from 1 January 2018. The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.



**Note 2. Significant accounting policies (continued)**

*AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Consolidated Entity will adopt this standard from 1 January 2018. The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

*AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Consolidated Entity will adopt this standard from 1 January 2019 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

**Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Provision for impairment of receivables (Note 10)*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

*Estimation of useful lives of assets (Notes 14 and 15)*

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Goodwill and other indefinite life intangible assets (Note 15)*

The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets (Note 15)*

The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Income tax (Note 7)*

The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognises liabilities for anticipated tax audit issues based on the Consolidated Entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets (Note 16)*

Deferred tax assets are recognised for deductible temporary differences only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**Note 4. 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.

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**Note 4. Operating segments (continued)**

*Intersegment transactions*

There were no material intersegment transactions during the reporting period.

*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*

<b>Consolidated - 2017</b>	<b>Argentina \$'000</b>	<b>Ecuador \$'000</b>	<b>Panama \$'000</b>	<b>Mexico \$'000</b>	<b>Peru \$'000</b>	<b>Total reportable segments \$'000</b>
<b>Revenue</b>						
Sales to external customers	235	2,808	54	2,215	423	5,735
Total sales revenue	235	2,808	54	2,215	423	5,735
Operating expenses	(1,311)	(2,772)	(167)	(6,165)	(594)	(11,009)
<b>EBITDA</b>	<b>(1,076)</b>	<b>36</b>	<b>(113)</b>	<b>(3,950)</b>	<b>(171)</b>	<b>(5,274)</b>

<b>Consolidated - 2016</b>	<b>Argentina \$'000</b>	<b>Ecuador \$'000</b>	<b>Panama \$'000</b>	<b>Mexico \$'000</b>	<b>Peru \$'000</b>	<b>Total reportable segments \$'000</b>
<b>Revenue</b>						
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)
<b>EBITDA</b>	<b>(1,798)</b>	<b>523</b>	<b>(102)</b>	<b>(6,014)</b>	<b>(257)</b>	<b>(7,648)</b>

\* The segment report above has been prepared on a local statutory basis. Mexico is invoiced for various expenses of other countries for operational reasons. In 2017 and 2016 Mexico has approximately \$1,300,000 worth of operating expenses in each year 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 \$1,300,000 and other countries' operating expenses would increase by the same value.

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:

	<b>2017 \$'000</b>	<b>2016 \$'000</b>
<b>Revenue</b>		
Total reportable segment revenues	5,735	7,978
Interest income	10	64
Other revenue	114	163
<b>Group revenues</b>	<b>5,859</b>	<b>8,205</b>

	<b>2017 \$'000</b>	<b>2016 \$'000</b>
<b>Profit or loss</b>		
Total reportable segment EBITDAs	(5,274)	(7,648)
Interest income	10	64
Other revenue	114	163
Foreign exchange loss	(44)	(269)
Financial expenses	(942)	(109)
Depreciation and amortisation expenses	(2,016)	(1,658)
Impairment of assets	(378)	(970)
Share-based payments expense	(518)	(350)
Other non-segment expenses	(5,123)	(5,338)
Income tax (expense)/benefit	221	436
<b>Group profit/(loss) after income tax expense/benefit</b>	<b>(13,950)</b>	<b>(15,679)</b>

**Note 4. Operating segments (continued)**

*Geographical information*

	Sales to external customers		Geographical non-current assets	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Australia	-	-	-	1
Argentina	235	2,677	-	29
Ecuador	2,808	2,448	13,070	15,156
Panama	54	135	6	15
Mexico	2,215	2,095	7,267	7,559
Peru	423	623	1,824	1,958
	<u>5,735</u>	<u>7,978</u>	<u>22,167</u>	<u>24,718</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 5. Revenue**

	Consolidated	
	2017 \$'000	2016 \$'000
<b>From continuing operations</b>		
<i>Sales revenue</i>		
Sales revenue	<u>5,442</u>	<u>5,165</u>
<i>Other revenue</i>		
Interest	10	64
Other revenue	<u>114</u>	<u>163</u>
	<u>124</u>	<u>227</u>
Revenue from continuing operations	<u><u>5,566</u></u>	<u><u>5,392</u></u>

**Note 6. Expenses**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	179	176
<i>Amortisation</i>		
Software	1,614	1,243
Domain names and trademarks	170	184
Content	34	34
Total amortisation	1,818	1,461
Total depreciation and amortisation	1,997	1,637
<i>Impairment</i>		
Receivables	180	94
<i>Finance costs</i>		
Interest expense	902	-
Commissions, bank fees and transaction fees	12	48
Finance costs expensed	914	48
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	454	445
<i>Superannuation expense</i>		
Defined contribution superannuation expense	506	656
<i>Share-based payments expense - employment-related</i>		
Share-based payments expense - equity-settled	518	334
<i>Employee benefits expense</i>		
Employee benefits expense excluding superannuation and share-based payments	5,409	5,227

**Note 7. Income tax benefit**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Income tax benefit</i>		
Current tax	(93)	132
Deferred tax - origination and reversal of temporary differences	(128)	(568)
Aggregate income tax benefit	<u>(221)</u>	<u>(436)</u>
Income tax benefit is attributable to:		
Loss from continuing operations	(257)	(424)
Loss from discontinued operations	36	(12)
Aggregate income tax benefit	<u>(221)</u>	<u>(436)</u>
Deferred tax included in income tax benefit comprises:		
Decrease/(increase) in deferred tax assets (note 16)	84	(287)
Decrease in deferred tax liabilities (note 20)	(212)	(281)
Deferred tax - origination and reversal of temporary differences	(128)	(568)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit from continuing operations	(12,742)	(13,218)
Loss before income tax (expense)/benefit from discontinued operations	(1,429)	(2,898)
	<u>(14,171)</u>	<u>(16,116)</u>
Tax at the statutory tax rate of 30%	(4,251)	(4,835)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payment	-	100
Tax rate differential on accounting profit/(loss)	290	(47)
Permanent differences	425	(74)
Non-deductible amortisation	1,310	1,802
Other	(90)	-
	<u>(2,316)</u>	<u>(3,054)</u>
Current year tax losses not recognised	2,095	2,618
Income tax benefit	<u>(221)</u>	<u>(436)</u>
	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Amounts credited directly to equity</i>		
Deferred tax assets (note 16)	(111)	-
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	30,835	17,571
Potential tax benefit at statutory tax rates	8,821	5,120

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses, which have been generated in different tax jurisdictions in which the Consolidated Entity operates, can only be utilised in the future if the Consolidated Entity is able to comply with the respective jurisdictions' requirements for utilising tax losses.

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**Note 8. Discontinued operations**

*Description*

The Argentinian and Panamanian operations were discontinued in 2017 with the offices being closed and those companies no longer having marketing or employee expenses.

*Financial performance information*

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	293	2,813
Cost of sales	(2)	(9)
Production costs	(50)	(652)
Marketing expenses	(223)	(1,940)
Employee benefits expense	(771)	(1,574)
Depreciation and amortisation expense	(20)	(19)
Impairment of assets	(198)	(875)
Operating lease expense	(78)	(158)
Professional and consulting fees expense	(262)	(186)
Travel expenses	-	(26)
Other expenses	(90)	(210)
Finance costs and related costs	(28)	(62)
Total expenses	<u>(1,722)</u>	<u>(5,711)</u>
Loss before income tax (expense)/benefit	(1,429)	(2,898)
Income tax (expense)/benefit	<u>(36)</u>	<u>12</u>
Loss after income tax (expense)/benefit from discontinued operations	<u><u>(1,465)</u></u>	<u><u>(2,886)</u></u>

*Cash flow information*

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Net cash used in operating activities	(1,279)	(3,102)
Net cash used in investing activities	<u>(1)</u>	<u>(32)</u>
Net decrease in cash and cash equivalents from discontinued operations	<u><u>(1,280)</u></u>	<u><u>(3,134)</u></u>

**Note 9. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	<u><u>6,789</u></u>	<u><u>4,915</u></u>

**Note 10. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	2,258	2,501
Less: Provision for impairment of receivables	(434)	(237)
	<u>1,824</u>	<u>2,264</u>
Other accounts receivable	364	79
Sales taxes receivable - current	<u>1,875</u>	<u>1,836</u>
	<u><u>4,063</u></u>	<u><u>4,179</u></u>

*Impairment of receivables*

The Consolidated Entity has raised a provision for impairment of debtors of \$434,000 in profit or loss in respect of impairment of receivables for the period ended 31 December 2017 (31 December 2016 - \$237,000)

Debtors have been assessed as impaired following a review of outstanding debtors at reporting date and identification of objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Indicators that some trade receivables may be impaired, including significant financial difficulties of debtors, probability that debtors may enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) were identified during the review and an appropriate provision was raised.

The ageing of the impaired receivables provided for above are as follows:

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Over 3 months overdue	<u>434</u>	<u>237</u>

Movements in the provision for impairment of receivables are as follows:

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	237	100
Additional provisions recognised	172	198
Written off	52	(50)
Foreign Exchange	<u>(27)</u>	<u>(11)</u>
Closing balance	<u><u>434</u></u>	<u><u>237</u></u>

*Past due but not impaired*

Customers with balances past due but without provision for impairment of receivables amount to \$1,083,000 as at 31 December 2017 (\$1,168,000 as at 31 December 2016).

The Consolidated Entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.



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**Note 10. Current assets - trade and other receivables (continued)**

The ageing of the past due but not impaired receivables are as follows:

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Less than one month overdue	171	496
1 to 2 months overdue	66	58
2 to 3 months overdue	74	391
Over 3 months overdue	772	223
	<u>1,083</u>	<u>1,168</u>

**Note 11. Current assets - inventories**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Stock on hand - at cost	-	15
	<u>-</u>	<u>15</u>

**Note 12. Current assets - other**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments	301	355
	<u>301</u>	<u>355</u>

**Note 13. Non-current assets - receivables**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Sales taxes receivable - non-current	-	44
	<u>-</u>	<u>44</u>

**Note 14. Non-current assets - plant and equipment**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Plant and equipment - at cost	747	767
Less: Accumulated depreciation	(395)	(235)
	<u>352</u>	<u>532</u>

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**Note 14. Non-current assets - plant and equipment (continued)**

*Reconciliations*

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

<b>Consolidated</b>	<b>Plant &amp; equipment \$'000</b>
Balance at 1 January 2016	525
Additions	267
Disposals	(26)
Exchange differences	(25)
Impairment of assets	(15)
Depreciation expense	(194)
Balance at 31 December 2016	532
Additions	29
Disposals	(29)
Exchange differences	14
Depreciation expense	(194)
Balance at 31 December 2017	<u>352</u>

*Property, plant and equipment secured under finance leases*

Refer to note 32 for further information on property, plant and equipment secured under finance leases.

**Note 15. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>2017 \$'000</b>	<b>2016 \$'000</b>
Goodwill - at cost	17,247	18,248
Software - at cost	6,104	5,539
Less: Accumulated amortisation - software	(3,535)	(1,977)
	<u>2,569</u>	<u>3,562</u>
Domain names and trademarks - at cost	2,503	2,655
Less: Accumulated amortisation - Domain names and trademarks	(537)	(362)
	<u>1,966</u>	<u>2,293</u>
Content - at cost	133	139
Less: Accumulated amortisation - Content	(104)	(71)
	<u>29</u>	<u>68</u>
	<u>21,811</u>	<u>24,171</u>

**Note 15. 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:

<b>Consolidated</b>	<b>Content \$'000</b>	<b>Domain names and trademarks \$'000</b>	<b>Software \$'000</b>	<b>Goodwill \$'000</b>	<b>Total \$'000</b>
Balance at 1 January 2016	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
Impairment of assets	-	(35)	(7)	(22)	(64)
Exchange differences	4	(137)	172	(977)	(938)
Balance at 31 December 2016	68	2,293	3,562	18,248	24,171
Additions	-	-	1,008	-	1,008
Amortisation expense	(35)	(170)	(1,618)	-	(1,823)
Exchange differences	(4)	(157)	(383)	(1,001)	(1,545)
Balance at 31 December 2017	29	1,966	2,569	17,247	21,811

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.

	<b>Consolidated</b>	
	<b>2017 \$'000</b>	<b>2016 \$'000</b>
Demotores.com.mx & Seminuevos.com (Mexico)	6,523	6,703
PatioTuerca.com (Ecuador, Panama, Bolivia)	9,128	9,886
Todoautos.pe (Peru)	1,596	1,659
Goodwill allocation at 31 December	17,247	18,248

**Note 15. Non-current assets - intangibles (continued)**

The group utilises the fair value less cost to sell methodology when assessing the carrying value of goodwill and other indefinite life intangibles. This assessment of fair value less costs to sell considers the company's own assessment methodology used when determining appropriate consideration for acquisitions. That same methodology is also applied in the event of an approach for a particular business unit or cash generating unit that is considered to be a serious offer. The key inputs methodology inputs include but are not limited to:

- an average Enterprise Value / Revenue multiple of between 6.9x - 10.7x derived from comparable companies and transactions;
- an "investment liquidity" discount of up to 20% is applied where relevant in comparison to comparable listed companies;
- a "size" discount of up to 20% is applied where relevant to comparable listed companies, representing the companies relative size based on revenues, volumes, profits etc; and a "control" premium of up to 30% is applied where relevant in comparison to comparable listed companies, representing the value of a company on a full control basis.

The Company also considered other factors as a reasonableness check on the valuations. These included:

- the operating performance of each cash generating unit against the following KPIs:
  - (i) site listings,
  - (ii) site traffic, and
  - (iii) Country of business and the general competitive landscape in a particular market

Impact of possible changes in key assumptions

Management do not consider that a reasonable change in any key assumptions would lead to impairment.

Identifiable intangible assets with finite lives - remaining amortisation periods

Domain names and trademarks - 11.97 years

Software - 1.98 years

Content – 0.84 years

**Note 16. Non-current assets - deferred tax**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Provisions	323	381
Other temporary differences	114	(6)
	<u>437</u>	<u>375</u>
Amounts recognised in equity:		
Transaction costs on share issue	111	138
Deferred tax asset	<u>548</u>	<u>513</u>
<i>Movements:</i>		
Opening balance	513	313
Credited/(charged) to profit or loss (note 7)	(84)	287
Credited to equity (note 7)	111	-
Exchange rate adjustments	(18)	(59)
Other	26	(28)
Closing balance	<u>548</u>	<u>513</u>

**Note 17. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	2,731	2,484
Sales tax payable	221	302
Other payables	176	225
	<u>3,128</u>	<u>3,011</u>

Refer to note 28 for further information on financial instruments.

**Note 18. Current liabilities - provisions**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee benefits	901	951
Provisions - labour and regulatory costs	92	88
	<u>993</u>	<u>1,039</u>

*Labour and regulatory costs*

The provision represents: (i) management's estimate of labour-related and regulatory-related costs arising from past activities which are not currently payable and in relation to which no confirmation of liability has yet been ascertained but which may become payable in the future upon provision of relevant documentation; and (ii) as at 31 December 2017, includes a provision for issue of shares to employees relating to the year ended 31 December 2016 but to be granted after year end.

*Service fees payable*

The provision represents management's estimate of costs for services provided to the Consolidated Entity by external service suppliers prior to the reporting date, but for which no specific amount payable can yet be precisely determined.

*Movements in provisions*

Movements in each class of provision during the current financial period are set out below:

	<b>Labour and regulatory costs \$'000</b>	<b>Other \$'000</b>
<b>Consolidated - 2017</b>		
Carrying amount at the start of the year	88	-
Additional provisions recognised	92	-
Payments	(88)	-
	<u>92</u>	<u>-</u>
Carrying amount at the end of the year		

**Note 19. Current liabilities - other**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred revenue	287	315

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**Note 20. Non-current liabilities - deferred tax**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Employee participation in profit	62	134
Intangibles	550	696
	<u>612</u>	<u>830</u>
Deferred tax liability	<u>612</u>	<u>830</u>
<i>Movements:</i>		
Opening balance	830	1,248
Credited to profit or loss (note 7)	(212)	(281)
Exchange rate adjustments	(6)	(100)
Consol. Adjustment	-	(37)
	<u>612</u>	<u>830</u>
Closing balance	<u>612</u>	<u>830</u>

**Note 21. Non-current liabilities - employee benefits**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee benefits	<u>230</u>	<u>151</u>

**Note 22. Non-current liabilities - Convertible Note**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Convertible note at fair value	<u>9,122</u>	<u>-</u>

The parent entity received \$10,000,000 during the financial year in relation to convertible notes to be issued.

The key terms of the Notes are as follows:

- 3 year term
- 8% p.a. interest rate paid quarterly or capitalised
- Fixed conversion price of \$0.16
- The convertible notes are secured over the Company's Mexican and Ecuadorean wholly owned subsidiaries
- The convertible notes can be repaid at any time by LatAm Autos, where noteholders can elect to receive the money owing in either cash or ordinary shares in LatAm Autos at 16 cents. Conversion into ordinary shares will be subject to requisite regulatory and shareholder approvals

**Note 22. Non-current liabilities - Convertible Note (continued)**

The convertible note is a hybrid financial instrument which contains debt and equity components.

The convertible notes are presented in the Statement of financial position as follows:

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Fair value of notes to be issued	10,000	-
Other equity securities - value of convertible rights	(1,450)	-
	<u>8,550</u>	<u>-</u>
Expenses associated with the liability component	(326)	-
Interest expense *	898	-
Non-current liability	<u>9,122</u>	<u>-</u>

\*Interest expense is calculated by applying the effective interest rate of 17.5% to the liability component.

**Note 23. Equity - issued capital**

	<b>Consolidated</b>			
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>344,746,954</u>	<u>310,258,777</u>	<u>63,970</u>	<u>59,647</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	1 January 2016	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	310,258,777		59,647
Share issue to employees	17 July 2017	1,917,500	\$0.0000	168
Issue of placement shares	15 December 2017	32,570,677	\$0.1400	4,560
Costs of issuing shares		-		(405)
Balance	31 December 2017	<u>344,746,954</u>		<u>63,970</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.

**Note 23. Equity - issued capital (continued)**

*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 24. Equity - Other contributed equity**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Convertible note	1,394	-
Other contributed equity	97	-
	<u>1,491</u>	<u>-</u>

**Note 25. Equity - reserves**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency reserve	(444)	1,470
Share-based payments reserve	394	230
	<u>(50)</u>	<u>1,700</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.



**Note 25. Equity - reserves (continued)**

*Movements in reserves*

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

<b>Consolidated</b>	Share based payments reserve \$'000	Foreign currency Translation reserve \$'000	Total \$'000
Balance at 1 January 2016	64	2,281	2,345
Foreign currency translation	-	(811)	(811)
Share based employee incentives expense	166	-	166
Balance at 31 December 2016	230	1,470	1,700
Share based employee incentives expense	164	(1,914)	(1,750)
Balance at 31 December 2017	394	(444)	(50)

**Note 26. Equity - accumulated losses**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Accumulated losses at the beginning of the financial year	(31,969)	(16,289)
Loss after income tax (expense)/benefit for the year	(13,950)	(15,680)
Accumulated losses at the end of the financial year	(45,919)	(31,969)

**Note 27. Equity - dividends**

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

**Note 28. Financial instruments**

***Financial risk management objectives***

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Consolidated Entity's operating units. Finance reports to the Board on a monthly basis.

**Note 28. Financial instruments (continued)**

**Market risk**

*Foreign currency risk*

Foreign exchange risk arises from commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Consolidated Entity derives approximately 100% of its revenue, incurs the majority of its costs, and has the majority of its assets and liabilities located in, or arising from activities carried out via subsidiary companies incorporated in countries outside of Australia, namely Argentina, Mexico, Ecuador, Peru and Panama. The activities of the subsidiary companies in these countries are denominated in their respective functional currencies as follows:

- Argentina - Argentine peso (ARS)
- Mexico - Mexican peso (MXN)
- Ecuador and Panama - US dollar (USD)
- Peru - Peruvian Nuevo Sol (PEN)

This exposure could have a material effect on the results of the Consolidated Entity, in particular the exchange differences arising from the translation of the Consolidated Entity's net investment in the respective subsidiary companies.

The Consolidated Entity also maintains a significant US dollar bank account containing funds available to support future investment requirements in the Latin American region.

The average exchange rates and reporting date exchange rates applied were as follows:

	<b>Average exchange rates</b>		<b>Reporting date exchange rates</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Australian dollars</b>				
Argentine peso (ARS)	13.2382	10.4870	14.9598	11.5166
Mexican peso (MXN)	15.1511	13.7895	15.3570	14.9451
Peruvian Nuevo Sol (PEN)	2.4771	2.4565	2.5251	2.4291
US dollar (USD)	0.7508	0.7246	0.7807	0.7208

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	<b>Assets</b>		<b>Liabilities</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Consolidated</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
US dollar	325	110	-	-

The Consolidated Entity had net financial assets denominated in foreign currencies of \$A325,000 (assets \$A325,000 less liabilities \$Nil) as at 31 December 2017 (31 December 2016 - net financial assets denominated in foreign currencies of \$A110,000).

The following table illustrates the sensitivity of profit and equity in regards to the Group's assets and liabilities in light of potential changes to the respective currencies applicable to those assets and liabilities. It assumes a +/- 5% change in all exchange rates for the year ended at 31 December 2017. This percentage has been determined based on the average market volatility in exchange rates in the previous three months across the relevant currencies. The sensitivity analysis is based on the Group's relevant foreign currency assets and liabilities held at reporting date.

**Note 28. Financial instruments (continued)**

Consolidated - 2017	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax \$'000	Effect on equity \$'000		Effect on profit before tax \$'000	Effect on equity \$'000
US dollar	5%	<u>(15)</u>	<u>(15)</u>	5%	<u>17</u>	<u>17</u>
Consolidated - 2016	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax \$'000	Effect on equity \$'000		Effect on profit before tax \$'000	Effect on equity \$'000
US dollar	5%	<u>(5)</u>	<u>(5)</u>	5%	<u>6</u>	<u>6</u>

*Price risk*

The Consolidated Entity is not exposed to any significant price risk.

*Interest rate risk*

As at reporting date the Consolidated Entity has cash at bank of \$6,789,000 and a Convertible Note. Cash at bank is held in a number of bank accounts, operated by the Consolidated Entity's subsidiaries and its head office function, some of which are interest-bearing and some of which are not.

Accordingly, the Consolidated Entity's main interest rate risk arises from fluctuations in variable bank deposit rates and their impact on interest revenue. This risk is currently considered immaterial.

As at the reporting date, the Consolidated Entity had the following variable rate bank accounts:

Consolidated	2017		2016	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Bank accounts - interest-bearing	0.49%	<u>6,557</u>	0.60%	<u>3,494</u>
Net exposure to cash flow interest rate risk		<u>6,557</u>		<u>3,494</u>

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity.

The Group is exposed to this risk for various financial instruments, for example by generating trade receivables from sales, depositing cash in bank accounts, generating sales tax receivables from various taxing authorities etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

**Note 28. Financial instruments (continued)**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Classes of financial assets</b>		
Cash at bank	6,789	4,915
Trade accounts receivable	1,824	2,264
Other accounts receivable - current	364	79
	<hr/>	<hr/>
Total financial assets	<b>8,977</b>	<b>7,258</b>
	<hr/>	<hr/>

The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

Other than trade receivables, the Consolidated Entity's main counterparties are major, reputable banks and government sales tax authorities. The Consolidated Entity is satisfied that the risk of default on the part of these counterparties is low.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

Details, as at reporting date, of trade receivables past due and trade receivables assessed as impaired are set out in Note 10.

The Group's management considers that all of the above financial assets that are not impaired or past due at the reporting date are of good credit quality.

***Liquidity risk***

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Note 28. Financial instruments (continued)**

*Remaining contractual maturities*

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>Consolidated - 2017</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	2,731	-	-	-	2,731
Deferred income	-	287	-	-	-	287
Other payables	-	176	-	-	-	176
<i>Interest-bearing</i>						
Liability component C-Note	8.00%	-	-	8,550	-	8,550
Total non-derivatives		3,194	-	8,550	-	11,744
<b>Derivatives</b>						
Equity component C-Note	-	-	-	1,450	-	1,450
Total derivatives		-	-	1,450	-	1,450
<b>Consolidated - 2016</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	2,484	-	-	-	2,484
Deferred income	-	315	-	-	-	315
Other payables	-	225	-	-	-	225
Total non-derivatives		3,024	-	-	-	3,024

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

***Fair value of financial instruments***

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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**Note 29. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the Consolidated Entity is set out below:

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	1,145,224	1,141,474
Post-employment benefits	37,233	23,411
Share-based payments	95,101	90,676
	<u>1,277,558</u>	<u>1,255,561</u>

**Note 30. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company, and its network firms:

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - Grant Thornton Audit Pty Ltd</i>		
Audit or review of the financial statements	<u>88,000</u>	<u>90,000</u>
<i>Other services - Grant Thornton Australia Limited</i>		
Tax consulting	<u>17,500</u>	<u>39,440</u>
	<u>105,500</u>	<u>129,440</u>
<i>Audit services - network firms</i>		
Audit or review of the financial statements	<u>58,028</u>	<u>56,894</u>

**Note 31. Contingent liabilities**

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

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**Note 32. Commitments**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	287	307
One to five years	209	320
	<u>496</u>	<u>627</u>
<i>Operating Lease arrangements</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	70	72
One to five years	76	148
	<u>146</u>	<u>220</u>
Total commitment	146	220
Less: Future finance charges	-	-
	<u>146</u>	<u>220</u>
Net commitment recognised as liabilities		

Operating lease arrangements relate to leases of various premises used by the Consolidated Entity as business offices in Ecuador, Mexico and Peru. The leases are non-cancellable and have terms ranging from one to five years.

**Note 33. Related party transactions**

*Parent entity*

LatAm Autos Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 35.

*Associates*

Interests in associates are set out in note 36.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

*Transactions with related parties*

During the financial year, there was a related party transaction between Log Creek Pty Ltd and consolidated entity in relation to office rent at the premises of 88 Collins Street, at an amount of A\$1,400 per month.

There was also a related party transaction between Log Creek Pty Ltd and Startive Ventures Inc. in relation to the unlisted convertible note issue completed during the financial year. Log Creek Pty Ltd and Startive were issued 7,750,000 and 1,000,000 unlisted convertible notes respectively.

There were no other transactions with related parties during the current and previous reporting date.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 34. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax	(2,673)	(1,923)
Total other comprehensive income/(loss)	(2,673)	(1,923)

*Statement of financial position*

	<b>Parent</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Total current assets	6,896	3,888
Total assets	58,462	46,772
Total current liabilities	874	347
Total liabilities	10,002	362
Equity		
Issued capital	63,970	59,647
Other contributed equity	1,394	-
Foreign currency reserve	(223)	(223)
Share-based payments reserve	394	230
Accumulated losses	(17,075)	(13,244)
Total equity	48,460	46,410

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2017 nor at 31 December 2016.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 31 December 2017 (31 December 2016 - Nil).

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2017 (31 December 2016 - Nil).

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.



**Note 35. 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	
		2017 %	2016 %
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 36. Interests in associates**

The Consolidated Entity does not have any interests in associates during the current reporting period.

**Note 37. Events after the reporting period**

On 17 January 2018 the Company announced the results of the Share Purchase Plan which was strongly supported by Eligible Shareholders and was oversubscribed with the Company receiving applications totalling \$1.67 million. In total the Company raised \$7.17 million in two tranches:

- Placement - \$5.5 million through a placement announced to ASX on 11 December 2017 to institutional and sophisticated investors in Australia and selected overseas jurisdictions; Senior Management and Directors (subject to shareholder approval at the General Meeting to be held on 9 March 2018). \$4.7 million of this was received in December 2017, with the balance of \$0.8 million (being the Directors portion of the placement) to be received in March 2018 following the General Meeting.
- Share Purchase Plan - \$1.67 million through a Share Purchase Plan which closed on 12 January 2018.

No other matter or circumstance has arisen since 31 December 2017 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.

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**Note 38. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax (expense)/benefit for the year	(13,950)	(15,680)
Adjustments for:		
Depreciation and amortisation	2,016	1,658
Impairment of non-current assets	378	970
Net loss/(gain) on disposal of property, plant and equipment	(1)	52
Share-based payments	187	334
Foreign exchange differences	(44)	269
Interest of convertible note	898	-
Capital raising costs	28	-
Change in operating assets and liabilities excluding assets and liabilities acquired through business combinations:		
Decrease/(increase) in trade and other receivables	440	(1,023)
Decrease/(increase) in prepayments	(231)	(198)
Net movement in sales tax payable/receivable	(77)	(130)
Decrease/(increase) in inventories	14	4
Net movement in deferred tax assets/liabilities	(140)	(618)
Increase/(decrease) in deferred revenue	(28)	(57)
Increase in trade and other payables	213	641
Increase/(decrease) in employee benefits	(51)	109
Decrease in other provisions	(11)	(71)
Net cash used in operating activities	<u>(10,359)</u>	<u>(13,740)</u>

**Note 39. Earnings per share**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of LatAm Autos Limited	<u>(12,485)</u>	<u>(12,794)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>312,563,855</u>	<u>309,409,359</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>312,563,855</u>	<u>309,409,359</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(3.99)	(4.13)
Diluted earnings per share	(3.99)	(4.13)
	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of LatAm Autos Limited	<u>(1,465)</u>	<u>(2,886)</u>

**Note 39. Earnings per share (continued)**

	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	312,563,855	309,409,359
Weighted average number of ordinary shares used in calculating diluted earnings per share	312,563,855	309,409,359
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.47)	(0.93)
Diluted earnings per share	(0.47)	(0.93)
	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of LatAm Autos Limited	(13,950)	(15,680)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	312,563,855	309,409,359
Weighted average number of ordinary shares used in calculating diluted earnings per share	312,563,855	309,409,359
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(4.46)	(5.06)
Diluted earnings per share	(4.46)	(5.06)

**Note 40. Share-based payments**

**(a) Performance Rights**

A Long Term Incentive Plan has been established by the Consolidated Entity and approved by shareholders at a general meeting, whereby the Consolidated Entity may, at the discretion of the Board, grant performance rights over ordinary shares in the Company ("Rights") to certain employees of the Consolidated Entity.

The grant of Rights is a long term incentive intended to align the interests of employees with other owners of the Company.

Upon vesting, each Right entitles the holder to receive one ordinary share in the Company at no cost to the employee.

The number of Rights that will vest is contingent on the Company's total shareholder return (TSR) relative to comparable companies ("Peer Group") over a designated period.

**Note 40. Share-based payments (continued)**

Set out below are summaries of Rights granted under the plan:

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/07/2015	30/01/2019	\$0.0000	3,366,670	-	-	-	3,366,670
18/03/2016	31/01/2020	\$0.0000	691,664	-	-	-	691,664
18/03/2016	31/01/2020	\$0.0000	691,669	-	-	-	691,669
16/05/2016	31/01/2020	\$0.0000	258,333	-	-	-	258,333
16/05/2016	31/01/2020	\$0.0000	258,334	-	-	-	258,334
27/09/2016	28/02/2020	\$0.0000	150,000	-	-	-	150,000
17/07/2017	31/05/2021	\$0.0000	-	966,666	-	-	966,666
17/07/2017	31/05/2021	\$0.0000	-	966,666	-	-	966,666
			5,416,670	1,933,332	-	-	7,350,002

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
13/07/2015	28/02/2016	\$0.0000	150,000	-	(125,000)	(25,000)	-
27/07/2015	30/01/2019	\$0.0000	3,700,004	-	-	(333,334)	3,366,670
18/03/2016	31/01/2020	\$0.0000	-	799,997	-	(108,333)	691,664
18/03/2016	31/01/2020	\$0.0000	-	800,003	-	(108,334)	691,669
16/05/2016	31/01/2020	\$0.0000	-	258,333	-	-	258,333
16/05/2016	31/01/2020	\$0.0000	-	258,334	-	-	258,334
27/09/2016	28/02/2020	\$0.0000	-	150,000	-	-	150,000
			3,850,004	2,266,667	(125,000)	(575,001)	5,416,670

\* An amount of \$166,196 was recognised as an expense for the Rights during the current financial year (2016: \$165,692).

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3 years (2016: 3 years).

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are set out below.

The pricing model used to value the performance rights granted during the current financial year was the Binomial Options Valuation Model.

The volatilities used in the valuation models were based upon the volatility of the Company's share price from the date of its listing on the ASX (17 December 2014) to the valuation date (17 July 2017).

Market factors were factored into the pricing model by adjusting the fair value of the performance rights through the application of a Binomial Options Valuation model to determine the theoretical Total Shareholder Returns of the respective Peer Group companies, against which the Company's performance will be compared during the vesting period, and the Company. "Total Shareholder Return" is defined as the total return of a share to an investor (capital gain plus dividends reinvested as at the ex-dividend date).

**Note 40. Share-based payments (continued)**

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
27/07/2015	30/01/2019	\$0.2900	\$0.0000	64.75%	-	2.03%	\$0.159
27/07/2015	30/01/2019	\$0.2900	\$0.0000	64.75%	-	2.03%	\$0.168
18/03/2016	31/01/2020	\$0.2550	\$0.0000	63.96%	-	1.98%	\$0.081
18/03/2016	31/01/2020	\$0.2550	\$0.0000	63.96%	-	1.98%	\$0.107
16/05/2016	31/01/2020	\$0.3000	\$0.0000	63.53%	-	1.56%	\$0.101
16/05/2016	31/01/2020	\$0.3000	\$0.0000	63.53%	-	1.56%	\$0.137
17/07/2017	31/05/2021	\$0.0980	\$0.0000	103.90%	-	2.17%	\$0.016
17/07/2017	31/05/2021	\$0.0980	\$0.0000	103.90%	-	2.17%	\$0.018

**(b) Shares issued to employees**

The Company may, from time to time, issue shares to employees of the Consolidated Entity.

The Consolidated Entity has established as Short Term Incentive plan (STIP) under which the Board may issue fully paid ordinary shares in the Company (Shares) on an annual basis to selected employees, conditional on their achieving certain performance targets during the financial year.

During the period ended 31 December 2017, the Company proposed to issue Shares to employees in recognition of their performance during the year ended 31 December 2017, subject to Board approval and acceptance by the respective employees. An estimate has been made of the STI based on the performance targets of the individual employees. The value of these Shares amounting to \$353,625 was accrued as at 31 December 2017 and recorded as a share-based payment expense in the Statement of profit or loss and other comprehensive income of the Consolidated Entity for that financial period, although the Shares were not issued as at the end of the financial period.

The company issued the following shares to parties in connection with their employment by the Consolidated Entity. The shares vested immediately.

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
2,525,893 shares to be issued to employees under STI Plan in 2018 (value recorded at year end)	353,625	168,375

**(c) Shares issued to third parties in return for services**

The Company may, from time to time, issue shares to third parties as consideration for goods and/or services provided to the Consolidated Entity by those parties. All such transactions are settled in equity and vest immediately, unless otherwise stated. Details of these issues made during the reporting period are as follows:

**LatAm Autos Limited**  
**Directors' declaration**  
**31 December 2017**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



---

Tim Handley  
Executive Chairman

29 March 2018



# Grant Thornton

Collins Square, Tower 1  
727 Collins Street  
Docklands Victoria 3008

Correspondence to:  
GPO Box 4736  
Melbourne Victoria 3001

T +61 3 8320 2222  
F +61 3 8320 2200  
E [info.vic@au.gt.com](mailto:info.vic@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## Independent Auditor's Report to the Members of LatAm Autos Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of LatAm Autos Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Group has incurred a net loss of \$13,950,000 and net operating cash outflows \$10,359,000 of during the year ended 31 December 2017. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<b>Goodwill and intangible asset impairment (Note 15)</b>  Goodwill and other intangibles total \$21,811,000 at 31 December 2017. These amounts relate to four Cash Generating Units (CGUs).  The carrying value of goodwill and other intangibles represent the most significant asset value and require significant judgement over the accounting methodology and hence have been determined as a key audit matter.	Our procedures included, amongst others: <ul style="list-style-type: none"> <li>• assessment of management's determination of the Group's CGUs based on our understanding of the Group's business and the economic environment in which the Group operates;</li> <li>• evaluation of management's process for the preparation and analysed the estimated fair value less costs to sell models (including considering comparable businesses and transactions), taking into consideration the impacts of the Group and CGU specific challenges;</li> <li>• review of the process for determining and assessing specific impairment indicators; and</li> <li>• assessment of the adequacy of financial report disclosures.</li> </ul>



**Information Other than the Financial Report and Auditor's Report Thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the 31 December 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

**Responsibilities of the Directors' for the Financial Report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the 31 December 2017

In our opinion, the Remuneration Report of LatAm Autos Limited, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B A Mackenzie  
Partner – Audit & Assurance

Melbourne, 29 March 2018

**LatAm Autos Limited**  
**Shareholder information**  
**31 December 2017**

The shareholder information set out below was applicable as at 27 March 2018.

**Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	42
1,001 to 5,000	378
5,001 to 10,000	265
10,001 to 100,000	607
100,001 and over	232
	<u>1,524</u>
Holding less than a marketable parcel	<u>304</u>

**Equity security holders**

*Twenty largest shareholders*

The names of the twenty largest shareholders are listed below:

	Fully paid Issued shares Number held	Issued shares % of total shares issued
Chestnut Partners Limited	50,000,000	13.96
Log Creek Pty Ltd (The Log Creek Vineyard A/C)	37,662,845	10.51
HSBC Custody Nominees (Australia) Limited	32,163,021	8.98
Citicorp Nominees Pty Limited	14,663,471	4.10
Invia Custodian Pty Limited (Fern Estates Pty Ltd A/C)	13,550,185	3.78
Jorge Mejia Ribadeneira	10,212,955	2.85
HSBC Custody Nominees (Australia) Limited-GSCO ECA	9,285,714	2.59
Mr Andrew Rudolph Sypkes & Mrs Elizabeth Anne Patrusma (R & E Sypkes Family A/C)	7,592,050	2.12
Netwealth Investments Limited (Super Services A/C)	6,114,837	1.71
Meruma Pty Ltd (Meruma Investment A/C)	5,925,926	1.65
SDS Capital No2 Pty Ltd (SDS Capital No 2 Unit A/C)	5,447,925	1.52
Monash Investment Nominees Pty Ltd	5,158,334	1.44
Andres Jacobo Moreno Noboa	4,219,675	1.18
Patterson Cheney Investments Pty Ltd	4,151,642	1.16
UBS Nominees Pty Ltd	3,976,797	1.11
Netwealth Investments Limited (Wrap Services A/C)	3,964,550	1.11
CS Fourth Nominees Pty Limited (HSBC Cust Nom AU Ltd 11 A/C)	3,951,461	1.10
HSBC Custody Nominees (Australia) Limited - A/C 2	3,784,564	1.06
AET SFS Pt Ltd (LAA EIP Allocated A/C)	3,587,777	1.00
Brispot Nominees Pty Ltd (House Head Nominee A/C)	3,511,392	0.98
	<u>228,925,121</u>	<u>63.91</u>

**LatAm Autos Limited**  
**Shareholder information**  
**31 December 2017**

*Unquoted equity securities*

	<b>Number on issue</b>	<b>Number of holders</b>
2015 Performance rights	3,366,670	21
2016 Performance rights	2,050,000	20
2017 Performance rights	1,933,332	17
Unlisted options	44,205,938	270
Convertible notes	10,000,000	4

**Substantial holders**

Substantial holders in the Company are set out below:

	<b>Ordinary shares % of total shares issued</b>
<b>Number held</b>	
Timothy Handley & Gareth Bannan	50,000,000 13.96
Log Creek Pty Ltd (ATF the Log Creek Vineyard Trust)	37,662,845 10.51
Simon Clausen	26,500,000 7.40

**Voting rights**

The voting rights attached to shares are set out below:

*Ordinary shares*

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.

*Performance rights*

Performance rights do not have voting rights attached.

There are no other classes of equity securities.