

LatAm Autos Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: LatAm Autos Limited
ABN: 12 169 063 414
Reporting period: For the half-year ended 30 June 2019
Previous period: For the half-year ended 30 June 2018

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	6.4% to	3,666
Loss from ordinary activities after tax attributable to the owners of LatAm Autos Limited	down	6.5% to	(6,036)
Loss for the half-year attributable to the owners of LatAm Autos Limited	down	6.5% to	(6,036)

Dividends

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

Comments

The loss for the Consolidated Entity after providing for income tax amounted to \$6,036,000 (30 June 2018: \$6,454,000).

For a brief explanation of any of the figures reported above, please refer to the financial report for the half-year ended 30 June 2019 released with this document.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.92)</u>	<u>(0.55)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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


The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year Financial Report.

11. Attachments

Details of attachments (if any):

The Half-year Financial Report of LatAm Autos Limited for the half-year ended 30 June 2019 is attached.

12. Signed

Signed  _____

Date: 30 August 2019

Michael Fitzpatrick
Chairman

LatAm Autos Limited

ABN 12 169 063 414

Half-year Financial Report - 30 June 2019

LatAm Autos Limited

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LatAm Autos Limited
Corporate directory
30 June 2019

Directors	Michael Fitzpatrick (Chairman) Jorge Mejía Ribadeneira (Executive Director & Chief Executive Officer) Simon Clausen (Non-executive Director) Tim Handley (Non-executive Director) Colin Galbraith (Non-executive Director) - retired on 21 May 2019 Gareth Bannan (Alternate Director) Cameron Griffin (Alternate Director) Joe Hanna (Non-executive Director) - 26 July 2019 Donald Cahill (Non-executive Director) - 26 July 2019
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 Mexico S de RL de CV Av. Homero 407, Polanco Ciudad de Mexico Mexico Tel: +52 55 4161 8830
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000
Auditor	Grant Thornton Collins Square, Tower 5 727 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
Corporate Governance Statement	Corporate governance statements are available in Group's website. Please refer to http://www.latamautos.com/

LatAm Autos Limited
Directors' report
30 June 2019

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 half-year ended 30 June 2019.

Directors

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

Michael Fitzpatrick (Chairman)
Jorge Mejía Ribadeneira (Executive Director & Chief Executive Officer)
Simon Clausen (Non-executive Director)
Tim Handley (Non-executive Director)
Colin Galbraith (Non-executive Director) – retired 21 May 2019
Gareth Bannan (Alternate Director)
Cameron Griffin (Alternate Director)
Joe Hanna (Non-executive Director) – appointed 26 July 2019
Donald Cahill (Non-executive Director) – appointed 26 July 2019

Principal activities

The Consolidated Entity is a dedicated online auto classifieds business with operations in Argentina, Mexico, Ecuador, Peru, Panama and Bolivia. 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 half-year.

Review of Operations

The loss for the Consolidated Entity for 1H19 after providing for income tax amounted to \$6,036,000 (1H18: \$6,454,000), a decrease of 6%.

Financial Performance

The Company achieved sales of \$3,666,000 for 1H19 (1H18: \$3,444,000) which represents 6% growth, and a loss after providing for income tax amounted to \$5,969,000 for 1H19 (1H18: \$6,385,000) on a continuing operations basis. There was no change in Company's EBITDA (after share-based payments) loss for continued operations between 1H18 and 1H19, largely representing increased investment in the Company's salesforce to extend its presence in Mexico's regional cities.

During 1H19 the Company's main focus continued to be to develop its Motorfy / FinTech ("Motorfy") business; the main revenue generator being auto loan products. This was mainly due substantial scope for improvement in internal processes, inclusion of additional Financial Institutions as partners to Motorfy, the large untapped market size due to an increase of the Company's dealer base and increase of the engagement of the dealer base using the Motorfy app.

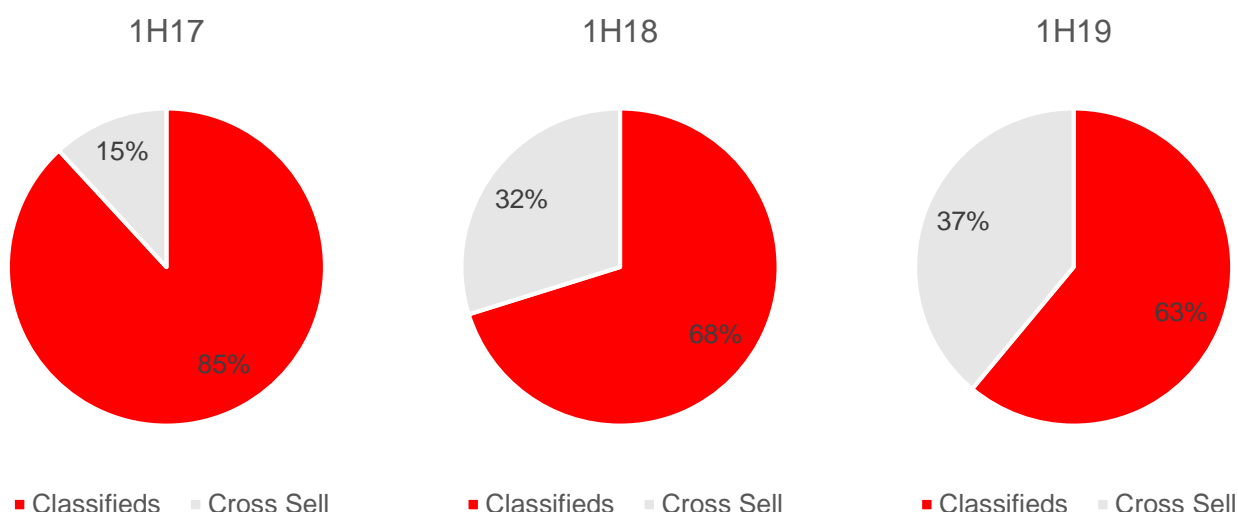
Additionally, on a macro level Motorfy is experiencing a number of tailwinds, including a substantially under-served population, an increase in used cars being financed in Mexico by 10% from 1H18 to 1H19, a greater acceptance of FinTechs in the Mexican market and increase in internet penetration in Mexico.

Revenue from Motorfy products in Mexico contributed a material proportion to revenue growth in 1H19 and represented 29% of revenue for continued operations. Motorfy revenue from both Mexico and Ecuador contributed 37% of total consolidated revenue in 1H19. Motorfy Credit unit sales grew 43% compared to 1H18. Management expects substantial continued growth in 2H19 from these FinTech revenue sources.

In local currency terms, revenues grew 12% in Mexico, driven by Motorfy products which grew 53%, 1H19 compared to 1H18. In AUD terms, revenues grew 19% in Mexico, driven by Motorfy products which grew 63%, 1H19 compared to 1H18.

Revenue generated per complete loan package in Mexico (including Insurance, GPS and Warranty products) can generate up to 11.5x that of a monthly online classifieds dealer subscription package.

Chart 1: Composition of LAA's Consolidated Revenue for 1H17, 1H18 and 1H19



Mexico Continues to grow its Motorfy / FinTech unit sales

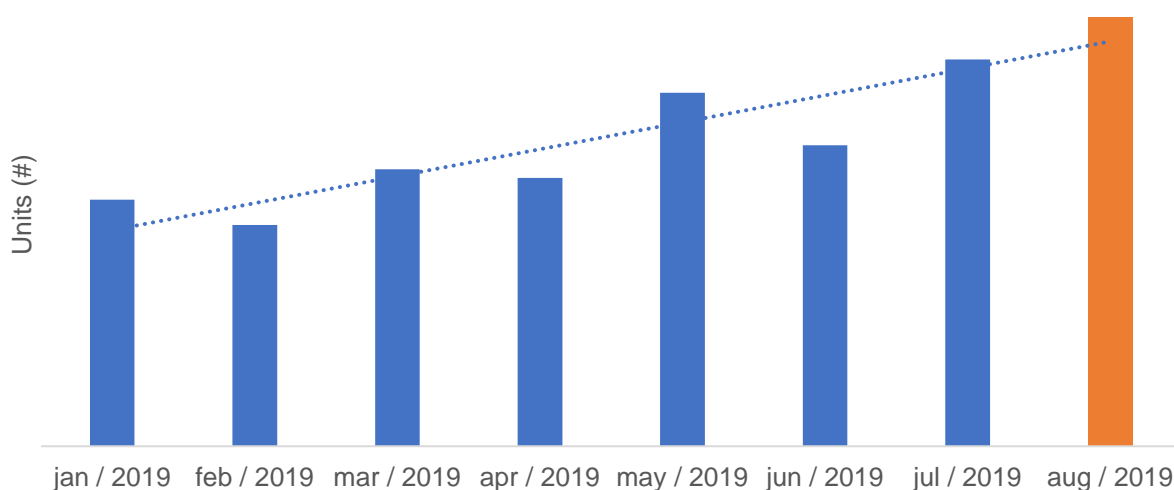
During 1H19 calendar year the Company's Mexican business achieved several records regarding operational key metrics, in addition to its Motorfy product unit sales (which increased revenues by +53% pcp in LCCY).

These Motorfy products (being auto loans, insurance, GPS and mechanical warranty) allow LAA's Mexican business, seminuevos.com, combined with its classified site, to be a full vehicle transaction marketplace.

Milestones:

1. New partnerships with Financial Institutions. The Company now has six Financial Institutions for its Motorfy product to be able to cover the entire credit spectrum in the Mexican market.
2. Motorfy Mexico units sold grew 39% during 1H19 on pcp. This was mainly due to an increase of 43% in Motorfy Credit and 46% in Motorfy Insurance.
3. Continued strong performance of Motorfy Credit Mexico into 2H19. July 2019 was a record month in terms of unit sales, growing 28% over June 2019 and forecast new record in August 2019.
4. Increased penetration of Dealer network and Dealer engagement with the Company's main transactional app, the Motorfy App. In 1H19 Active Dealers using Motorfy more than doubled pcp.

Chart 2: YTD Motorfy Mexico Credit Unit Sales*



*Units for August 2019 are an estimate

Classifieds

LAA has experienced a substantial increase in dealer penetration in the Mexican market due to several reasons:

1. Deploy of new "Lead Management System". Fully integrated with WhatsApp - which has significantly increased the number and quality of leads sent to dealers
2. Successful integration with Facebook Marketplace - Facebook recognised LAA with a publication of a success story regarding the partnership between Facebook and LAA (<https://www.facebook.com/business/success/latam-autos>)
3. Existing leverage being generated from LAA's Motorfy division. LAA facilitates dealers to earn additional revenue via its Motorfy app in a win-win scenario for both parties
4. Significant focus on increasing the scope of Seminuevos' coverage to secondary and tertiary cities in Mexico
5. Substantial increase in Organic traffic (defined as Users derived from the SEO channel only) of 63%. This leads to higher quality visitors and ultimately higher quality leads to dealers

The points above have resulted in a significant increase in the average number of leads per listing being received by the average dealer in Mexico by over 100%. Management anticipates that this multifaceted strategy will lead to substantial operating and revenue growth for the Company in the months ahead.

Continued Leadership of the Mexican Market Position as the Number One Auto Vertical Classified Company

As at 30 June 2019, Seminuevos.com (LAA's Mexican classifieds business), was positioned as the largest auto vertical classified in Mexico. Patio Tuerca (LAA's Ecuadorean classifieds business), remained the dominant auto classifieds business and auto FinTech operation in Ecuador.

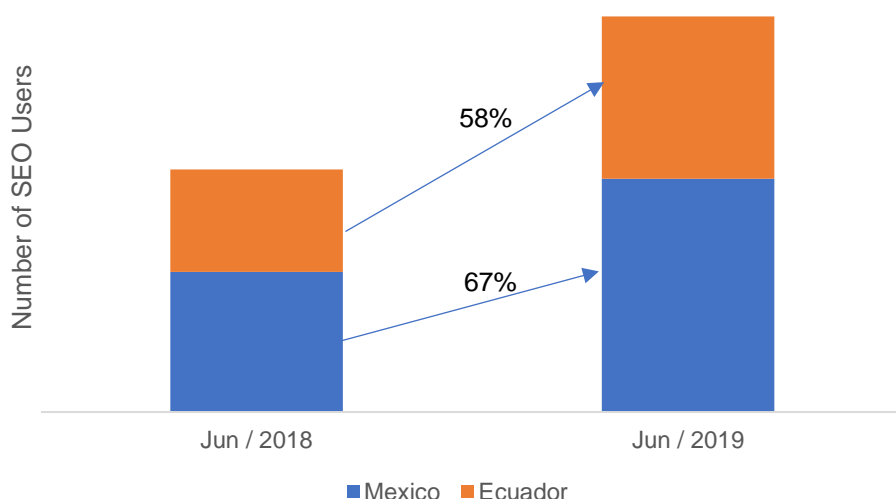
Organic traffic growth

Organic traffic, defined as traffic from SEO sources, grew as follows from June 2018 to June 2019:

- Mexico (seminuevos.com) and Ecuador (patiotuerca.com): 63%
- Mexico only: 67%
- Ecuador only 58%

More SEO traffic generally results in reduced marketing expenses and improved quality of users, likely leading to more leads for dealers.

Chart 3: Growth in Organic Traffic (SEO only)



Significant changes in the state of affairs

During the period, the Consolidated Entity raised \$3,199,000 from a successful capital raising, via the issuance of 58,170,646 fully paid ordinary shares at \$0.055 (5.5 cents) per share.

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

Matters subsequent to the end of the financial half-year

On 22 July 2019, the Company announced that it had received applications for 50,382,057 fully paid ordinary share amounting to \$2,771,013 in relation to its Rights Issue.

No other matter or circumstance has arisen since 30 June 2019 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.

LatAm Autos Limited
Directors' report
30 June 2019

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Fitzpatrick
Chairman

30 August 2019

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 review of LatAm Autos Limited for the half-year ended 30 June 2019, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



Michael Climpson
Partner – Audit & Assurance

Melbourne, 30th August 2019

LatAm Autos Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2019

	Note	Consolidated 30 June 2019 \$'000	30 June 2018 \$'000
Revenue from continuing operations	6	3,666	3,444
Expenses			
Commissions and related expenses		(901)	(647)
Printing costs		(236)	(296)
Advertising expenses		(817)	(1,370)
Employee benefits expense		(4,278)	(3,855)
Depreciation and amortisation expense		(712)	(978)
Impairment of assets		(123)	(121)
Operating lease expense		(292)	(238)
Professional and consulting fees expense		(735)	(592)
Travel expense		(129)	(112)
Technology expenses		(289)	(247)
Other expenses		(597)	(787)
Finance costs		(495)	(675)
Loss before income tax (expense)/benefit from continuing operations		(5,938)	(6,474)
Income tax (expense)/benefit		(31)	89
Loss after income tax (expense)/benefit from continuing operations		(5,969)	(6,385)
Loss after income tax expense from discontinued operations	7	(67)	(69)
Loss after income tax (expense)/benefit for the half-year attributable to the owners of LatAm Autos Limited		(6,036)	(6,454)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		394	1,288
Other comprehensive income for the half-year, net of tax		394	1,288
Total comprehensive income for the half-year attributable to the owners of LatAm Autos Limited		<u>(5,642)</u>	<u>(5,166)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(5,578)	(5,106)
Discontinued operations		(64)	(60)
		<u>(5,642)</u>	<u>(5,166)</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 half-year ended 30 June 2019

	Note	Consolidated	
		30 June 2019 \$'000	30 June 2018 \$'000
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of LatAm Autos Limited			
Basic earnings per share		(1.41)	(1.77)
Diluted earnings per share		(1.41)	(1.77)
Earnings per share for loss from discontinued operations attributable to the owners of LatAm Autos Limited			
Basic earnings per share		(0.02)	(0.02)
Diluted earnings per share		(0.02)	(0.02)
Earnings per share for loss attributable to the owners of LatAm Autos Limited			
Basic earnings per share		(1.43)	(1.79)
Diluted earnings per share		(1.43)	(1.79)

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 30 June 2019

		Consolidated	
	Note	30 June 2019	31 December
		\$'000	2018
			\$'000
Assets			
Current assets			
Cash and cash equivalents		5,205	6,600
Trade and other receivables		3,332	2,838
Other		337	371
Total current assets		<u>8,874</u>	<u>9,809</u>
Non-current assets			
Receivables		861	889
Property, plant and equipment		332	352
Intangibles	8	23,493	23,321
Deferred tax		601	593
Total non-current assets		<u>25,287</u>	<u>25,155</u>
Total assets		<u>34,161</u>	<u>34,964</u>
Liabilities			
Current liabilities			
Trade and other payables		5,037	4,780
Employee benefits		1,324	1,047
Provisions		77	45
Contract liabilities – deferred service income		366	260
Total current liabilities		<u>6,804</u>	<u>6,132</u>
Non-current liabilities			
Deferred tax		648	624
Employee benefits		257	254
Convertible Note	9	7,379	6,913
Total non-current liabilities		<u>8,284</u>	<u>7,791</u>
Total liabilities		<u>15,088</u>	<u>13,923</u>
Net assets		<u>19,073</u>	<u>21,041</u>
Equity			
Issued capital	10	79,632	76,306
Other contributed equity	10	1,984	1,693
Reserves		2,309	1,858
Accumulated losses		(64,852)	(58,816)
Total equity		<u>19,073</u>	<u>21,041</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 half-year ended 30 June 2019

Consolidated	Issued capital \$'000	Other contributed equity \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Retained profits/ (Accumulated losses) \$'000	Total equity \$'000
Balance at 1 January 2018	63,970	1,491	394	(444)	(45,919)	19,492
Loss after income tax benefit for the half-year	-	-	-	-	(6,454)	(6,454)
Other comprehensive income for the half-year, net of tax	-	-	-	1,288	-	1,288
Total comprehensive income for the half-year	-	-	-	1,288	(6,454)	(5,166)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	2,680	-	-	-	-	2,680
Share-based payments	893	-	-	-	-	893
Balance at 30 June 2018	<u>67,543</u>	<u>1,491</u>	<u>394</u>	<u>844</u>	<u>(52,373)</u>	<u>17,899</u>

Consolidated	Issued capital \$'000	Other contributed equity \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Retained profits/ (Accumulated losses) \$'000	Total equity \$'000
Balance at 1 January 2019	76,306	1,693	130	1,728	(58,816)	21,041
Loss after income tax expense for the half-year	-	-	-	-	(6,036)	(6,036)
Other comprehensive income for the half-year, net of tax	-	-	-	394	-	394
Total comprehensive income for the half-year	-	-	-	394	(6,036)	(5,642)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 10)	3,326	291	-	-	-	3,617
Share-based payments	-	-	57	-	-	57
Balance at 30 June 2019	<u>79,632</u>	<u>1,984</u>	<u>187</u>	<u>2,122</u>	<u>(64,852)</u>	<u>19,073</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 half-year ended 30 June 2019

	Consolidated	
	30 June 2019	30 June 2018
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST and equivalents)	4,922	4,595
Payments to suppliers and employees (inclusive of GST and equivalents)	<u>(8,823)</u>	<u>(7,689)</u>
Net cash used in operating activities	<u>(3,901)</u>	<u>(3,094)</u>
Cash flows from investing activities		
Payments for plant and equipment	(47)	(88)
Payments for intangibles	<u>(475)</u>	<u>(325)</u>
Net cash used in investing activities	<u>(522)</u>	<u>(413)</u>
Cash flows from financing activities		
Proceeds from issue of shares	3,199	2,464
Legal fees for proposed equity raising	<u>(177)</u>	<u>(37)</u>
Net cash from financing activities	<u>3,022</u>	<u>2,427</u>
Net decrease in cash and cash equivalents	(1,401)	(1,080)
Cash and cash equivalents at the beginning of the financial half-year	6,600	6,789
Effects of exchange rate changes on cash and cash equivalents	<u>6</u>	<u>(58)</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>5,205</u></u>	<u><u>5,651</u></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
30 June 2019

Note 1. General information

The financial statements cover LatAm Autos Limited as a consolidated entity consisting of LatAm Autos Limited ('the company') and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is LatAm Autos Limited's functional and presentation currency.

LatAm Autos Limited is a company limited by shares, incorporated and domiciled in Australia.

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 30 August 2019.

The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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 half-year period ended 30 June 2019, the Consolidated Entity incurred a loss after tax of \$6,036,000 (2018: \$6,454,000) and had net cash outflows from operating activities of \$3,901,000 (2018: \$3,094,000). As at 30 June 2019, the Consolidated Entity's cash position as \$5,205,000. Until such time as the Consolidated Entity's revenue growth is sufficient to result in a profitable annual trading result, the risk of material uncertainty in relation to going concern will exist, and the Consolidated Entity may be reliant on its ability to raise capital.

During the period, the Consolidated Entity raised \$3,199,000 from successful capital raise. The Consolidated Entity's trading performance is showing continual improvement, which is broadly in line with management's projections. Cash flow forecasts prepared by management project the Consolidated Entity has sufficient funds to meet commitments over the next twelve months. Accordingly, the Directors believe the Consolidated Entity will continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

Note 3. 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 half year ended 30 June 2019. 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.

Note 3. New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

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 July 2019 and there will be no material impact on the transactions and balances recognised in the financial statements.

Note 4. Critical accounting judgements, estimates and assumptions

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management.

The judgements, estimates and assumptions applied in these interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Consolidated entity's last annual financial statements for the year ended 31 December 2018.

Note 5. Operating segments

Identification of reportable operating segments

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

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

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

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

The reportable segments are:

Argentina	Mexico
Ecuador	Peru
Panama	

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

Intersegment transactions

There were no material intersegment transactions during the reporting period.

LatAm Autos Limited
Notes to the consolidated financial statements
30 June 2019

Note 5. Operating segments (continued)

Major customers

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

Operating segment information

Consolidated - 30 June 2019	Argentina \$'000	Ecuador \$'000	Panama \$'000	Mexico \$'000	Peru \$'000	Total \$'000
Revenue						
Sales to external customers	-	1,545	-	1,935	121	3,601
Total revenue	-	1,545	-	1,935	121	3,601
Operating expenses	(60)	(1,609)	(2)	(3,986)	(180)	(5,837)
EBITDA	(60)	(64)	(2)	(2,051)	(59)	(2,236)

Consolidated - 30 June 2018	Argentina \$'000	Ecuador \$'000	Panama \$'000	Mexico \$'000	Peru \$'000	Total \$'000
Revenue						
Sales to external customers	9	1,613	-	1,582	205	3,409
Total revenue	9	1,613	-	1,582	205	3,409
Operating expenses	(73)	(1,521)	(7)	(3,259)	(252)	(5,112)
EBITDA	(64)	92	(7)	(1,677)	(47)	(1,703)

	Consolidated	
	30 June 2019	30 June 2018
	\$'000	\$'000
Revenue		
Revenue from contracts with customers	3,601	3,409
Interest income	9	16
Other revenue	56	36
Group revenues	<u>3,666</u>	<u>3,461</u>
Profit or loss		
Total reportable segment EBITDAs	(2,236)	(1,703)
Interest income	9	16
Other revenue	56	37
Foreign exchange loss	(16)	30
Financial expenses	(495)	(678)
Depreciation and amortisation expenses	(714)	(978)
Share-based payments expense	(526)	(697)
Impairment	(123)	(121)
Other non-reportable segment expenses	(1,960)	(2,449)
Income tax (expense)/benefit	(31)	89
	<u>(6,036)</u>	<u>(6,454)</u>

LatAm Autos Limited
Notes to the consolidated financial statements
30 June 2019

Note 5. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	30 June 2019	30 June 2018	30 June 2019	31 December 2018
	\$'000	\$'000	\$'000	\$'000
Argentina	-	9	-	-
Ecuador	1,545	1,613	13,649	13,723
Panama	-	-	7	7
Mexico	1,935	1,582	8,243	8,079
Peru	121	205	1,924	1,863
Australia	-	-	2	-
	<u>3,601</u>	<u>3,409</u>	<u>23,825</u>	<u>23,672</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 6. Revenue

	Consolidated	
	30 June 2019	30 June 2018
	\$'000	\$'000
From continuing operations		
<i>Revenue from contracts with customers</i>		
Sales revenue	<u>3,601</u>	<u>3,400</u>
<i>Other revenue</i>		
Interest revenue	9	16
Other revenue	<u>56</u>	<u>28</u>
	<u>65</u>	<u>44</u>
Revenue from continuing operations	<u><u>3,666</u></u>	<u><u>3,444</u></u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Consolidated – 30 June 2019	Classifieds	Cross sell	Total
	\$'000	\$'000	\$'000
<i>Geographical regions</i>			
Mexico	894	1,041	1,935
Ecuador	1,185	360	1,545
Peru	<u>121</u>	<u>121</u>	<u>121</u>
	<u>2,200</u>	<u>1,401</u>	<u>3,601</u>

LatAm Autos Limited
Notes to the consolidated financial statements
30 June 2019

Note 6. Revenue (continued)

Consolidated - 30 June 2018	Classifieds \$'000	Cross sells \$'000	Total \$'000
<i>Geographical regions</i>			
Mexico	967	615	1,582
Ecuador	1,229	384	1,613
Peru	205	-	205
	<u>2,401</u>	<u>999</u>	<u>3,400</u>

The Consolidated Entity revenue disaggregated by pattern of revenue recognition is as follows:

Consolidated - 30 June 2019

	Mexico \$'000	Ecuador \$'000	Peru \$'000	Total \$'000
Services provided at a point in time	1,584	1,359	120	3,063
Services transferred over time	351	186	1	538
	<u>1,935</u>	<u>1,545</u>	<u>121</u>	<u>3,601</u>

Consolidated - 30 June 2018

	Mexico \$'000	Ecuador \$'000	Peru \$'000	Total \$'000
Services provided at a point in time	1,234	1,379	200	2,813
Services transferred over time	348	234	5	587
	<u>1,582</u>	<u>1,613</u>	<u>205</u>	<u>3,400</u>

The consolidated aggregate amount of the transaction price allocated to the performance obligations that are partially unsatisfied as of 30 June 2019 is \$366,000 (June 2018: \$260,000). The Company expects to recognise as revenue the total amount along over the short term.

Note 7. 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.

LatAm Autos Limited
Notes to the consolidated financial statements
30 June 2019

Note 7. Discontinued operations (continued)

Financial performance information

	Consolidated	
	30 June 2019	30 June 2018
	\$'000	\$'000
Revenue	-	17
Employee benefits expense	(40)	(4)
Depreciation and amortisation expense	(2)	-
Professional and consulting fees expense	(18)	(73)
Other expenses	(7)	(6)
Finance costs	-	(3)
Total expenses	<u>(67)</u>	<u>(86)</u>
Loss before income tax expense	(67)	(69)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	<u>(67)</u>	<u>(69)</u>

June 2018 revenues includes sales to external customers \$9,217 and other revenues \$8,163 (2019: Nil).

Cash flow information

	Consolidated	
	30 June 2019	30 June 2018
	\$'000	\$'000
Net cash used in operating activities	<u>(1)</u>	<u>(78)</u>

Note 8. Intangibles

	Consolidated	
	30 June 2019	31 December 2018
	\$'000	\$'000
Goodwill - at cost	<u>19,310</u>	<u>19,027</u>
Software - at cost	7,974	7,484
Less: Accumulated amortisation - software	<u>(5,797)</u>	<u>(5,246)</u>
	2,177	2,238
Domain names and trademarks - at cost	2,796	2,763
Less: Accumulated amortisation - Domain names and trademarks	<u>(799)</u>	<u>(712)</u>
	<u>1,997</u>	<u>2,051</u>
Content - at cost	<u>9</u>	<u>5</u>
	<u>23,493</u>	<u>23,321</u>

LatAm Autos Limited
Notes to the consolidated financial statements
30 June 2019

Note 8. Intangibles (continued)

Reconciliations

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

Consolidated	Content \$'000	Domain names and trademarks \$'000	Software \$'000	Goodwill \$'000	Total \$'000
Balance at 1 January 2019	5	2,051	2,238	19,027	23,321
Additions	-	-	462	-	462
Amortisation expense	-	(92)	(551)	-	(643)
Exchange differences	4	38	28	283	353
Balance at 30 June 2019	<u>9</u>	<u>1,997</u>	<u>2,177</u>	<u>19,310</u>	<u>23,493</u>

Note 9. Convertible Note

	Consolidated	
	30 June 2019	31 December 2018
	\$'000	\$'000
Convertible note at amortised cost	<u>7,379</u>	<u>6,913</u>

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.

*Interest expense is calculated by applying the effective interest rate of 16.2% to the liability component.

Note 10. Issued capital and other contributed equity

(a) Issued capital

	Consolidated			
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>477,983,296</u>	<u>417,471,679</u>	<u>79,923</u>	<u>76,306</u>

LatAm Autos Limited
Notes to the consolidated financial statements
30 June 2019

Note 10. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 January 2019	417,741,679		76,306
Issue of shares for consulting services rendered	5 February 2019	222,737	\$0.215	48
Issue of shares for severances	5 February 2019	390,000	\$0.200	78
Issue of shares for consulting services rendered	4 June 2019	81,944	\$0.128	10
Share issue to employees	14 June 2019	1,376,290	\$0.200	275
Issue of placement shares	20 June 2019	58,170,646	\$0.055	3,199
Cost of issuing shares		-		(284)
Balance	30 June 2019	<u>477,983,296</u>		<u>79,632</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.

(b) Other contributed equity

	Consolidated	
	30 June 2019	31 December 2018
	\$'000	\$'000
Convertible notes	1,394	1,394
Other contributed equity	299	299
Rights issues	291	-
	<u>1,984</u>	<u>1,693</u>

Rights issues

Represent the monies received from the rights issue as per the market announcement dated 14 June 2019. Shares are yet to be issued to the right holders at 30 June 2019, but the monies received are treated as equity as per AASB 132: Financial Instruments: Presentation.

Note 11. Events after the reporting period

On 22 July 2019, the Company announced that it had received applications for 50,382,057 fully paid ordinary share amounting to \$2,771,013 in relation to its Rights Issue.

No other matter or circumstance has arisen since 30 June 2019 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.

LatAm Autos Limited
Directors' declaration
30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Fitzpatrick
Chairman

30 August 2019

Independent Auditor's Review Report

To the Members of LatAm Autos Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of LatAm Autos Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated condensed statement of financial position as at 30 June 2019, and the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of LatAm Autos Limited does not give a true and fair view of the financial position of the Group as at 30 June 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss after tax of \$6,036,000 and net cash outflows from operating activities of \$3,901,000. As at 30 June 2019, the Group's cash position is \$5,205,000. 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 significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of LatAm Autos Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



Michael Climpson
Partner – Audit & Assurance

Melbourne, 30th August 2019