

# Annual Report 2014

LatAm Autos Limited  
ABN 12 169 063 414

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**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 period. The financial statements are presented in Australian dollars, which is LatAm Autos Limited's functional and presentation currency.

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

**Registered office**

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

**Principal place of business**

Latamautos Corporación S.A.  
Isla Pinzon y Tomas Berlanga  
Quito, Ecuador  
Tel: +593 2 604 7442

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 19 March 2015. The directors have the power to amend and reissue the financial statements.

**LatAm Autos Limited**  
**Corporate directory**  
**31 December 2014**

Directors

Tim Handley (Executive Chairman)  
Simon Clausen (Non-Executive Director)  
Michael Fitzpatrick (Non-Executive Director)  
Colin Galbraith (Non-Executive Director)

Chief Executive Officer

Jorge Mejía Ribadeneira

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  
Isla Pinzon y Tomas Berlanga  
Quito  
Ecuador  
Tel: +593 2 604 7442

Share register

Boardroom Pty Limited  
Level 7  
207 Kent Street  
Sydney NSW 2000  
[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

Auditor

Grant Thornton Audit Pty Ltd  
The Rialto, Level 30  
525 Collins Street  
Melbourne VIC 3000

Solicitors

Minter Ellison  
Level 19, Aurora Place  
88 Phillip Street  
Sydney NSW 2000

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 2014 Annual Report for LatAm Autos. LatAm Autos is the leading dedicated online auto classifieds and content platform in Latin America (excluding Brazil). As early movers in the region's online auto classifieds industry, the company is positioned to capitalise on the growth of internet penetration and car ownership, as well as the shift from traditional print classifieds to online classifieds in the region.

We see a significant growth opportunity ahead of us with a target population of more than 220 million across the countries where the Company operates, as well as strong growth in GDP, internet usage, car sales and online advertising. Here are some key statistics from the markets where we operate:

- Historical average GDP per capita growth of 6.0% per annum since 2000
- Total new and used passenger cars growing at 7.5% compound annual growth rate since 2000
- Aggregate sales of new passenger cars is three times greater than Australia's
- Online advertising annual growth is between 26% and 45% (in Argentina, Mexico and Peru)

The dedicated online classifieds business model is one that has been proven all over the world, and applying this model to emerging markets such as Latin America is a huge opportunity that we were excited to bring to our investors through our successful listing on the Australian Securities Exchange (ASX) in late 2014.

I would like to thank our shareholders for the tremendous support and confidence they have shown in the Company since listing on the ASX.

With the capital raised during the Initial Public Offering, our strategy to become the clear market leader within the dedicated online auto classifieds sector has commenced with key work streams progressing ahead of schedule. Integration of all our businesses is well on track, with the launch of our proprietary PTX software platform ahead of schedule being a significant near term milestone.

I would like to take this opportunity to thank our senior management team, and particularly our CEO Jorge Mejia, for their efforts in establishing a first class management team and company culture. Our employees, of which now number over 140 'Latammers' across all markets, define our company as a hard-working, innovative, dynamic and performance based organization.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Tim Handley".

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

**LatAm Autos Limited**  
**Directors' report**  
**31 December 2014**

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 period ended 31 December 2014.

**Directors**

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

Tim Handley (Executive Chairman)

Simon Clausen (Non-Executive Director) Appointed 1 November 2014

Michael Fitzpatrick (Non-Executive Director) Appointed 1 November 2014

Colin Galbraith (Non-Executive Director) Appointed 21 November 2014

George Handley (Non-Executive Director) Resigned 21 November 2014

Gareth Bannan (Executive Director) Resigned 25 November 2014

**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.

The Consolidated Entity also has an offline magazine in Argentina providing automotive related content, advertising services and automotive classifieds.

**Dividends**

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

**Review of operations**

The loss for the Consolidated Entity after providing for income tax amounted to \$3,180,000.

## Group Overview

2014 was the first year of operations of the Company since incorporating in April 2014 and listing on the ASX in December 2014. The Company was incorporated with the clearly defined goal of becoming the leading online dedicated automotive classified company in Latin America (excluding Brazil). In pursuit of this goal, from April to December 2014 the company successfully acquired the following companies and assets:

1. Anuntis Segundamano Argentina S.A. and Anuntis Segundamano Argentina Holdings S.A. on 15 September 2014 – these companies own all business assets for the Autofoco.com website (Argentina);
2. All business assets for the Demotores.com.mx website (Mexico) on 24 December 2014;
3. All business assets for the Semineuvos.com and cars.mx websites (Mexico) on 22 October 2014;
4. Avisoriaweb S.A. on 17 December 2014 – this company owns all business assets for the PatioTuerca.com website (Ecuador, Panama, Bolivia); and
5. All business assets for the Todoautos.pe website (Peru) on 31 October 2014.

The financial results of the above companies have been consolidated into the group financials from the date of each respective acquisition.

Our focus since the IPO has been on integrating the acquired businesses, and the development and roll out of a state of the art technology platform across the group, called PTX. Once implemented in each market, PTX will provide an unrivalled user experience in all its markets compared to its competitors, as well as increased efficiency in back-end processing and scalability. The rollout of PTX is expected to be completed during Q2, ahead of schedule and within budget. Four of the countries LatAm Autos operates in currently use the PTX platform. Combined with the ramp up of marketing spend, PTX is expected to enhance growth in listings and website traffic significantly.

Since listing we have accomplished many significant milestones including the first stage of the Autofoco restructure in Argentina, appointing additional senior management resources, significantly reducing unnecessary headcount and overheads and aligning the businesses particularly towards growth in online revenues as a percentage of total revenues. We believe that this mix of new initiatives, in conjunction with the introduction of the PTX platform and ramp up in marketing spend, will rapidly strengthen the business's market position and overall performance.

We have also been focused on building our organisational capability, hand-picking some of the best talent in the region to bolster our technology, marketing, operations and finance teams. Each country has an appointed Country Manager, with all key executive staff now in place. In addition, we have moved into our new office space, occupying four floors of a commercial building in central Quito, Ecuador.

## Mexico

With the closure and settlement of the Demotores Mexico transaction, our operations in this country have been enhanced significantly. We have hired a number of people to complete the LatAm Autos Mexico team, and have recently moved into a new office space in Mexico City. We have commenced the process of integrating the two Mexican businesses in order to centralise many of the shared functions and optimise resources.

## Argentina

As previously mentioned, we have successfully completed the first stage of the restructuring process in Argentina, which consisted of staff reorganisation and downsizing office space and computer servers. We also welcomed as the new Argentina Country Manager Juan Cruz Pellicer, who joins us from Bumeran.com (which is part owned by Tiger Global), the biggest job search website in Latin America, where he worked for 10 years. Juan's experience, track record and knowledge of the Argentinian online classifieds market is a great asset for the Company.

## Ecuador

The integration of PatioTuerca.com into LatAm Autos is now complete. We have also hired a new country manager, Genevieve Abraham, who joins us from Aymura Strategic Capital and technology fund Red Ventures in Charlotte, North Carolina.

## Peru

The integration of [todoautos.com.pe](http://todoautos.com.pe) into LatAm Autos is now largely complete. We have moved into a new office in Lima and started to build the sales team in order to roll out the classifieds component of the business. The online auto classifieds market in Peru remains a very attractive value proposition for the company.

## Panama & Bolivia

In Panama we have established a legal entity and office, and hired a new country manager. We have initially focussed our attention on increasing dealer market share and revenues from private listings.

We continue to manage the Bolivian business from Ecuador, which is how it has been operated throughout 2014.

## Significant changes in the state of affairs

During the financial period the company:

- Issued 239,822,166 ordinary fully paid shares raising \$33,275,000 before costs.
- Incorporated subsidiaries as detailed in note 35 of the financial statements and acquired equity investments and business assets as detailed in note 34.
- Listed on the Australian Securities Exchange on 17th December 2014.

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

## Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 31 December 2014 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

In 2015 LatAm Autos will focus on the integration of its businesses, IT development, increasing market share in the LatAm Markets.

LatAm Autos strives to provide the most user friendly experience to both its customers and users of its sites and applications. The Company will continue to innovate its PTX platform in addition to consolidating and improving the applications for its various websites.

Technical innovation will be coupled with considerable offline and online marketing spend. Marketing initiatives will be aimed at reinforcing our brands as market leaders to existing online users and migrating offline advertisers to new online users.

## 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. Tim has 12 years' mergers & acquisitions, equity and debt capital markets experience (including 6 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:	28,125,000 fully paid ordinary shares

**LatAm Autos Limited**  
**Directors' report**  
**31 December 2014**

Name: Simon Clausen  
Title: Non-Executive Director  
Experience and expertise: Simon has more than 17 years' experience in high growth technology businesses in both Australia and the United States. 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 dollars 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. Simon was a founding investor of freelancer.com, 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: 21,000,000 fully paid ordinary shares

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 Treasury Group Limited, a Sydney-based incubator of fund management companies, chairman of the Australian Football League and a former chairman of the Australian Sports Commission.

Other current directorships: Rio Tinto Limited (appointed 2006), Treasury Group Limited (appointed 2006), Carnegie Wave Limited (appointed 2012)  
Former directorships (last 3 years): None  
Special responsibilities: None  
Interests in shares: 34,437,038 fully paid ordinary shares

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. During his time as a partner in that firm Colin advised many of Australia's leading corporations in a series of landmark mergers, acquisitions and commercial transactions.

Other current directorships: Arrium Limited (appointed October 2000)  
Former directorships (last 3 years): Commonwealth Bank of Australia Limited (appointed June 2000, resigned 30th Oct 2012)  
Special responsibilities: None  
Interests in shares: 740,741 fully paid ordinary shares

'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 22 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 co-founder, joint company secretary and Chief Financial Officer of the Company. Gareth has 10 years' mergers & acquisitions and capital markets experience (including 4 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. Gareth holds a Bachelor of Economics degree (major in Economics and Finance) and a Masters of Finance degree both from the University of New South Wales.

### **Meetings of directors**

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the period ended 31 December 2014, and the number of meetings attended by each director were:

	Full Board Held	Full Board Attended
Tim Handley	18	18
Simon Clausen (Appointed 1 Nov 2014)	5	4
Mike Fitzpatrick (Appointed 1 Nov 2014)	5	5
Colin Galbraith (Appointed 21 Nov 2014)	2	2
George Handley (Resigned 21 Nov 2014)	16	5
Gareth Bannan (Resigned 25 Nov 2014)	17	17

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.

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

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.

Alignment to shareholders' interests:

- 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
- attracts and retains 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. It is intended that key employees of the Consolidated Entity will be eligible to participate in the STI program.

#### *Long term incentive plan (LTIP)*

The Company is finalising 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. It is anticipated that the conditions will relate to the Company's share price performance and staff remaining in employment.

**LatAm Autos Limited**  
**Directors' report**  
**31 December 2014**

*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, or is expected to be, linked to the performance, share price or earnings of the Consolidated Entity as described in the preceding section.

*Use of remuneration consultants*

During the financial period ended 31 December 2014, the Consolidated Entity engaged SLM Corporate remuneration consultants to review its existing remuneration policies and to provide remuneration recommendations in relation to the Consolidated Entity's executive key management personnel, including recommendations for the STI and LTIP programs. SLM Corporate made remuneration recommendations as requested and was paid \$5,500 for these services.

A set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. The Board is satisfied that these protocols were followed and as such there was no undue influence.

**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) Appointed 11 April 2014
- Simon Clausen (Non-Executive Director) Appointed 1 November 2014
- Michael Fitzpatrick (Non-Executive Director) Appointed 1 November 2014
- Colin Galbraith (Non-Executive Director) Appointed 21 November 2014
- George Handley (Non-Executive Director) Appointed 11 April 2014. Resigned 21 November 2014

And the following persons:

- Jorge Mejía Ribadeneira (Chief Executive Officer) Appointed 1 October 2014
- Gareth Bannan (Chief Financial Officer and Joint Company Secretary) Appointed 11 April 2014 (also served as Executive Director from 11 April 2014 to 25 November 2014)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
2014	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Mr S Clausen (1)	9,167	-	-	-	-	-	9,167
Mr M Fitzpatrick (1)	8,372	-	-	795	-	-	9,167
Mr C Galbraith (2)	5,581	-	-	530	-	-	6,111
Mr G Handley (3)	25,212	-	-	-	-	-	25,212
<i>Executive Directors:</i>							
Mr T Handley	74,407	-	-	-	-	-	74,407
<i>Other Key Management Personnel:</i>							
Mr G Bannan (4)	70,420	-	-	-	-	-	70,420
Mr J Mejía Ribadeneira (5)	38,594	-	-	-	-	-	38,594
	231,753	-	-	1,325	-	-	233,078

**LatAm Autos Limited**  
**Directors' report**  
**31 December 2014**

- (1) Mr Clausen and Mr Fitzpatrick were appointed as Directors on 1 November 2014
- (2) Mr Galbraith was appointed as a Director on 21 November 2014
- (3) Mr G Handley resigned as a Director on 21 November 2014
- (4) Mr Bannan resigned as a Director on 25 November 2014 and was appointed Joint Company Secretary. Mr Bannan is also Chief Financial Officer.
- (5) Mr Mejía Ribadeneira was appointed as Chief Executive Officer on 1 October 2014

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

Name	Fixed remuneration 2014	At risk STI 2014	At risk LTI 2014
<i>Non-Executive Directors:</i>			
Mr S Clausen	100%	-%	-%
Mr M Fitzpatrick	100%	-%	-%
Mr C Galbraith	100%	-%	-%
Mr G Handley	100%	-%	-%
<i>Executive Directors:</i>			
Mr T Handley	100%	-%	-%
<i>Other Key Management Personnel:</i>			
Mr G Bannan	100%	-%	-%
Mr J Mejía Ribadeneira	100%	-%	-%

**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:	November 2014
Term of agreement:	3 years. 60 days' termination notice to Chestnut Partners Assessoria Financeira S.A. (or payment in lieu of notice)
Details:	The Consolidated Entity has a consultancy agreement with Chestnut Partners Assessoria Financeira S.A, a company controlled by Mr Handley, under which Mr Handley is engaged by the Consolidated Entity as Executive Chairman. Base Salary cost is AUD \$240,000. Tim is entitled to receive short and long term incentives that are still being confirmed by the Company. They will be subject to meeting performance targets set by the Board. Payment to be made by the issue of Company shares. Other benefits: Housing, insurance and other expatriate expenses up to AUD \$50,000.
Name:	Jorge Mejía Ribadeneira
Title:	Chief Executive Officer
Agreement commenced:	October 2014
Term of agreement:	3 years. 60 days' termination notice to Adminweb S.A. (or payment in lieu of notice)
Details:	Base Salary cost is AUD \$240,000. Jorge is entitled to receive short and long term incentives that are still being confirmed by the Company. They will be subject to meeting performance targets set by the Board. Payment to be made by the issue of Company shares. Other benefits: Travel and insurance expenses up to AUD \$50,000.

**LatAm Autos Limited**  
**Directors' report**  
**31 December 2014**

Name: Gareth Bannan  
Title: Chief Financial Officer  
Agreement commenced: November 2014  
Term of agreement: 3 years. 4 weeks termination notice (or payment in lieu of notice)  
Details: Base Salary cost is AUD \$200,000. Gareth is entitled to receive short and long term incentives that are still being confirmed by the Company. They will be subject to meeting performance targets set by the Board. Payment to be made by the issue of Company Shares. Other benefits: Housing, insurance and other expatriate expenses up to AUD \$40,000.

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 period ended 31 December 2014.

*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 period ended 31 December 2014.

***Additional information***

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

	17/12/2014	31/12/2014
Share price at financial year end (\$)	0.25	0.26

As the Company was first listed on the Australian Securities Exchange (ASX) on 17 December 2014, there is no relevant information regarding the Consolidated Entity's earnings and performance in the reporting period or past financial years. The table above shows, for information purposes, the closing market price of the Company's shares on the ASX on the listing date of 17 December 2014 and the last day of the reporting period, 31 December 2014.

***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 period	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the period
<i>Ordinary shares</i>					
Mr T Handley	-	-	28,125,000	-	28,125,000
Mr S Clausen	-	-	20,222,223	-	20,222,223
Mr M Fitzpatrick	-	-	34,437,038	-	34,437,038
Mr C Galbraith	-	-	740,741	-	740,741
Mr J Mejía Ribadeneira	-	-	11,503,720	-	11,503,720
Mr G Bannan	-	-	19,375,000	-	19,375,000
	-	-	114,403,722	-	114,403,722

***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 issued on the exercise of options**

There were no ordinary shares of LatAm Autos Limited issued on the exercise of options during the period ended 31 December 2014 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 period, 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 liability and the amount of the premium.

### **Indemnity and insurance of auditor**

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

During the financial period, 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 period by the auditor are outlined in note 29 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial period, 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 29 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 Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order 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 on the following page.

### **Auditor**

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

**LatAm Autos Limited**  
**Directors' report**  
**31 December 2014**

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

A handwritten signature in black ink, appearing to read 'J. Handley', is written over a horizontal line.

26 March 2015

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### **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 2014, 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



Brock Mackenzie  
Partner - Audit & Assurance

Melbourne, 26 March 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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**LatAm Autos Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the period ended 31 December 2014**

	<b>Note</b>	<b>Consolidated 2014 \$'000</b>
<b>Revenue</b>	4	950
Share of profits of associates accounted for using the equity method	5	8
Other income	6	214
<b>Expenses</b>		
Production costs		(302)
Marketing expenses		(139)
Employee benefits expense	7	(650)
Depreciation and amortisation expense	7	(97)
Operating lease expense		(139)
Professional and consulting fees expense		(2,332)
Travel expense		(285)
Other expenses		(432)
Finance costs	7	(37)
<b>Loss before income tax benefit</b>		(3,241)
Income tax benefit	8	61
<b>Loss after income tax benefit for the period attributable to the owners of LatAm Autos Limited</b>	25	(3,180)
<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		4
Other comprehensive income for the period, net of tax		4
<b>Total comprehensive income for the period attributable to the owners of LatAm Autos Limited</b>		<u>(3,176)</u>
		<b>Cents</b>
Basic earnings per share	40	(2.7)
Diluted earnings per share	40	(2.7)

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

**LatAm Autos Limited**  
**Statement of financial position**  
**As at 31 December 2014**

	<b>Note</b>	<b>Consolidated 2014 \$'000</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	9	12,760
Trade and other receivables	10	1,654
Inventories	11	26
Other	12	266
Total current assets		<u>14,706</u>
<b>Non-current assets</b>		
Receivables	13	818
Property, plant and equipment	14	227
Intangibles	15	22,996
Deferred tax	16	321
Other	17	54
Total non-current assets		<u>24,416</u>
<b>Total assets</b>		<u>39,122</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	18	2,678
Provisions	19	446
Other	20	280
Total current liabilities		<u>3,404</u>
<b>Non-current liabilities</b>		
Deferred tax	21	37
Employee benefits	22	23
Total non-current liabilities		<u>60</u>
<b>Total liabilities</b>		<u>3,464</u>
<b>Net assets</b>		<u><u>35,658</u></u>
<b>Equity</b>		
Issued capital	23	38,834
Reserves	24	4
Accumulated losses	25	<u>(3,180)</u>
<b>Total equity</b>		<u><u>35,658</u></u>

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



**LatAm Autos Limited**  
**Statement of changes in equity**  
**For the period ended 31 December 2014**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Retained profits/ (Accumulated losses) \$'000</b>	<b>Total equity \$'000</b>
Balance at 11 April 2014	-	-	-	-
Loss after income tax benefit for the period	-	-	(3,180)	(3,180)
Other comprehensive income for the period, net of tax	-	4	-	4
Total comprehensive income for the period	-	4	(3,180)	(3,176)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 23)	38,710	-	-	38,710
Share-based payments (note 41)	124	-	-	124
Balance at 31 December 2014	<u>38,834</u>	<u>4</u>	<u>(3,180)</u>	<u>35,658</u>

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

**LatAm Autos Limited**  
**Statement of cash flows**  
**For the period ended 31 December 2014**

	<b>Note</b>	<b>Consolidated 2014 \$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST and equivalents)		1,108
Payments to suppliers and employees (inclusive of GST and equivalents)		<u>(3,665)</u>
		(2,557)
Interest received		<u>23</u>
Net cash used in operating activities	38	<u>(2,534)</u>
<b>Cash flows from investing activities</b>		
Payment for purchase of businesses	34	(16,715)
Payments for plant and equipment	14	(189)
Payments for intangibles	15	(142)
Cash acquired on acquisitions	34	<u>116</u>
Net cash used in investing activities		<u>(16,930)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	23	33,275
Share issue transaction costs		<u>(1,265)</u>
Net cash from financing activities		<u>32,010</u>
Net increase in cash and cash equivalents		12,546
Cash and cash equivalents at the beginning of the financial period		-
Effects of exchange rate changes on cash and cash equivalents		<u>214</u>
Cash and cash equivalents at the end of the financial period	9	<u><u>12,760</u></u>

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

## **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below.

### **New, revised or amending Accounting Standards and Interpretations adopted**

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

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

### **Financial reporting period and comparative amounts**

The Company was incorporated on 11 April 2014 and therefore the Consolidated Entity's reporting period is 11 April 2014 to 31 December 2014. As this is the Consolidated Entity's first year of existence there are no comparative amounts in the financial statements.

### **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 2.

### **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 33.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 31 December 2014 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 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 1. 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 1. Significant accounting policies (continued)**

*Performance advertising*

Revenues from performance advertising are recognised when the performance measure occurs and is generated (e.g. cost per click).

*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.

*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.

**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 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 apply 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.

**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 current when: it is expected to be realised or intended to be sold or consumed in 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 current when: it is expected to be settled in 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.



**Note 1. Significant accounting policies (continued)**

**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 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.

**Associates**

Associates are entities over which the Consolidated Entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Consolidated Entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**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 1. 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**

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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:

Leasehold improvements	3-10 years
Plant and equipment	3-10 years

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 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.

**Note 1. Significant accounting policies (continued)**

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.

**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 1. Significant accounting policies (continued)**

*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

**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 period 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 within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and 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 within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Note 1. 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 or Black-Scholes option pricing 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.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

**Note 1. Significant accounting policies (continued)**

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**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.

**Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

**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 period, adjusted for bonus elements in ordinary shares issued during the financial period.

**Note 1. Significant accounting policies (continued)**

*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 Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order 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 2014. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**Note 2. 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.

*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.

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*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 1. 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 14)*

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 8)*

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.

*Employee benefits provision (Note 19)*

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

*Deferred consideration (Note 18)*

The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date.

*Business combinations (Note 34)*

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Consolidated Entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

**Note 3. Operating segments**

*Identification of reportable operating segments*

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

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

The CODM reviews revenues, expenses and profit/loss before and after tax. 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.



**Note 3. Operating segments (continued)**

The reportable segments are:

- Argentina
- Ecuador
- Panama
- Mexico
- Peru

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 intersegment transactions during the reporting period.

*Intersegment receivables, payables and loans*

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

*Major customers*

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

**Note 3. Operating segments (continued)**

*Operating segment information, including reconciliation to Group totals*

<b>Consolidated - 2014</b>	<b>Argentina \$'000</b>	<b>Ecuador \$'000</b>	<b>Panama \$'000</b>	<b>Mexico \$'000</b>	<b>Peru \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>						
Sales to external customers	677	95	16	44	94	926
<b>Total revenue</b>	<u>677</u>	<u>95</u>	<u>16</u>	<u>44</u>	<u>94</u>	<u>926</u>
<b>Depreciation and amortisation</b>	(3)	(35)	-	(35)	(21)	(94)
Finance costs	(22)	(9)	-	-	-	(31)
Other expenses	(1,125)	(169)	(45)	(214)	(166)	(1,719)
<b>Total expenses</b>	<u>(1,150)</u>	<u>(213)</u>	<u>(45)</u>	<u>(249)</u>	<u>(187)</u>	<u>(1,844)</u>
Profit/(loss) before income tax (expense)/benefit	(473)	(118)	(29)	(205)	(93)	(918)
Income tax (expense)/benefit	(87)	-	-	120	23	56
<b>Loss after income tax benefit</b>	<u>(560)</u>	<u>(118)</u>	<u>(29)</u>	<u>(85)</u>	<u>(70)</u>	<u>(862)</u>

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>2014 \$'000</b>
<b>Revenue</b>	
Total reportable segment revenues	926
Interest income	23
Equity-accounted share of profit of associate	8
Other revenue	1
<b>Group revenues</b>	<u>958</u>
<b>Profit or loss</b>	
Total reportable segment operating loss after tax	(862)
Income not allocated	32
Depreciation and amortisation	(3)
Finance costs	(6)
Foreign exchange gain/(loss)	214
Professional and consulting expenses	(2,050)
Lease expenses	(68)
Travel	(268)
Other expenses	(101)
Employment costs	(73)
Non-segment income tax (expense)/benefit	5
<b>Group profit/(loss) after income tax expense</b>	<u>(3,180)</u>

**Note 3. Operating segments (continued)**

The following table shows operating segment total Assets and Liabilities and reconciles them to the corresponding figures for the Consolidated Entity's as presented in its Statement of financial position:

<b>Consolidated - 2014</b>	<b>Argentina \$'000</b>	<b>Ecuador \$'000</b>	<b>Panama \$'000</b>	<b>Mexico \$'000</b>	<b>Peru \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>						
Segment assets	1,425	12,246	25	10,897	2,227	26,820
Intersegment elimination entries						(751)
<i>Unallocated assets:</i>						
Cash and cash equivalents						12,349
Prepayments						167
Sales tax receivable						230
Accounts receivable - non-current						54
Plant & equipment						111
Software						142
<b>Total assets</b>						<b>39,122</b>
<i>Total assets includes:</i>						
Acquisition of non-current assets	728	12,010	8	10,053	1,961	24,760
<b>Liabilities</b>						
Segment liabilities	1,320	406	55	8,323	665	10,769
Intersegment elimination entries						(8,533)
<i>Unallocated liabilities:</i>						
Accounts payable						657
Other payables						33
Accruals						538
<b>Total liabilities</b>						<b>3,464</b>

*Geographical information*

	<b>Sales to external customers 2014 \$'000</b>	<b>Geographical non-current assets 2014 \$'000</b>
Australia	-	1
Argentina	677	101
Ecuador	95	12,060
Panama	16	8
Mexico	44	9,316
Peru	94	1,791
	<b>926</b>	<b>23,277</b>

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

**Note 4. Revenue**

	<b>Consolidated 2014 \$'000</b>
<i>Sales revenue</i>	
Sales revenue	926
<i>Other revenue</i>	
Interest	23
Other revenue	1
	<u>24</u>
Revenue	<u><u>950</u></u>

Sales revenue is revenue generated from the group's auto classified and content businesses. These businesses were acquired at different times of the reporting period and relevant revenue has been recognised in the Consolidated Entity from the respective acquisition dates as follows:

- Autofoco.com (Argentina) 15 September 2014
- Demotores.com.mx (Mexico): 24 December 2014
- Seminuevos.com.mx (Mexico): 22 October 2014
- Patiotuerca.com (Ecuador, Panama, Bolivia): 17 December 2014
- Todoautos.com.pe (Peru): 31 October 2014

**Note 5. Share of profits of associates accounted for using the equity method**

	<b>Consolidated 2014 \$'000</b>
Share of profit - associates	<u><u>8</u></u>

**Note 6. Other income**

	<b>Consolidated 2014 \$'000</b>
Net foreign exchange gain	<u><u>214</u></u>

**Note 7. Expenses**

	<b>Consolidated 2014 \$'000</b>
Loss before income tax includes the following specific expenses:	
<i>Depreciation</i>	
Plant and equipment	3
<i>Amortisation</i>	
Software	21
Domain names and trademarks	73
Total amortisation	94
Total depreciation and amortisation	97
<i>Finance costs</i>	
Interest and finance charges paid/payable	37
<i>Rental expense relating to operating leases</i>	
Minimum lease payments	139
<i>Employee benefits expense</i>	
Employee benefits expense excluding superannuation	566
Defined contribution superannuation expense	84
	<u>650</u>

**LatAm Autos Limited**  
**Notes to the financial statements**  
**31 December 2014**

**Note 8. Income tax benefit**

	<b>Consolidated 2014 \$'000</b>
<i>Income tax benefit</i>	
Current tax	(1405)
Deferred tax - origination and reversal of temporary differences	<u>1,344</u>
Aggregate income tax benefit	<u><u>(61)</u></u>
Deferred tax included in income tax benefit comprises:	
Increase in deferred tax assets (note 16)	<u>(61)</u>
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>	
Loss before income tax benefit	<u>(3,241)</u>
Tax at the statutory tax rate of 30%	(972)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	
Tax rate differential on accounting profit/(loss)	(1)
Exchange variations and other translation adjustments	(13)
Non-deductible local expenditure	243
Tax deductible local expenditure	(107)
Non-assessable local income	(48)
Deferred tax asset – temporary differences not recognised	23
Non-deductible IPO costs	596
Other	<u>(25)</u>
	(304)
Current period tax losses not recognised	<u>243</u>
Income tax benefit	<u><u>(61)</u></u>

	<b>Consolidated 2014 \$'000</b>
<i>Amounts credited directly to equity</i>	
Deferred tax assets (note 16)	<u>(57)</u>
<i>Tax losses not recognised</i>	
Unused tax losses for which no deferred tax asset has been recognised	<u>797</u>
Potential tax benefit at statutory tax rates	<u>243</u>

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.

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

	<b>Consolidated 2014 \$'000</b>
Cash at bank	<u><u>12,760</u></u>

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

	<b>Consolidated 2014 \$'000</b>
Trade receivables	375
Less: Provision for impairment of receivables	(32)
	<u>343</u>
Other accounts receivable	193
Sales taxes receivable - current	1,118
	<u>1,654</u>

*Impairment of receivables*

The Consolidated Entity has raised a provision for impairment of debtors of \$32,000 in profit or loss in respect of impairment of receivables for the period ended 31 December 2014.

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 2014 \$'000</b>
Over 3 months overdue	<u>32</u>

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

	<b>Consolidated 2014 \$'000</b>
Additional provisions recognised	<u>32</u>

*Past due but not impaired*

Customers with balances past due but without provision for impairment of receivables amount to \$95,000 as at 31 December 2014.

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

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

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

	<b>Consolidated 2014 \$'000</b>
Less than one month overdue	36
1 to 2 months overdue	21
2 to 3 months overdue	2
Over 3 months overdue	36
	<u>95</u>

**Note 11. Current assets - inventories**

	<b>Consolidated 2014 \$'000</b>
Stock on hand - at cost	<u>26</u>

**Note 12. Current assets - other**

	<b>Consolidated 2014 \$'000</b>
Prepayments	<u>266</u>

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

	<b>Consolidated 2014 \$'000</b>
Sales taxes receivable - non-current	<u>818</u>

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

	<b>Consolidated 2014 \$'000</b>
Plant and equipment - at cost	230
Less: Accumulated depreciation	<u>(3)</u>
	<u>227</u>



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

*Reconciliations*

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

<b>Consolidated</b>	<b>Plant &amp; equipment \$'000</b>
Balance at 11 April 2014	-
Additions	189
Additions through business combinations (note 34)	58
Exchange differences	(17)
Depreciation expense	(3)
	<hr/>
Balance at 31 December 2014	<u>227</u>

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

	<b>Consolidated 2014 \$'000</b>
Goodwill - at cost	<hr/> 7,728
Software - at cost	2,142
Less: Accumulated amortisation - software	<hr/> (21)
	<hr/> 2,121
Domain names and trademarks - at cost	13,220
Less: Accumulated amortisation - Domain names and trademarks	<hr/> (73)
	<hr/> 13,147
	<hr/> <u>22,996</u>

*Reconciliations*

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

<b>Consolidated</b>	<b>Domain names and trademarks \$'000</b>	<b>Software \$'000</b>	<b>Goodwill \$'000</b>	<b>Total \$'000</b>
Balance at 11 April 2014	-	-	-	-
Additions	-	142	-	142
Additions through business combinations (note 34)	13,220	2,000	7,719	22,939
Amortisation expense	(73)	(21)	-	(94)
Exchange differences	-	-	9	9
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2014	<u>13,147</u>	<u>2,121</u>	<u>7,728</u>	<u>22,996</u>

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

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 2014 \$'000</b>
Demotores.com.mx & Seminuevos.com (Mexico)	2,290
PatioTuerca.com (Ecuador, Panama, Bolivia)	5,248
Todoautos.pe (Peru)	190
	<hr/>
Goodwill allocation at 31 December	<b>7,728</b>
	<hr/> <hr/>

As at 31 December 2014 the relevant goodwill has only recently been recognised upon the acquisition of the relevant businesses by the Consolidated Entity for fair value, and its final carrying value is still subject to the finalisation of the initial acquisition accounting for the respective acquisitions, as noted in Note 34. Accordingly, management has concluded that, as at reporting date, the relevant goodwill is unlikely to have been impaired.

Identifiable intangible assets with finite lives - remaining amortisation periods

Domain names and trademarks - 12.25 years  
Software - 3.75 years

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

	<b>Consolidated 2014 \$'000</b>
<i>Deferred tax asset comprises temporary differences attributable to:</i>	
Amounts recognised in profit or loss:	
Tax losses	1,377
Intangible assets	(1,304)
Provisions	188
Other temporary differences	3
	<hr/>
	264
	<hr/>
Amounts recognised in equity:	
Transaction costs on share issue	57
	<hr/>
Deferred tax asset	<b>321</b>
	<hr/> <hr/>
<i>Movements:</i>	
Credited to profit or loss (note 8)	61
Credited to equity (note 8)	57
Additions through business combinations	203
	<hr/>
Closing balance	<b>321</b>
	<hr/> <hr/>

**Note 17. Non-current assets - other**

	<b>Consolidated 2014 \$'000</b>
Security deposits	54

**Note 18. Current liabilities - trade and other payables**

	<b>Consolidated 2014 \$'000</b>
Trade payables	1,040
Deferred consideration payable on business acquisitions	814
Accrued expenses	546
Sales tax payable	197
Other payables	81
	<u>2,678</u>

Refer to note 27 for further information on financial instruments.

Deferred consideration payable on business acquisitions comprises \$814,374 of deferred payables relating to the acquisitions of the Seminuevos.com and the Todoautos.com.pe businesses. These amounts are payable within 12 months of the end of the reporting period.

**Note 19. Current liabilities - provisions**

	<b>Consolidated 2014 \$'000</b>
Employee benefits	213
Provisions - labour and regulatory costs	106
Provisions - service fees payable	82
Provisions - other	45
	<u>446</u>

*Labour and regulatory costs*

The provision represents 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.

*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.

**Note 19. Current liabilities - provisions (continued)**

*Movements in provisions*

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

<b>Consolidated - 2014</b>	Employee benefits \$'000	Labour and regulatory costs \$'000	Service fees \$'000	Other \$'000	Total \$'000
Carrying amount at the start of the period	-	-	-	-	-
Additional provisions recognised	203	27	70	200	500
Additions through business combinations	138	103	9	7	257
Payments	(141)	-	-	(163)	(304)
Adjustments	-	(32)	-	-	(32)
Foreign currency translation adjustment	13	8	3	1	25
Carrying amount at the end of the period	<u>213</u>	<u>106</u>	<u>82</u>	<u>45</u>	<u>446</u>

**Note 20. Current liabilities - other**

	<b>Consolidated 2014 \$'000</b>
Deferred revenue	<u>280</u>

**Note 21. Non-current liabilities - deferred tax**

	<b>Consolidated 2014 \$'000</b>
<i>Deferred tax liability comprises temporary differences attributable to:</i>	
Amounts recognised in profit or loss:	
Temporary differences	<u>37</u>
Deferred tax liability	<u>37</u>
<i>Movements:</i>	
Additions through business combinations	<u>37</u>

**Note 22. Non-current liabilities - employee benefits**

	<b>Consolidated 2014 \$'000</b>
Employee benefits	<u>23</u>

**Note 23. Equity - issued capital**

		Consolidated		
		2014	2014	
		Shares	\$'000	
Ordinary shares - fully paid		239,822,166	38,834	
<i>Movements in ordinary share capital</i>				
Details	Date	Shares	Issue price	\$'000
Balance	11 April 2014	-		-
Founder shares issued on incorporation	11 April 2014	50,000,000	\$0.00	50
Shares issued through placement	25 May 2014	57,000,000	\$0.05	2,850
Shares issued through placement	3 June 2014	3,000,000	\$0.05	150
Shares issued in lieu of payment for services	21 August 2014	480,000	\$0.05	24
Shares issued through placement	16 October 2014	45,277,795	\$0.27	12,225
Shares issued in lieu of payment for services	16 October 2014	370,371	\$0.27	100
Shares issued as part consideration for Avisoriaweb S.A. acquisition	16 December 2014	23,694,000	\$0.30	7,108
Shares issued via Initial Public Offer	17 December 2014	60,000,000	\$0.30	18,000
Costs of issuing shares		-	\$0.00	(1,673)
Balance	31 December 2014	239,822,166		38,834

*Ordinary shares*

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

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

*Share buy-back*

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

*Capital risk management*

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

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 - reserves**

	<b>Consolidated</b>
	<b>2014</b>
	<b>\$'000</b>
Foreign currency reserve	<u>4</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.

**Note 24. Equity - reserves (continued)**

*Movements in reserves*

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

<b>Consolidated</b>	Foreign currency Translation reserve \$'000	Total \$'000
Balance at 11 April 2014	-	-
Foreign currency translation	4	4
Balance at 31 December 2014	<u>4</u>	<u>4</u>

**Note 25. Equity - accumulated losses**

	<b>Consolidated 2014 \$'000</b>
Retained profits at the beginning of the financial period	-
Loss after income tax benefit for the period	<u>(3,180)</u>
Accumulated losses at the end of the financial period	<u>(3,180)</u>

**Note 26. Equity - dividends**

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

**Note 27. 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 27. 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 2014</b>	<b>Reporting date exchange rates 2014</b>
<b>Australian dollars</b>		
Argentine peso (ARS)	7.3409	7.0118
Mexican peso (MXN)	11.8866	12.0766
Peruvian Nuevo Sol (PEN)	2.4755	2.4541
US dollar (USD)	0.8600	0.8200

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

<b>Consolidated</b>	<b>Assets 2014 \$'000</b>
US dollar	6,697
	<u>6,697</u>

The Consolidated Entity had net financial assets denominated in foreign currencies of \$6,697,000 (assets \$6,697,000 less liabilities \$Nil) as at 31 December 2014.

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 +/- 7.5% change in all exchange rates for the year ended at 31 December 2014. 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 27. Financial instruments (continued)**

Consolidated - 2014	% 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	7.5%	(467)	(467)	7.5%	543	543
		<u>(467)</u>	<u>(467)</u>		<u>543</u>	<u>543</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 \$12,760,000 and no borrowings. 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	2014	
	Weighted average interest rate %	Balance \$'000
Bank accounts - interest-bearing	0.25%	6,721
Net exposure to cash flow interest rate risk		<u>6,721</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:

	Consolidated 2014 \$'000
<b>Classes of financial assets</b>	
Cash at bank	12,760
Trade accounts receivable	343
Other accounts receivable - current	193
Sales taxes receivable - current	1,118
Other accounts receivable - non-current	54
Sales taxes receivable - non-current	<u>818</u>
Total financial assets	<u>15,286</u>



**Note 27. Financial instruments (continued)**

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.

**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.

<b>Consolidated - 2014</b>	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>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-%	1,040	-	-	-	1,040
Sales tax payables	-%	197	-	-	-	197
Deferred consideration payable on business acquisitions	-%	814	-	-	-	814
Deferred income	-%	280	-	-	-	280
Accrued expenses	-%	546	-	-	-	546
Other payables	-%	81	-	-	-	81
<b>Total non-derivatives</b>		<b>2,958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,958</b>

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

**Note 27. Financial instruments (continued)**

***Fair value of financial instruments***

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

**Note 28. 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 2014 \$</b>
Short-term employee benefits	231,753
Post-employment benefits	1,325
	<u>233,078</u>

**Note 29. Remuneration of auditors**

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

	<b>Consolidated 2014 \$</b>
<i>Audit services - Grant Thornton</i>	
Audit or review of the financial statements	<u>69,000</u>
<i>Other services - Grant Thornton</i>	
Investigating Accountant's Report and due diligence	333,578
Tax advice	<u>168,258</u>
	<u>501,836</u>
	<u>570,836</u>
<i>Audit services - network firms</i>	
Audit or review of the financial statements	<u>25,000</u>

**Note 30. Contingent liabilities**

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

**Note 31. Commitments**

**Consolidated**  
**2014**  
**\$'000**

*Lease commitments - operating*

Committed at the reporting date but not recognised as liabilities, payable:

Within one year	299
One to five years	293
	<hr/>
	592
	<hr/>

Operating lease commitments relate to leases of various premises used by the Consolidated Entity as business offices in Ecuador, Mexico, Argentina, Peru and Panama. The leases are non-cancellable and have terms ranging from 9 months to 3 years.

**Note 32. 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 28 and the remuneration report in the directors' report.

*Transactions with related parties*

The following transactions occurred with related parties:

**Consolidated**  
**2014**  
**\$**

Payment for goods and services:	
Purchase of goods from associate	16

The related party transaction was the purchase of goods by the Consolidated Entity from Avisoriaweb S.A. while it was still an associate of the Consolidated Entity.

*Receivable from and payable to related parties*

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

*Loans to/from related parties*

There were no loans to or from related parties at the reporting date.

*Terms and conditions*

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

**Note 33. 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 2014 \$'000</b>
Loss after income tax	(2,083)
Total comprehensive income	(2,083)

*Statement of financial position*

	<b>Parent 2014 \$'000</b>
Total current assets	12,664
Total assets	37,903
Total current liabilities	1,152
Total liabilities	1,152
Equity	
Issued capital	38,834
Accumulated losses	(2,083)
Total equity	36,751

*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 2014.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 31 December 2014.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment at as 31 December 2014.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 1, 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 34. Business combinations**

During the period ended 31 December 2014, the Consolidated Entity undertook a number of separate acquisitions of businesses as part of its business strategy. The following comments apply generally to all acquisitions during the period.

The business combinations were undertaken as part of the Company's business strategy to become a leading online auto classifieds and content platform in Latin America by acquiring and integrating various quality motoring websites across Latin America and to capitalise on the shift of auto classifieds from traditional print media to online channels.

**Note 34. Business combinations (continued)**

The factors that make up the goodwill recognised in relation to the respective business combinations include: expected synergies from combining operations of a number of similar and complementary acquired businesses and increasing efficiencies by using common systems across the businesses.

In relation to some of the business acquisitions, the Consolidated Entity has performed a provisional assessment of the fair value of the assets and liabilities as at the date of the acquisition. For the purposes of the balance sheet, the assets and liabilities have been recorded at their provisional fair values. Under Australian Accounting Standards, the Consolidated Entity has up to 12 months from the date of acquisition to complete its initial acquisition accounting. The Consolidated Entity has already commenced this exercise to consider the fair value of intangible assets acquired in the acquisitions. Any adjustments to the fair values, including associated tax adjustments, will have an equal and opposite impact on the goodwill recorded on acquisition. Accordingly, any such adjustments will have no impact on the aggregate of the net assets or the Consolidated Entity's net profit after tax with the exception of any amortisation charges. At the time of this report the total amount of goodwill that is expected to be deductible for tax purposes has not yet been determined.

In relation to the respective business combinations, the disclosure of the revenue and profit or loss of the combined entity for the current reporting period, as though the acquisition date for all business combinations that occurred during the year had been as at the beginning of the annual reporting period, is impracticable as:

- the historical revenue and expense data relating to a number of the businesses acquired by LatAm Autos were previously combined with data of other operating businesses in other legal entities from whom the Company acquired the businesses, making it difficult to reproduce the net profit or loss data of the acquired businesses; and
- the Company was incorporated in April 2014 and spent much of the reporting period in "start up" and acquisition mode and therefore did not operate during the entire financial year at the level it would have had it the acquired the relevant businesses at the beginning of the annual reporting period. Consequently it does not have accounting data that could be applied to the relevant accounting period to produce the relevant information.

Specific details of the different acquisitions are as follows. Australian dollar values shown are calculated using exchange rates at the time of the respective acquisition transactions.

**Note 34. Business combinations (continued)**

*Autofoco.com - Argentina*

Founded in 1999, AutoFoco.com is one of the top 3 dedicated auto classifieds websites operating in Argentina and publishes an automotive classifieds magazine distributed in Argentina. AutoFoco.com also offers automotive-interest content and information in order to draw users to its website and maximise time spent on the website, thereby increasing viewership of its listings.

On 15 September 2014 LatAm Autos and LatAm Autos Holdings together acquired 100% of the shares in AutoFoco.com's corporate parents, Anuntis Segundamano Argentina S.A. (ASA) and Anuntis Segundamano Argentina Holdings S.A. (ASAH). The total consideration paid for 100% of the shares in ASA and ASAH was US\$200,000 (A\$222,000).

The acquired business contributed additional revenues of \$677,000 and loss after tax of \$560,000 to the Consolidated Entity for the period from 15 September 2014 to 31 December 2014.

It is estimated that if the acquisition occurred on the date of LatAm Autos' incorporation, 11 April 2014, the additional revenue and loss from 11 April 2014 to the year ended 31 December 2014 would be \$1,664,000 and \$389,000 respectively.

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Cash and cash equivalents	63
Trade and other receivables	446
Plant and equipment	15
Other assets	260
Domain names and trademarks	70
Creditors and provisions	(632)
Net assets acquired	222
Goodwill	-
Acquisition-date fair value of the total consideration transferred	<u>222</u>
Representing:	
Cash paid or payable to vendor	<u>222</u>
Acquisition costs expensed to profit or loss (Administration expenses)	<u>124</u>

**Note 34. Business combinations (continued)**

*Demotores.com.mx - Mexico*

Founded in 2010, Demotores.com.mx is an auto classifieds website in Mexico.

On 13 October 2014, LatAm Autos entered into an agreement by which its wholly-owned subsidiaries Latamautos Mexico S. de R.L. de C.V. and LatAm Autos Limited were granted an option to acquire the business and assets of demotores.com.mx for US\$900,000 (A\$1,000,000). Consideration of US\$4,900,000 (A\$6,100,000) was paid in cash by LatAm Autos to exercise the option upon completion of the acquisition on 24 December 2014.

The Demotores.com.mx business, combined with the Semineuvos.com business acquired in September 2014, contributed additional revenues of \$44,000 and a loss after tax of \$85,000 to the Consolidated Entity for the period from acquisition to 31 December 2014. The accounting results of the Demotores.com.mx and Seminuevos.com businesses have been combined since their acquisitions by the Consolidated Entity.

The disclosure of additional revenue and profit or loss for the combined entity for the period from the date of LatAm Autos' incorporation, 11 April 2014, to the end of the reporting period, 31 December 2014, is impracticable as, due to the nature of acquisitions, LatAm Autos does not have access to sufficient accounting information for the pre-acquisition period to enable the compilation of information which complies with the relevant accounting standard.

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Domain names and trademarks	6,000
Recoverable sales tax paid on acquisition	866
	<hr/>
Net assets acquired	6,866
Goodwill	1,148
	<hr/>
Acquisition-date fair value of the total consideration transferred	8,014
	<hr/> <hr/>
Representing:	
Cash paid or payable to vendor	8,014
	<hr/> <hr/>
Acquisition costs expensed to profit or loss (Administration expenses)	121
	<hr/> <hr/>

Recoverable sales tax paid on the acquisition has been capitalised to the balance sheet as it can be used to offset future sales tax liabilities payable by the Company to the relevant taxation authorities. This is recorded in the balance sheet accounts Sales taxes receivable – current and Sales taxes receivable – non-current.

**Note 34. Business combinations (continued)**

*Seminuevos.com - Mexico*

Founded in 2000, Seminuevos.com (including Seminuevos.com and Cars.mx) is an auto classifieds website in Mexico. In addition to listing revenue, Seminuevos.com and Cars.mx also sell display advertising on their websites.

On 22 October 2014, Latamautos Mexico S. de R.L. de C.V., a wholly-owned subsidiary of LatAm Autos, acquired the business and assets of Seminuevos.com for consideration of US\$1,900,000 (A\$2,160,000) in cash (excluding VAT tax payable of 16%), which is payable in 2 tranches. The first tranche of US\$1,700,000 (A\$1,930,000) was paid on 22 October 2014 with the remaining US\$200,000 (A\$227,000) to be paid on 22 April 2015.

As noted above, the Demotores.com.mx business, combined with the Semineuvos.com business acquired in September 2014, contributed additional revenues of \$44,000 and a loss after tax of \$85,000 to the Consolidated Entity for the period from acquisition to 31 December 2014. The accounting results of the Demotores.com and Seminuevos.com businesses have been combined since their acquisitions by the Consolidated Entity.

The disclosure of additional revenue and profit or loss for the combined entity for the period from the date of LatAm Autos' incorporation, 11 April 2014, to the end of the reporting period, 31 December 2014, is impracticable as, due to the nature of acquisitions, LatAm Autos does not have access to sufficient accounting information for the pre-acquisition period to enable the compilation of information which complies with the relevant accounting standard.

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Domain names and trademarks	1,050
Recoverable sales tax paid on acquisition	245
	<hr/>
Net assets acquired	1,295
Goodwill	1,139
	<hr/>
Acquisition-date fair value of the total consideration transferred	2,434
	<hr/> <hr/>
Representing:	
Cash paid or payable to vendor	2,207
Deferred payment	227
	<hr/>
	2,434
	<hr/> <hr/>
Acquisition costs expensed to profit or loss (Administration expenses)	62
	<hr/> <hr/>

Recoverable sales tax paid on the acquisition has been capitalised to the balance sheet as it can be used to offset future sales tax liabilities payable by the Company to the relevant taxation authorities. This is recorded in the balance sheet accounts Sales taxes receivable – current and Sales taxes receivable – non-current.



**Note 34. Business combinations (continued)**

*PatioTuerca.com - Ecuador, Panama, Bolivia*

Founded in 2004, PatioTuerca.com is an auto classifieds website operating in Ecuador, Panama, and Bolivia. PatioTuerca.com also offers automotive-interest content and information in order to draw users to its website and maximise time spent on the website, thereby increasing viewership of its listings. In addition to listing revenue from dealerships and individuals, PatioTuerca.com also sells display advertising on its websites.

LatAm Autos acquired 49.9% of the shares in PatioTuerca.com's corporate parent, Avisoriaweb S.A., on 13 October 2014. The consideration paid for 49.9% of the shares in Avisoriaweb S.A. was \$4,738,800 in cash. LatAm Autos acquired the remaining 50.1% of the shares on 17 December 2014 for consideration of \$7,108,200 in the form of 23,694,000 LatAm Autos shares, which were valued at the IPO issue price of \$0.30.

The acquired business contributed revenues of \$95,000 and loss after tax of \$118,000 to the Consolidated Entity for the period from 17 December 2014 to 31 December 2014.

It is estimated that if the acquisition occurred on the date of LatAm Autos' incorporation, 11 April 2014, the additional revenue and loss from 11 April 2014 to the year ended 31 December 2014 would be \$1,282,000 and \$95,000 respectively.

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Cash and cash equivalents	53
Trade receivables	508
Plant and equipment	43
Domain names and trademarks	4,500
Software	2,000
Other assets	5
Creditors and provisions	(491)
Other liabilities	(14)
Net assets acquired	6,604
Goodwill	5,243
Acquisition-date fair value of the total consideration transferred	<u>11,847</u>
Representing:	
Cash paid or payable to vendor	4,739
LatAm Autos Limited shares issued to vendor	7,108
	<u>11,847</u>
Acquisition costs expensed to profit or loss (Administration expenses)	<u>134</u>

**Note 34. Business combinations (continued)**

*Todoautos.com.pe - Peru*

Founded in 2005, Todoautos.com.pe (including Todoautos.com.pe, TodoMotos.com.pe, and BusesYCamiones.pe) was created to focus on automotive news and content, including test drives, enthusiast information, and automotive industry content. These websites also provide auto classifieds listing platforms to facilitate the buying and selling of motor vehicles by individuals and auto dealers. Todoautos.com.pe offers a free platform to advertise automotive listings to customers in Peru, generating revenue via advertising content on the sites.

On 31 October 2014, LatAm Autos Peru S.A.C., a wholly-owned subsidiary of LatAm Autos, acquired 100% of the assets of Todoautos.com.pe for consideration of PEN\$4,480,000 (A\$1,700,000) in cash (excluding VAT taxes payable of 18%), with PEN\$3,080,000 (A\$1,200,000) paid at completion and the balance of PEN\$1,400,000 (A\$544,000) being payable in 2 tranches over a 12-month period from completion of the acquisition.

The acquired business contributed additional revenues of \$94,000 and loss after tax of \$70,000 to the Consolidated Entity for the period from 31 October 2014 to 31 December 2014.

The disclosure of additional revenue and profit or loss for the combined entity for the period from the date of LatAm Autos' incorporation, 11 April 2014, to the end of the reporting period, 31 December 2014, is impracticable as, due to the nature of acquisitions, LatAm Autos does not have access to sufficient accounting information for the pre-acquisition period to enable the compilation of information which complies with the relevant accounting standard.

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Domain names and trademarks	1,600
Recoverable sales tax paid on acquisition	288
Net assets acquired	1,888
Goodwill	189
Acquisition-date fair value of the total consideration transferred	<u>2,077</u>
Representing:	
Cash paid or payable to vendor	1,533
Deferred payment	544
	<u>2,077</u>
Acquisition costs expensed to profit or loss (Administration expenses)	<u>107</u>

Recoverable sales tax paid on the acquisition has been capitalised to the balance sheet as it can be used to offset future sales tax liabilities payable by the Company to the relevant taxation authorities. This is recorded in the balance sheet accounts Sales taxes receivable – current and Sales taxes receivable – non-current.

*Reconciliation of Business Combinations cash paid and cash acquired*

	Cash paid	Cash acquired
	\$000s	\$000s
Business combination		
Autofoco (Argentina)	222	63
Demotores (Mexico)	8,014	-
Seminuevos (Mexico)	2,207	-
Patituerca (Ecuador, Panama, Bolivia)	4,739	53
Todoautos (Peru)	<u>1,533</u>	<u>-</u>
Totals, as per Statement of cash flows	<u>16,715</u>	<u>116</u>

**Note 34. Business combinations (continued)**

**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 1:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest 2014 %</b>
LatAm Autos Holdings Pty Ltd (incorporated 21 August 2014)	Australia	100.00%
Anuntis Segundamano Argentina S.A. (acquired 15 September 2014)	Argentina	100.00%
Anuntis Segundamano Argentina Holdings S.A. (acquired 15 September 2014)	Argentina	100.00%
Latamautos Mexico S. de R.L. de C.V. (incorporated 30 September 2014)	Mexico	100.00%
Avisoriaweb S.A. (acquired 17 December 2014)	Ecuador	100.00%
LatAm Autos Peru S.A. (incorporated 26 August 2014)	Peru	100.00%
LatAm Autos Panama S.A. (incorporated 24 November 2014)	Panama	100.00%
Latamautos Corporacion S.A. (incorporated 25 September 2014)	Ecuador	100.00%

**Note 36. Interests in associates**

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Consolidated Entity are set out below.

During the reporting period the Consolidated Entity acquired Avisoriaweb S.A. (Avisoriaweb) in stages. On 13 October 2014, the Consolidated Entity acquired 49.9% of the issued shares of Avisoriaweb and determined that it had significant influence over Avisoriaweb as from that date. On 17 December 2014, the Consolidated Entity acquired the remaining 50.1% of the issued shares of Avisoriaweb and determined that it controlled Avisoriaweb as from that date.

Accordingly, the Consolidated Entity accounted for its investment in the Consolidated Entity as an associate for the period 13 October 2014 to 17 December 2014 and as a controlled entity thereafter. Details of Avisoriaweb's contribution to the Consolidated Entity's profit while it was accounted for as an associate are set out below.

	<b>Consolidated 2014 \$'000</b>
<b>Associate's contribution to Consolidated Entity operating loss</b>	
Share of associate profit recognised	<u><u>8</u></u>

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

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

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

	<b>Consolidated 2014 \$'000</b>
Loss after income tax benefit for the period	(3,180)
Adjustments for:	
Depreciation and amortisation	97
Share-based payments	100
Foreign exchange differences	(159)
Change in operating assets and liabilities:	
Decrease in trade and other receivables	94
Increase in prepayments	(225)
Net movement in sales tax payable/receivable	2
Increase in inventories	(16)
Increase in deferred tax assets	(203)
Decrease in deferred revenue	(150)
Increase in trade and other payables	953
Increase in employee benefits	82
Increase in other provisions	71
Net cash used in operating activities	<u><u>(2,534)</u></u>

**Note 39. Non-cash investing and financing activities**

	<b>Consolidated 2014 \$'000</b>
Shares issued in relation to business combinations	7,108
Shares issued in lieu of payment for services	124
Deferred consideration payable for business combinations	770
	<u><u>8,002</u></u>

**Note 40. Earnings per share**

	<b>Consolidated 2014 \$'000</b>
Loss after income tax attributable to the owners of LatAm Autos Limited	<u><u>(3,180)</u></u>
	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>117,362,380</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u><u>117,362,380</u></u>
	<b>Cents</b>
Basic earnings per share	(2.7)
Diluted earnings per share	(2.7)

**Note 41. Share-based payments**

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.

During the period ended 31 December 2014 the Company issued a total of 850,371 fully paid ordinary shares for the payment of capital raising services and assistance with due diligence and closing the acquisitions provided by third parties. The shares vested immediately. Details of the issues are as follows:

	<b>Consolidated 2014 \$</b>
Shares issued for capital raising and other fees - 21 August 2014 - 480,000 shares; issue price \$0.05 (5 cents) per share	24,000
Shares issued for capital raising and other fees - 16 October 2014 - 370,371 shares; issue price \$0.27 (27 cents) per share	100,000
Total value of share based payments	<u>124,000</u>

**LatAm Autos Limited**  
**Directors' declaration**  
**31 December 2014**

In the directors' opinion:

- the attached consolidated financial statements and notes thereto, and the Remuneration report set out on pages 8 to 12 of the Directors' report, comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached consolidated financial statements and notes thereto give a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and of its performance for the financial period 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



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26 March 2015

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

### **Report on the financial report**

We have audited the accompanying financial report of LatAm Autos Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### **Directors' responsibility 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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

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

### **Auditor's opinion**

In our opinion:

- a the financial report of LatAm Autos Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

### **Report on the remuneration report**

We have audited the remuneration report included in pages 8 to 12 of the directors' report for the year ended 31 December 2014. 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.



**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of LatAm Autos Limited for the year ended 31 December 2014, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Brock Mackenzie  
Partner - Audit & Assurance

Melbourne, 26 March 2015

**LatAm Autos Limited**  
**Shareholder information**  
**31 December 2014**

The shareholder information set out below was applicable as at 13 March 2015.

**Use of Cash**

In accordance with ASX Listing Rule 4.10.10, the Consolidated Entity reports that, for the period between the Company's admission to the Australian Securities Exchange on 17 December 2014 and the end of the reporting period, it used the cash and assets readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

**Corporate governance**

Refer to the Company's Corporate Governance statement at: <http://www.latamautos.com/corporate-governance>.

There is no current on-market buy-back.

**Distribution of equitable securities**

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

	Number of holders of shares Voluntary Escrowed 1 2 months to 17 December 2015	Number of holders of shares ASX Escrowed 1 2 months from date of issue 25 May 2014	Number of holders of shares ASX Escrowed 2 4 months to 17 December 2016
1 to 1,000	5	-	-
1,001 to 5,000	48	-	-
5,001 to 10,000	138	2	-
10,001 to 100,000	223	8	1
100,001 and over	92	37	29
	<u>506</u>	<u>47</u>	<u>30</u>
Holding less than a marketable parcel	<u>5</u>	<u>-</u>	<u>-</u>

**Equity security holders**

*Twenty largest equity security holders*

The names of the twenty largest security holders of all classes of issued equity securities are listed below:

	<b>Issued shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
CHESTNUT PARTNERS LIMITED	50,000,000	20.85
LOG CREEK PTY LTD <THE LOG CREEK VINEYARD A/C>	34,437,038	14.36
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,713,413	6.14
STARTIVE VENTURES INC	13,055,556	5.44
JORGE MEJIA RIBADENEIRA	9,003,720	3.75
MPC NOMINEES PTY LTD	8,333,334	3.47
DIEGO FERNANDO CAMACHO PUENTE	6,219,675	2.59
ANDREW JACOBO MORENEO NOBOA	6,219,675	2.59
MERUMA PTY LTD <MERUMA INVESTMENTS A/C>	5,925,926	2.47
CITICORP NOMINEES PTY LIMITED	4,967,781	2.07
HK PRIVATE CLIENT INVESTMENTS PTY LTD <HK PRIV CLIENT INVEST UNT AC>	2,592,593	1.08
SDS CAPITAL NO 2 PTY LTD <SDS CAPITAL NO 2 UNIT A/C>	2,592,593	1.08
EMH IV PTY LIMITED <EMH IV FAMILY A/C>	2,592,593	1.08
TICO PTY LTD <T A HOLMES SUPER FUND A/C>	2,555,556	1.07
FERN ESTATES PTY LTD	2,333,333	0.97
DANIEL PONCE MEJIA	2,250,930	0.94
S CHAMBERLAIN PTY LTD <S CHAMBERLAIN FAMILY A/C>	2,185,186	0.91
GARY ZAMEL & ASSOCIATES PTY LTD	2,055,556	0.86
TALL VENTURES PTY LTD <TALL VENTURES A/C>	1,851,853	0.77
COMPERIO INVESTMENT MANAGEMENT LIMITED	1,851,852	0.77
MR JONATHAN RICHARD DAVIE	1,851,852	0.77
	<b>177,590,015</b>	<b>74.05</b>

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of each class of quoted equity securities are listed below:

	<b>Fully paid Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,713,413	6.14
LOG CREEK PTY LTD (THE LOG CREEK VINEYARD A/C)	12,400,000	5.17
CITICORP NOMINEES PTY LIMITED	4,967,781	2.07
FERN ESTATES PTY LTD	2,333,333	0.97
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,345,586	0.56
MR ROBERT EDWARD MCCLEAVE	1,000,000	0.42
MERUMA PTY LTD (MERUMA INVESTMENTS A/C)	833,333	0.35
JABEROPE PROPRIETARY LIMITED	833,333	0.35
EMH IV PTY LIMITED (EMH IV FAMILY A/C)	833,333	0.35
KTAP PTY LTD	766,667	0.32
NETWEALTH INVESTMENTS LIMITED (SUPER SERVICES A/C)	758,098	0.32
JAW FAMILY INVESTMENTS PTY LTD (JAW FAMILY INVESTMENTS A/C)	666,667	0.28
TALL VENTURES PTY LTD (TALL VENTURES A/C)	583,333	0.24
NETWEALTH INVESTMENTS LIMITED (WRAP SERVICES A/C)	448,500	0.19
STARTIVE VENTURES INC	416,666	0.17
INVIA CUSTODIAN PTY LIMITED (PAULA SUPER FUND A/C)	400,000	0.17
MR RUNE TRAAVIK CHRISTENSEN	400,000	0.17
MR NIGEL STRONG	350,000	0.15
MR GLENN ANTHONY SIMPSON & MRS KERRY LOUISE SIMPSON (SIMPSON FAMILY S/F A/C)	340,000	0.14
MRS DINNY BIRRELL & MR PETER PROPERT BIRRELL (BIRRELL SUPER FUND A/C)	333,333	0.14
	<b>44,723,376</b>	<b>18.65</b>

**LatAm Autos Limited**  
**Shareholder information**  
**31 December 2014**

**Shares Voluntary  
Escrowed 12 months to 17  
December 2015**

	<b>Number held</b>	<b>% of total shares issued</b>
LOG CREEK PTY LTD (THE LOG CREEK VINEYARD A/C)	10,925,926	4.56
STARTIVE VENTURES INC	9,592,593	4.00
HK PRIVATE CLIENT INVESTMENTS PTY LTD (HK PRIV CLIENT INVEST UNT AC)	2,592,593	1.08
SDS CAPITAL NO 2 PTY LTD (SDS CAPITAL NO 2 UNIT A/C)	2,592,593	1.08
COMPERIO INVESTMENT MANAGEMENT LIMITED	1,851,852	0.77
MR JONATHAN RICHARD DAVIE	1,851,852	0.77
MR DAVID GALLAGHER	1,481,482	0.62
CG NOMINEES (AUSTRALIA) PTY LTD	925,928	0.39
EMH IV PTY LTD (EMH IV FAMILY A/C)	925,926	0.39
MERUMA PTY LTD (MERUMA INVESTMENTS A/C)	925,926	0.39
SUNDOWNER PRODUCTIONS PTY LTD	925,926	0.39
DECANTE PTY LTD (J M EHRLICH SUPER FUND A/C)	703,704	0.29
MR COLIN GALBRAITH & MRS RHONDA GALBRAITH (GALBRAITH FAMILY S/F A/C)	666,666	0.28
MR PATRICK BOISVERT	555,556	0.23
FAZIN PTY LTD	555,556	0.23
GARY ZAMEL & ASSOCIATES PTY LTD	555,556	0.23
TICO PTY LTD (T A HOLMES SUPER FUND A/C)	555,556	0.23
ALADY INVESTMENTS PTY LTD	370,371	0.15
MR WARWICK JOHN CHUTE EARL	370,371	0.15
KOORBNARC NOMINEES PTY LTD	314,815	0.13
	<b>39,240,748</b>	<b>16.36</b>

*Unquoted equity securities*

	<b>Number on issue</b>	<b>Number of holders</b>
Shares - ASX Escrowed 12 months from date of issue 25 May 2014	48,865,293	30
Shares - ASX Escrowed 24 months to 17 December 2016	77,893,913	12

The following person holds 20% or more of unquoted equity securities:

<b>Name</b>	<b>Class</b>	<b>Number held</b>
CHESTNUT PARTNERS LIMITED	Shares - ASX Escrowed 24 Months to 17 December 2016	50,000,000

**LatAm Autos Limited**  
**Shareholder information**  
**31 December 2014**

**Substantial holders**

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
Timothy Handley & Gareth Bannan	50,000,000	20.85
Log Creek Pty Ltd (ATF the Log Creek Vineyard Trust)	34,437,038	14.36
Simon Clausen	19,722,223	8.22

The Company has also lodged a substantial holding notice for 169,822,186 of the Company's shares as, due to escrow arrangements over those shares, the Company has a "relevant interest" in its own shares as defined by the Corporations Act. However the Company has no right to acquire those shares or to control the voting rights attaching to those shares.

**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.

*Shares subject to escrow (Restricted Securities)*

Voting rights relating to shares subject to escrow are the same as for ordinary shares except that, During a breach of the ASX Listing Rules relating to Shares which are Restricted Securities, or a breach of a restriction agreement, the holder of the relevant Restricted Securities is not entitled to any voting rights in respect of those Restricted Securities.

There are no other classes of equity securities.

**Restricted securities**

<b>Class</b>	<b>Expiry date</b>	<b>Number of shares</b>
Shares - ASX Escrowed 12 mths from date of issue 25 May 2014	25 May 2015	48,865,293
Shares - ASX Escrowed 24 Months to 17 December 2016	17 December 2016	77,893,913
		<u>126,759,206</u>

**Securities subject to voluntary escrow**

<b>Class</b>	<b>Expiry date</b>	<b>Number of shares</b>
Shares - Voluntary Escrowed 12 months to 17 December 2015	17 December 2015	43,062,979