

LatAm Autos Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity: LatAm Autos Limited
ABN: 12 169 063 414
Reporting period: For the period ended 31 December 2014

2. Results for announcement to the market

	\$'000
Revenues from ordinary activities	950
Loss from ordinary activities after tax attributable to the owners of LatAm Autos Limited	(3,180)
Loss for the period attributable to the owners of LatAm Autos Limited	(3,180)

Dividends

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

Comments

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

The Consolidated Entity was incorporated and commenced operations during the 2014 reporting period. It acquired businesses during the reporting period and relevant revenue from them has been recognised in the Consolidated Entity only from the respective acquisition dates as follows:

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

	Reporting period Cents
Net tangible assets per ordinary security	<u><u>5.28</u></u>

4. Control gained over entities

Control was gained over the following entities on the following dates during the period. Their contribution to the reporting entity's loss from ordinary activities is also noted:

- LatAm Autos Holdings Pty Ltd (21 August 2014) - Nil (previous period - N/A)
 - Anuntis Segundamano Argentina S.A. (15 September 2014) - Loss - \$463,206 (previous period - N/A)
 - Anuntis Segundamano Argentina Holdings S.A. (15 September 2014) - Loss - \$96,452 (previous period - N/A)
 - Latamautos Mexico S. de R.L. de C.V. (30 September 2014) - Loss - \$98,006 (previous period - N/A)
 - Avisoriaweb S.A. (17 December 2014) - Loss - \$35,923 (previous period - N/A)
 - LatAm Autos Peru S.A. (26 August 2014) - Loss - \$49,724 (previous period - N/A)
 - LatAm Autos Panama S.A.C. (24 November 2014) - Loss - \$29,636 (previous period - N/A)
 - Latamautos Corporacion S.A. (25 September 2014) - Loss - \$280,736 (previous period - N/A)
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5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding	Contribution to profit/(loss) (where material)
	Reporting period %	Reporting period \$'000
Avisoriaweb S.A.	49.90%	8
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>		
Profit/(loss) from ordinary activities before income tax		8
Income tax on operating activities		-

Avisoriaweb S.A. was an associated entity of the consolidated entity from 13 October 2014 to 17 December 2014. Avisoriaweb S.A. became a wholly-owned subsidiary of LatAm Autos Limited on 17 December 2014.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

11. Attachments

Unaudited summary consolidated financial statements for LatAm Autos Limited and its controlled entities for the period ended 31 December 2014 are attached.

LatAm Autos Limited

ABN 12 169 063 414

Summary financial statements - 31 December 2014

LatAm Autos Limited
General information
31 December 2014

General information

The financial statements cover LatAm Autos Limited as a Consolidated Entity consisting of LatAm Autos Limited and its subsidiaries. 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
Isla Pinzon N43-34 y Tomas Berlanga
Quito, Ecuador
Tel: +593 2 604 7442

LatAm Autos Limited
Operations review
31 December 2014

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. 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);
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 on a pro rata basis 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 measuring online marketing effectiveness. The rollout of PTX is expected to be completed during Q2, ahead of schedule and within budget. 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, 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 position the business very strongly and rapidly strengthen its market position and overall performance.

We have also been focused on building our organisational capability, and have hand-picked some of the best talent in the region to bolster our technology, marketing, operations and finance teams. We have also hired all outstanding Country Managers, 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. We also welcomed 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.

LatAm Autos Limited
Operations review
31 December 2014

Peru

The integration of todoautos.com.pe into LatAm Autos is now largely complete, with the exception of the PTX migration. 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.

LatAm Autos Limited
Summary statement of profit or loss and other comprehensive income
For the period ended 31 December 2014

	Note	Consolidated 2014 \$'000
Revenue	3	950
Share of profits of associates accounted for using the equity method	4	8
Other income	5	214
Expenses		
Production costs		(302)
Marketing and sales expenses		(139)
Employee benefits expense	6	(650)
Administrative expenses		(3,094)
Depreciation and amortisation expense	6	(97)
Finance costs		(37)
Other expenses		(94)
Loss before income tax benefit		(3,241)
Income tax benefit	7	61
Loss after income tax benefit for the period attributable to the owners of LatAm Autos Limited	25	(3,180)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation - exchange differences on translating foreign operations and subsidiaries		4
Other comprehensive income for the period, net of tax		4
Total comprehensive income for the period attributable to the owners of LatAm Autos Limited		(3,176)
		Cents
Basic earnings per share		(2.71)
Diluted earnings per share		(2.71)

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

LatAm Autos Limited
Summary statement of financial position
As at 31 December 2014

	Note	Consolidated 2014 \$'000
Assets		
Current assets		
Cash and cash equivalents	8	12,760
Trade and other receivables	9	1,654
Inventories	10	26
Other	11	266
Total current assets		<u>14,706</u>
Non-current assets		
Receivables	12	818
Property, plant and equipment	13	227
Intangibles	14	22,996
Deferred tax	15	321
Other	16	54
Total non-current assets		<u>24,416</u>
Total assets		<u>39,122</u>
Liabilities		
Current liabilities		
Trade and other payables	17	2,678
Employee benefits	18	213
Provisions	19	233
Other	20	280
Total current liabilities		<u>3,404</u>
Non-current liabilities		
Deferred tax	21	37
Employee benefits	22	23
Total non-current liabilities		<u>60</u>
Total liabilities		<u>3,464</u>
Net assets		<u><u>35,658</u></u>
Equity		
Issued capital	23	38,834
Reserves	24	4
Accumulated losses	25	(3,180)
Total equity		<u><u>35,658</u></u>

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

LatAm Autos Limited
Summary statement of changes in equity
For the period ended 31 December 2014

Consolidated	Issued capital \$'000	Foreign currency translation reserve \$'000	Retained profits/ (Accumulated losses) \$'000	Total equity \$'000
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	124	-	-	124
Balance at 31 December 2014	<u>38,834</u>	<u>4</u>	<u>(3,180)</u>	<u>35,658</u>

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

LatAm Autos Limited
Summary statement of cash flows
For the period ended 31 December 2014

	Note	Consolidated 2014 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST and equivalents)		1,155
Payments to suppliers and employees (inclusive of GST and equivalents)		<u>(5,297)</u>
		(4,142)
Interest received		<u>23</u>
Net cash used in operating activities		<u>(4,119)</u>
Cash flows from investing activities		
Payment for purchase of businesses	26	(15,135)
Payments for plant and equipment	13	(189)
Cash acquired on acquisitions		<u>117</u>
Net cash used in investing activities		<u>(15,207)</u>
Cash flows from financing activities		
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		12,684
Cash and cash equivalents at the beginning of the financial period		-
Effects of exchange rate changes on cash and cash equivalents		<u>76</u>
Cash and cash equivalents at the end of the financial period	8	<u><u>12,760</u></u>

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

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

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

LatAm Autos Limited ('the company') was incorporated on 11 April 2014, 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 summary financial statements have been prepared in accordance with the Company's accounting policies as set out in the Company's prospectus dated 26 November 2014.

Note 2. 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 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.

The reportable segments are:

Argentina	Mexico
Ecuador	Peru
Panama	

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.

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

Note 2. Operating segments (continued)

Operating segment information

Consolidated - 2014	Argentina \$'000	Ecuador \$'000	Panama \$'000	Mexico \$'000	Peru \$'000	Total segments \$'000	Items reconciling to Group financial statements \$'000	Group \$'000
Revenue								
Sales to external customers	677	95	16	44	94	926	-	926
Other revenue	-	-	-	-	-	-	32	32
Total revenue	<u>677</u>	<u>95</u>	<u>16</u>	<u>44</u>	<u>94</u>	<u>926</u>	<u>32</u>	<u>958</u>
Depreciation and amortisation	(3)	(35)	-	(35)	(21)	(94)	(3)	(97)
Finance costs	(22)	(9)	-	-	-	(31)	(6)	(37)
Foreign exchange adjustments	-	-	-	-	-	-	214	214
Other	(1,125)	(169)	(45)	(214)	(166)	(1,719)	(2,560)	(4,279)
Loss before income tax benefit	<u>(473)</u>	<u>(118)</u>	<u>(29)</u>	<u>(205)</u>	<u>(93)</u>	<u>(918)</u>	<u>(2,323)</u>	<u>(3,241)</u>
Income tax benefit/(expense)	(87)	-	-	120	23	56	5	61
Loss after income tax benefit	<u>(560)</u>	<u>(118)</u>	<u>(29)</u>	<u>(85)</u>	<u>(70)</u>	<u>(862)</u>	<u>(2,318)</u>	<u>(3,180)</u>
 Assets	 <u>799</u>	 <u>12,184</u>	 <u>25</u>	 <u>10,897</u>	 <u>2,191</u>	 <u>26,096</u>	 <u>13,026</u>	 <u>39,122</u>
<i>Total assets includes:</i>								
Acquisition of non-current assets	<u>102</u>	<u>11,799</u>	<u>8</u>	<u>10,053</u>	<u>1,925</u>	<u>23,887</u>	<u>150</u>	<u>24,037</u>

No segment liabilities are disclosed because there is no measure of segment liabilities regularly reported to the CODM.

Geographical information

	Sales to external customers 2014 \$'000	Geographical non-current assets 2014 \$'000
Argentina	658	102
Ecuador	95	11,799
Panama	16	8
Mexico	44	10,053
Peru	94	1,925
	<u>907</u>	<u>23,887</u>

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

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

Note 3. Revenue

	Consolidated 2014 \$'000
<i>Sales revenue</i>	
Sales revenue	926
<i>Other revenue</i>	
Interest	23
Other revenue	1
	<u>43</u>
Revenue	<u><u>950</u></u>

Online 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.pe (Peru): 31 October 2014

Note 4. Share of profits of associates accounted for using the equity method

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

Note 5. Other income

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

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

Note 6. Expenses

Consolidated
2014
\$'000

Loss before income tax includes the following specific expenses:

Depreciation

Plant and equipment

3

Amortisation

Software

21

Domain names

73

Total amortisation

94

Total depreciation and amortisation

97

Finance costs

Interest and finance charges paid/payable

37

Rental expense relating to operating leases

Minimum lease payments

97

Employee benefits expense

Employee benefits expense excluding superannuation

566

Defined contribution superannuation expense

84

650

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

Note 7. Income tax benefit

	Consolidated 2014 \$'000
<i>Income tax benefit</i>	
Deferred tax - origination and reversal of temporary differences	(61)
Aggregate income tax benefit	<u>(61)</u>
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>	
Loss before income tax benefit	(3,241)
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)	(2)
Exchange variations and other translation adjustments	(1)
Non-deductible local expenditure	543
Tax deductible local expenditure	(1,406)
Non-assessable local income	(157)
Tax assessable local income	22
Non-deductible IPO costs	596
Other	<u>(156)</u>
	(1,533)
Current period tax losses not recognised	<u>1,472</u>
Income tax benefit	<u><u>(61)</u></u>

Note 8. Current assets - cash and cash equivalents

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

Note 9. Current assets - trade and other receivables

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

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

Note 9. Current assets - trade and other receivables (continued)

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

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

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$93,000 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.

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

	Consolidated 2014 \$'000
Less than one month overdue	36
1 to 2 months overdue	21
2 to 3 months overdue	2
Over 3 months overdue	<u>34</u>
	<u>93</u>

Note 10. Current assets - inventories

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

Note 11. Current assets - other

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

Note 12. Non-current assets - receivables

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

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

Note 13. Non-current assets - plant and equipment

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

Reconciliations

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

Consolidated	Plant & equipment \$'000	Total \$'000
Balance at 11 April 2014	-	-
Additions	189	189
Additions through business combinations (note 26)	58	58
Exchange differences	(17)	(17)
Depreciation expense	<u>(3)</u>	<u>(3)</u>
Balance at 31 December 2014	<u><u>227</u></u>	<u><u>227</u></u>

Note 14. Non-current assets - intangibles

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

Reconciliations

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

Consolidated	Domain names \$'000	Software \$'000	Goodwill \$'000	Total \$'000
Balance at 11 April 2014	-	-	-	-
Additions	-	142	-	142
Additions through business combinations (note 26)	13,220	2,000	7,537	22,757
Amortisation expense	(73)	(21)	-	(94)
Other adjustments	<u>-</u>	<u>-</u>	<u>191</u>	<u>191</u>
Balance at 31 December 2014	<u><u>13,147</u></u>	<u><u>2,121</u></u>	<u><u>7,728</u></u>	<u><u>22,996</u></u>

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

Note 15. Non-current assets - deferred tax

	Consolidated 2014 \$'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>	
Amounts recognised in profit or loss:	
Temporary differences	269
Amounts recognised in equity:	
Transaction costs on share issue	52
Deferred tax asset	<u>321</u>

Note 16. Non-current assets - other

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

Note 17. Current liabilities - trade and other payables

	Consolidated 2014 \$'000
Trade payables	1,040
Sales tax payable	197
Deferred consideration payable on business acquisitions	868
Accrued expenses	546
Other payables	27
	<u>2,678</u>

Other payables includes an amount of \$867,736 of deferred payables relating to the acquisitions of the Seminuevos.com and the Todoautos.pe businesses. These amounts are payable within 12 months of the end of the reporting period.

Note 18. Current liabilities - employee benefits

	Consolidated 2014 \$'000
Employee benefits	<u>213</u>

Note 19. Current liabilities - provisions

	Consolidated 2014 \$'000
Provisions:	
- Contingencies	106
- Service fees payable	82
- Other	45
	<u>233</u>

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

Note 20. Current liabilities - other

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

Note 21. Non-current liabilities - deferred tax

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

Note 22. Non-current liabilities - employee benefits

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

Note 23. Equity - issued capital

	Consolidated	
	2014 Shares	2014 \$'000
Ordinary shares - fully paid	<u>239,822,166</u>	<u>38,834</u>

Movements in ordinary share capital

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	<u>239,822,166</u>		<u>38,834</u>

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

Note 23. Equity - issued capital (continued)

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

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

Movements in reserves

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

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

Note 25. Equity - accumulated losses

	Consolidated 2014 \$'000
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><u>(3,180)</u></u>

Note 26. 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 LatAm Autos' 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.

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.

With respect to 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 some of the 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 LatAm Autos acquired the businesses, making it difficult to reproduce the relevant revenue or net profit or loss data of the acquired businesses; and
- LatAm Auto 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.

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

Note 26. 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 also 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\$0.2m (A\$0.2m).

The acquired business contributed 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 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:

	Fair value \$'000
Cash and cash equivalents	64
Trade receivables	446
Plant and equipment	15
Other assets	259
Domain names and trademarks	70
Creditors	(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>

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

Note 26. Business combinations (continued)

Demotores.com.mx - Mexico

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

On 13th 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\$0.9m (A\$1.0m). Consideration of US\$4.9m (A\$6.1m) 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 revenues of \$44,000 and a loss after tax of \$85,000 to the consolidated entity for the period from 24 December 2014 to 31 December 2014. The accounting results of the Demotores.com and Semineuvos.com businesses have been combined since their acquisitions by the Consolidated Entity.

The disclosure of 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:

	Fair value \$'000
Domain names and trademarks	6,000
Net assets acquired	6,000
Goodwill	1,046
Acquisition-date fair value of the total consideration transferred	<u>7,046</u>
Representing:	
Cash paid or payable to vendor	<u>7,046</u>
Acquisition costs expensed to profit or loss (Administration expenses)	<u>121</u>
Acquisition costs capitalised to balance sheet – recoverable sales tax paid on acquisition	<u>1,094</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.

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

Note 26. 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 22nd 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\$1.9m (A\$2.16m) in cash (excluding VAT tax payable of 16%), which is payable in 2 tranches. The first tranche of US\$1.7m (A\$1.93m) was paid on 22nd October 2014 with the remaining US\$0.2m (A\$0.23m) to be paid on 22nd April 2015.

As noted above, the Demotores.com.mx business, combined with the Semineuvos.com business acquired in September 2014, contributed revenues of \$44,000 and a loss after tax of \$85,000 to the Consolidated Entity for the period from 24 December 2014 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 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:

	Fair value \$'000
Domain names and trademarks	1,050
Net assets acquired	1,050
Goodwill	1,110
Acquisition-date fair value of the total consideration transferred	<u>2,160</u>
Representing:	
Cash paid or payable to vendor	1,933
Deferred payment	227
	<u>2,160</u>
Acquisition costs expensed to profit or loss (Administration expenses)	<u>62</u>
Acquisition costs capitalised to balance sheet – recoverable sales tax paid on acquisition	<u>310</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.

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

Note 26. 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 13th 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 at \$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 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:

	Fair value \$'000
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	(491)
Other liabilities	(14)
	<hr/>
Net assets acquired	6,604
Goodwill	5,243
	<hr/>
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
	<hr/>
	<u>11,847</u>
	<hr/>
Acquisition costs expensed to profit or loss (Administration expenses)	<u>134</u>

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

Note 26. Business combinations (continued)

Todoautos.pe - Peru

Founded in 2005, Todoautos.com.pe (including Todoautos.com.pe, TodoMotos.com, 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\$4.48m (A\$1.7m) in cash (excluding VAT taxes payable of 18%), with PEN\$3.08m (A\$1.2m) paid at completion and the balance of PEN\$1.4m (A\$0.5m) being payable in 2 tranches over a 12-month period from completion of the acquisition.

The acquired business contributed 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 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:

	Fair value \$'000
Domain names and trademarks	1,600
Net assets acquired	1,600
Goodwill	138
Acquisition-date fair value of the total consideration transferred	<u>1,738</u>
Representing:	
Cash paid or payable to vendor	1,195
Deferred payment	543
	<u>1,738</u>
Acquisition costs expensed to profit or loss (Administration expenses)	<u>107</u>
Acquisition costs capitalised to balance sheet – recoverable sales tax paid on acquisition	<u>301</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.

Note 27. 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.