

**LatAm Autos Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity: LatAm Autos Limited  
ABN: 12 169 063 414  
Reporting period: For the half-year ended 30 June 2015  
Previous period: For the half-year ended 30 June 2014

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**2. Results for announcement to the market**

			<b>\$'000</b>
Revenues from ordinary activities	up	33675.0% to	2,702
Loss from ordinary activities after tax attributable to the owners of LatAm Autos Limited	up	3052.4% to	(5,170)
Loss for the half-year attributable to the owners of LatAm Autos Limited	up	3052.4% to	(5,170)

*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 \$5,170,000 (30 June 2014: \$164,000).

For a brief explanation of any of the figures reported above, please refer to the financial report for the half-year ended 30 June 2015 released with this document.

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**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>3.67</u>	<u>5.40</u>

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

Not applicable.

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**6. Dividends**

*Current period*

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

*Previous period*

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

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**7. Dividend reinvestment plans**

Not applicable.

**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

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

Not applicable.

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**10. Audit qualification or review**

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

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

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**11. Attachments**

*Details of attachments (if any):*

The Half-year Financial Report of LatAm Autos Limited for the half-year ended 30 June 2015 is attached.

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**12. Signed**



Signed \_\_\_\_\_

Date: 11 August 2015

Tim Handley  
Executive Chairman

# **LatAm Autos Limited**

**ABN 12 169 063 414**

## **Half-year Financial Report - 30 June 2015**

**LatAm Autos Limited**  
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**30 June 2015**

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**LatAm Autos Limited**  
**Corporate directory**  
**30 June 2015**

Directors	Tim Handley (Executive Chairman) Simon Clausen (Non-executive Director) Michael Fitzpatrick (Non-executive Director) Colin Galbraith (Non-executive Director) Gareth Bannan (Alternate Director) Cameron Griffin (Alternate 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 12, 225 George Street Sydney NSW 2000
Auditor	Grant Thornton The Rialto Level 30, 525 Collins Street Melbourne VIC 3000
Solicitors	Minter Ellison Level 40, Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000  GrilloHiggins Lawyers Level 20, 31 Queen Street Melbourne VIC 3000
Stock exchange listing	LatAm Autos Limited shares are listed on the Australian Securities Exchange (ASX code: LAA)
Website	<a href="http://www.latamautos.com">www.latamautos.com</a>

**LatAm Autos Limited**  
**Directors' report**  
**30 June 2015**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of LatAm Autos Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2015.

**Directors**

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

Tim Handley (Executive Chairman)  
Simon Clausen (Non-Executive Director)  
Michael Fitzpatrick (Non-Executive Director)  
Colin Galbraith (Non-Executive Director)  
Gareth Bannan (Alternate Director) Appointed 31 March 2015  
Cameron Griffin (Alternate Director) Appointed 31 March 2015

**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 or previous financial half-year.

**Review of operations**

The loss for the Consolidated Entity after providing for income tax amounted to \$5,170,000 (30 June 2014: \$164,000).

**Financial Performance**

The Company achieved cash receipts of \$3,340,000 in 1H 2015. The Company also achieved sales of \$2,702,000 for 1H 2015 and a loss after providing for income tax amounted to \$5,170,000. This performance is consistent with the Company integrating operations and technology in six different countries in its first full six month period as an integrated and listed company.

**Group Overview**

1H 2015 was the first complete half-year of operations of the Company as a listed entity since its IPO in December 2014. The financial results in this half-year report are the first time that all of the Company's acquisitions made in 2014 have been consolidated into the group financials for a full six month period.

The Company registered strong growth in operational metrics in 1H 2015 including:

- Listings of 107,000 vehicles, at the end of June 2015, representing an increase of 41% since 31 December 2014;
- Traffic of 4.9 million unique visitors to LatAm Autos' websites in June 2015, representing an increase of 22% since the start of 2015, which is particularly pleasing given the extensive technology migrations and improvements that the Company undertook in 1H 2015; and
- Leads generated to advertisers were up 90% in the month of July 2015, in comparison to the same period in 2014.

Significant progress was made on its goal to become the dominant online dedicated auto classified and content company in Latin America (excluding Brazil). Important milestones were achieved across the areas of technology, operations, and auto classified and content strategy. Below is an overview of these achievements:

### **PTX: LAA's proprietary technology**

The Company completed the roll out of its proprietary PTX system across all its markets, which represents a substantial technology milestone in 1H 2015. This was achieved by the end of April, ahead of schedule and within budget. With the migrations of all classified sites complete, the technology team's resources are now focused on continuous optimisation of the PTX platform, various mobile developments, initiatives related to new car manufacturers and dealers as well as value-add products for both new and used car dealers.

### **Mobile applications**

To capitalise on the growing smartphone penetration in its markets, as well as the mobile capabilities of PTX, the Company released two new apps in 1H 2015. The first is a native app that enables LatAm Autos' sites to be available to all iOS and Android users. The second, called Motorapp, is a customisable mobile app for car dealers. The Company developed this free-of-charge app to allow dealers to create their own self-branded app and take their listings mobile. All vehicles uploaded to Motorapp are also published on LatAm Autos' sites.

### **New cars**

With the unification of our two brands in Mexico, the new car catalogue functionality was also released. This enables consumers to search for models of over 40 new car manufacturers and provides leads to new car manufacturers and dealers. This new car catalogue is currently being rolled out in all markets, and is expected to be completed by the end of 3Q2015.

### **Motorbit: Regional automotive content**

During 1H 2015 the Company also launched Latin America's first regional auto content platform, Motorbit.com, to complement existing content business from todoautos.pe in Peru. Motorbit has a team of high quality, in-house and freelance journalists. When combined with the Company's classified sites in six countries, there is significant potential to attract pan-Latam advertisers such as car manufacturers, regional insurers, banks, and other non-auto sector related companies that currently have very limited options to advertise on a regional basis.

### **Unified pricing structure**

During the 1H2015 the Company completed a review of pricing structures in each market. As a result, the Company has implemented new pricing structures for car dealers and private car sellers to align all major markets, except for Peru which has been adapted to reflect the earlier stage nature of the market. The pricing structures are designed to achieve rapid market share growth whilst maximising the Company's position as the only regional online marketing channel for advertisers seeking to access our audience.

### **Human resources**

Since completion of the IPO, the Company has added significant management resources to its existing team, further strengthening its on-the-ground presence in each market as well as at its head office in Ecuador.

**Operational report by country**

*Mexico*

Consistent with its objective of having a single brand in the Mexican market, the Company reported the migration of demotores.com.mx to its main site seminuevos.com. LatAm Autos will benefit from the consolidation of both sites onto the PTX platform, as well as efficiencies achieved from marketing and long-term brand recognition. The term "seminuevos" has significant organic traffic characteristics in the Spanish language. All traffic has been redirected from demotores.com.mx to seminuevos.com which is now the number one dedicated auto classifieds site in Mexico, based on monthly visitors to the website.

Tim Handley, LAA's Executive Chairman, has permanently relocated to Mexico City to focus on LAA's operations in the Mexican market together with COO Ariel Cilento. Internet penetration and the automotive sector continues to grow strongly in Mexico. New car sales in Mexico were up 27% in the first six months of 2015 compared to the same period in 2014 [Source: <http://www.wsj.com/articles/mexican-new-car-sales-rebound-as-used-car-imports-from-u-s-dwindle-1436217153>]. The number of people with internet access in Mexico is expected to grow to 23% in 2015 [Source: PWC Entertainment and Media Outlook 2015 - 2019].

Additionally, the vendors of the Seminuevos business agreed to accept the outstanding deferred consideration owed to them in the form of LAA shares, indicating the confidence they have in LAA's business model and its future.

*Argentina*

The Company successfully completed the restructure of the Autofoco business in 1H 2015 and welcomed a new Country Manager, Juan Cruz Pellicer, to oversee operations. Since his appointment, Juan has implemented a new pricing strategy and relaunched the Autofoco brand at the Buenos Aires motor show in June 2015. Autofoco is ideally placed to drive growth and achieve market leadership in the Argentinian market. Despite general economic conditions remaining tough, year to date the main index of the Argentinian stock market has increased 36% and consumer confidence has improved significantly. This is in anticipation of improved business conditions when a new President comes to power following elections in October 2015. The number of people with internet access in Argentina is expected to grow by 15% in 2015 [Source: PWC Entertainment and Media Outlook 2015 - 2019].

*Ecuador*

The patiotuerca.com business underwent continued refinement of operations in 1H 2015 which have laid the foundations for strong growth in operating metrics in the coming months. Additionally both online and offline (mainly radio and TV) marketing were increased in late 1H 2015. During 2Q 2015, a new Country Manager, Juan Esteban Saenz, was appointed, and is responsible for driving growth and monetisation plans for the Ecuadorian market.

*Peru*

The todoautos.pe brand was relaunched in 1H 2015 to inform the Peruvian market that Todoautos is both an auto content and classified site. The relaunch coincided with a modest amount of online and offline (mainly radio) marketing, both of which will increase in 2H 2015.

Under the purchase agreement from 2014, the Company was required to pay the vendors of Todoautos deferred consideration in two instalments of PEN700,000 at six and 12 months after the initial consideration. The first instalment of deferred consideration was paid in cash in 1H 2015, and it was agreed that the second instalment will be paid in LAA shares in 2H 2015. This further indicates the confidence the vendors have in LAA.

*Panama & Bolivia*

The Panamanian business continued to be professionalised in 1H 2015. Coupled with increased online and offline (mainly radio) marketing the business is well placed for growth in 2H 2015 and 2016

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**

On 12 May 2015 the company issued 1,209,235 ordinary shares to the Company's Chief Executive Officer, Jorge Mejia, in satisfaction of his \$450,000 performance bonus associated with the company's successful IPO.



**LatAm Autos Limited**  
**Directors' report**  
**30 June 2015**

On 12 May 2015 the Company also issued 286,487 shares to the former Country Manager in Argentina. These shares have been issued in satisfaction of part of his termination entitlements to a value of \$106,000.

On 19 June the Company announced that the vendor of the todoautos.com businesses (acquired by the Group during the 2014 financial year), had agreed that the payment of the third tranche of consideration proceeds for the acquisition of those businesses, due on 1 October 2015, being approximately A\$286,000 (the Final Consideration), would be satisfied through the issue of ordinary shares in the Company (Shares), rather than as a cash payment by the Company.

The number of Shares to be issued to the vendor would be calculated on the basis of the amount of the Final Consideration, in Australian dollars determined by reference to the Bloomberg exchange rate on October 1, 2015, at an issue price equal to the 5-day volume weighted average Share price over the 5 preceding ASX trading days to October 1, 2015.

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

**Matters subsequent to the end of the financial half-year**

On 6 July 2015 the Company announced that it had agreed with the vendor of the Seminuevos.com business (acquired by the Group during the 2014 financial year) that the payment of the second tranche of consideration proceeds of approximately \$A210,000 (the Deferred Consideration) would be satisfied through the issue of 610,408 ordinary shares in the Company (Shares) rather than as a cash payment by the Company. In addition to the agreement regarding the Deferred Consideration, the Company also agreed with the Vendor to extend an existing transition services agreement by a further 6 months (from 20 April 2015), for a total service fee of approximately A\$60,000. This fee would be satisfied through the issue of an additional 173,478 LAA ordinary shares.

Accordingly, a total of 783,886 shares were issued to the Seminuevos vendor on 6 July 2015.

On 27 July 2015 the Company issued 3,700,004 Performance Rights to eligible employees of the Company in accordance with the LAA Equity Incentive Plan. Upon vesting, each Performance Right entitles the holder to receive one ordinary share in the Company at no cost to the employee.

The number of Performance Rights that will vest is contingent on the Company's total shareholder return (TSR) relative to comparable companies over a designated period, which is currently the period from the Company's ASX Listing date of 17 December 2014 to 31 December 2018. Vesting is also subject to the continued employment of the employee. The Performance Rights expire on 30 January 2019, unless they lapse earlier.

No other matter or circumstance has arisen since 30 June 2015 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.

**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 page 8.

**LatAm Autos Limited**  
**Directors' report**  
**30 June 2015**

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

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Tim Handley', is written over a horizontal line. The signature is stylized and cursive.

---

Tim Handley  
Executive Chairman

11 August 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 review of LatAm Autos Limited for the half-year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B. A. Mackenzie  
Partner - Audit & Assurance

Melbourne, 11 August 2015

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**LatAm Autos Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 30 June 2015**

	<b>Note</b>	<b>Consolidated</b> <b>30 June 2015</b> <b>\$'000</b>	<b>30 June 2014</b> <b>\$'000</b>
<b>Revenue</b>		2,702	8
Other income	5	518	-
<b>Expenses</b>			
Printing and distribution expenses		(467)	-
Selling and advertising expenses		(1,177)	-
Employee benefits expense		(3,452)	-
Administrative expenses		(1,222)	-
Depreciation and amortisation expense		(646)	-
Professional and consulting fees expense		(800)	(92)
Other expenses		(375)	(80)
Finance costs		(88)	-
<b>Loss before income tax expense</b>		(5,007)	(164)
Income tax expense		(163)	-
<b>Loss after income tax expense for the half-year attributable to the owners of LatAm Autos Limited</b>		(5,170)	(164)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		224	-
Other comprehensive income for the half-year, net of tax		224	-
<b>Total comprehensive income for the half-year attributable to the owners of LatAm Autos Limited</b>		<u>(4,946)</u>	<u>(164)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(2.15)	(0.22)
Diluted earnings per share		(2.15)	(0.22)

*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 30 June 2015**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2015</b>	<b>31 December</b>
		<b>\$'000</b>	<b>2014</b>
			<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	8,676	12,760
Trade and other receivables	7	1,850	1,945
Inventories		38	26
Other		190	266
<b>Total current assets</b>		<u>10,754</u>	<u>14,997</u>
<b>Non-current assets</b>			
Receivables		679	818
Property, plant and equipment		449	227
Intangibles	8	22,409	22,705
Deferred tax		157	321
Other		58	54
<b>Total non-current assets</b>		<u>23,752</u>	<u>24,125</u>
<b>Total assets</b>		<u>34,506</u>	<u>39,122</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	2,188	2,678
Provisions		554	446
Other		443	280
<b>Total current liabilities</b>		<u>3,185</u>	<u>3,404</u>
<b>Non-current liabilities</b>			
Deferred tax		33	37
Other		28	23
<b>Total non-current liabilities</b>		<u>61</u>	<u>60</u>
<b>Total liabilities</b>		<u>3,246</u>	<u>3,464</u>
<b>Net assets</b>		<u>31,260</u>	<u>35,658</u>
<b>Equity</b>			
Issued capital	10	39,382	38,834
Reserves		228	4
Accumulated losses		(8,350)	(3,180)
<b>Total equity</b>		<u>31,260</u>	<u>35,658</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 half-year ended 30 June 2015**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 11 April 2014	-	-	-
Loss after income tax expense for the half-year	-	(164)	(164)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(164)	(164)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	3,050	-	3,050
Balance at 30 June 2014	3,050	(164)	2,886

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Retained profits \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2015	38,834	(3,180)	4	35,658
Loss after income tax expense for the half-year	-	(5,170)	-	(5,170)
Other comprehensive income for the half-year, net of tax	-	-	224	224
Total comprehensive income for the half-year	-	(5,170)	224	(4,946)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 12)	556	-	-	556
Costs of issuing shares - adjustment	(8)	-	-	(8)
Balance at 30 June 2015	39,382	(8,350)	228	31,260

*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 half-year ended 30 June 2015**

	<b>Consolidated</b>	
	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST and equivalents)	3,340	-
Payments to suppliers and employees (inclusive of GST and equivalents)	(7,155)	(143)
	(3,815)	(143)
Interest received	17	7
Sales tax refund receipts	32	-
Net cash used in operating activities	(3,766)	(136)
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(225)	-
Payments for intangibles	(350)	-
Payment of deferred consideration for past acquisition of business	(269)	-
Net cash used in investing activities	(844)	-
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	3,050
Net cash from financing activities	-	3,050
Net (decrease)/increase/in cash and cash equivalents	(4,610)	2,914
Cash and cash equivalents at the beginning of the financial half-year	12,760	-
Effects of exchange rate changes on cash and cash equivalents	526	(24)
Cash and cash equivalents at the end of the financial half-year	<u>8,676</u>	<u>2,890</u>

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

### **Note 1. General information**

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 11 August 2015.

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

### **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 30 June 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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

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.

#### **Accounting policies**

There has been no change in any of the Group's accounting policies during the half year ended 30 June 2015. Users of this financial report are referred to the Group's Financial Report for the period ended 31 December 2014 for details of the Group's significant accounting policies.

#### **Comparatives**

The Company was incorporated on 11 April 2014 and did not acquire interests in controlled entities until after 30 June 2014. Therefore the relevant comparative amounts for the consolidated entity relate to the activities and results of the Company for the period 11 April 2014 to 30 June 2014.

#### **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.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.



**Note 4. Operating segments**

*Identification of reportable operating segments*

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

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

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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

The reportable segments are:

Argentina	Mexico
Ecuador	Peru
Panama	

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

*Intersegment transactions*

There were no material intersegment transactions during the reporting period.

*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.

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

*Operating segment information, including reconciliation to Group totals*

<b>Consolidated - 2015</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	1,079	701	41	626	178	2,625
Other revenue	33	27				60
<b>Total revenue</b>	<u>1,112</u>	<u>728</u>	<u>41</u>	<u>626</u>	<u>178</u>	<u>2,685</u>
<b>Expenses</b>						
Depreciation and amortisation	(10)	(256)	-	(276)	(73)	(615)
Finance costs	(33)	(38)	-	(1)	(5)	(77)
Other expenses	(2,550)	(630)	(123)	(1,065)	(323)	(4,691)
<b>Total expenses</b>	<u>(2,593)</u>	<u>(924)</u>	<u>(123)</u>	<u>(1,342)</u>	<u>(401)</u>	<u>(5,383)</u>
Profit/(loss) before income tax (expense)/benefit	(1,481)	(196)	(82)	(716)	(223)	(2,698)
Income tax (expense)/benefit	29	(4)	-	(202)	55	(122)
<b>Profit/(Loss) after income tax benefit</b>	<u>(1,452)</u>	<u>(200)</u>	<u>(82)</u>	<u>(918)</u>	<u>(168)</u>	<u>(2,820)</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>2015 \$'000</b>
<b>Revenue</b>	
Total reportable segment revenues	2,685
Interest income	17
<b>Group revenues</b>	<u>2,702</u>
<b>Profit or loss</b>	
Total reportable segment operating loss after tax	(2,820)
Income not allocated	17
Depreciation and amortisation	(31)
Finance costs	(11)
Foreign exchange gain/(loss)	513
Professional and consulting expenses	(505)
Lease expenses	(111)
Travel	(160)
Other expenses	(296)
Employment costs	(1,542)
Marketing & sales costs	(183)
Non-segment income tax (expense)/benefit	(41)
<b>Group profit/(loss) after income tax expense</b>	<u>(5,170)</u>

During the comparative period to 30 June 2014 the Company was in start up phase and did not operate in any operational or geographic segment during that period.

**LatAm Autos Limited**  
**Notes to the financial statements**  
**30 June 2015**

**Note 5. Other income**

	<b>Consolidated</b>	
	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Net foreign exchange gain	518	-

**Note 6. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	7,176	12,760
Cash on deposit	1,500	-
	<u>8,676</u>	<u>12,760</u>

Cash on deposit is held on short term deposit which can be accessed as required within a 90 day period.

**Note 7. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	543	375
Less: Provision for impairment of receivables	(14)	(32)
	<u>529</u>	<u>343</u>
Other accounts receivable	105	484
Sales taxes receivable	1,216	1,118
	<u>1,850</u>	<u>1,945</u>

*Impairment of receivables*

The consolidated entity has raised a provision for impairment of debtors of \$14,000 (31 December 2014: \$32,000) in profit or loss in respect of impairment of receivables for the half-year ended 30 June 2015.

**LatAm Autos Limited**  
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**Note 8. Non-current assets - intangibles**

	<b>Consolidated</b>	<b>31 December</b>
	<b>30 June 2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Goodwill - at cost	7,429	7,437
Software - at cost	2,471	2,142
Less: Accumulated amortisation	(310)	(21)
	<u>2,161</u>	<u>2,121</u>
Domain names and trademarks - at cost	13,218	13,220
Less: Accumulated amortisation	(399)	(73)
	<u>12,819</u>	<u>13,147</u>
	<u><u>22,409</u></u>	<u><u>22,705</u></u>

*Reconciliations*

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

<b>Consolidated</b>	Goodwill	Software	Domain names and trademarks	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	7,437	2,121	13,147	22,705
Additions	-	350	-	350
Exchange differences	(8)	(21)	(1)	(30)
Amortisation expense	-	(289)	(327)	(616)
Balance at 30 June 2015	<u>7,429</u>	<u>2,161</u>	<u>12,819</u>	<u>22,409</u>

During the period ended 30 June 2014, the Consolidated Entity held no intangible assets.

	<b>Consolidated</b>	<b>31 December</b>
	<b>30 June 2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Demotores.com.mx & Seminuevos.com (Mexico)	1,991	1,999
PatioTuerca.com (Ecuador, Panama, Bolivia)	5,248	5,248
Todoautos.pe (Peru)	190	190
Goodwill allocation at period end	<u>7,429</u>	<u>7,437</u>

As at 31 December 2014 the relevant goodwill had only recently been recognised upon the acquisition of the relevant businesses by the Consolidated Entity for fair value. As at 30 June 2015 its final carrying value was still subject to the finalisation of the initial acquisition accounting for the respective acquisitions. During the half year ended 30 June 2015 and amount of \$291,280, which had been included as a component of Goodwill upon acquisition of the relevant business in the previous reporting period, was identified as being other accounts receivable and a retrospective fair value adjustment was made to Goodwill. Accordingly, the comparative figures in these financial statements have been amended to reflect this, and an amount of \$291,280 has been reallocated from Goodwill to the current asset Other accounts receivable in the 31 December 2014 comparative amounts.

**Note 9. Current liabilities - trade and other payables**

	Consolidated	
	30 June 2015	31 December 2014
	\$'000	\$'000
Trade payables	929	1,040
Deferred consideration payable on business acquisitions	496	814
Accrued expenses	528	546
Sales tax payable	158	197
Other payables	77	81
	<u>2,188</u>	<u>2,678</u>

Deferred consideration payable on business acquisitions comprises \$496,258 of deferred payables (31 December 2014: \$814,374) relating to the acquisitions of the Seminuevos.com and the todoautos.pe businesses. These amounts are payable within 6 months of the end of the reporting period.

The deferred consideration amount of approximately \$210,000 payable to the vendor of Seminuevos.com was settled by an issue of the Company's shares in July 2015.

The Company has agreed with the vendor of todoautos.pe that the deferred consideration amount of approximately \$286,000 payable to that vendor will be settled by an issue of the Company's shares in October 2015.

**Note 10. Equity - issued capital**

	Consolidated			
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>241,317,888</u>	<u>239,822,166</u>	<u>39,382</u>	<u>38,834</u>

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$'000
Balance	1 January 2015	239,822,166		38,834
Shares issued to employee	12 May 2015	1,209,235	\$0.372	450
Shares issued to former employee	12 May 2015	286,487	\$0.370	106
Costs of issuing shares - adjustment		-		(8)
Balance	30 June 2015	<u>241,317,888</u>		<u>39,382</u>

*Ordinary shares*

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

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

*Share buy-back*

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

**Note 11. Events after the reporting period**

On 6 July 2015 the Company announced that it had agreed with the vendor of the Seminuevos.com business (acquired by the Group during the 2014 financial year) that the payment of the second tranche of consideration proceeds of approximately \$A210,000 (the Deferred Consideration) would be satisfied through the issue of 610,408 ordinary shares in the Company (Shares) rather than as a cash payment by the Company. In addition to the agreement regarding the Deferred Consideration, the Company also agreed with the Vendor to extend an existing transition services agreement by a further 6 months (from 20 April 2015), for a total service fee of approximately A\$60,000. This fee would be satisfied through the issue of an additional 173,478 LAA ordinary shares.

Accordingly, a total of 783,886 shares were issued to the Seminuevos vendor on 6 July 2015.

On 27 July 2015 the Company issued 3,700,004 Performance Rights to eligible employees of the Company in accordance with the LAA Equity Incentive Plan. Upon vesting, each Performance Right entitles the holder to receive one ordinary share in the Company at no cost to the employee.

The number of Performance Rights that will vest is contingent on the Company's total shareholder return (TSR) relative to comparable companies over a designated period, which is currently the period from the Company's ASX Listing date of 17 December 2014 to 31 December 2018. Vesting is also subject to the continued employment of the employee. The Performance Rights expire on 30 January 2019, unless they lapse earlier.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

**Note 12. Share-based payments**

On 12 May 2015 the company issued 1,209,235 ordinary shares to the Company's Chief Executive Officer, Jorge Mejia, in satisfaction of his \$450,000 performance bonus associated with the company's successful IPO.

On 12 May 2015 the Company also issued 286,487 shares to the former Country Manager in Argentina. These shares were issued in satisfaction of part of his termination entitlements to a value of \$106,000.

**LatAm Autos Limited**  
**Directors' declaration**  
**30 June 2015**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



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Tim Handley  
Executive Chairman

11 August 2015

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

We have reviewed the accompanying half-year financial report of LatAm Autos Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

### **Directors’ responsibility for the half-year financial report**

The directors of LatAm Autos Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor’s responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the LatAm Autos Limited consolidated entity’s financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations

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Regulations 2001. As the auditor of LatAm Autos Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### **Independence**

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

### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of LatAm Autos Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B. A. Mackenzie  
Partner - Audit & Assurance

Melbourne, 11 August 2015