

**LatAm Autos Limited**  
**Appendix 4E**  
**Preliminary report**

**1. Company details**

Name of entity: LatAm Autos Limited  
ABN: 12 169 063 414  
Reporting period: For the year ended 31 December 2019  
Previous period: For the year ended 31 December 2018

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

			<b>\$'000</b>
Revenues from ordinary activities	up	7.3% to	8,100
Loss from ordinary activities after tax attributable to the owners of LatAm Autos Limited	down	3.7% to	(12,694)
Loss for the year attributable to the owners of LatAm Autos Limited	down	3.7% to	(12,694)

*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 \$12,694,000 (31 December 2018: \$13,178,000).

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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>(0.54)</u>	<u>(0.55)</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.

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**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**

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

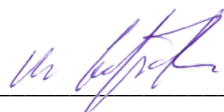
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**11. Attachments**

Unaudited summary consolidated financial statements for LatAm Autos Limited and its controlled entities for the period ended 31 December 2019 are attached.

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**12. Signed**

Signed  \_\_\_\_\_

Date: 27 February 2020

# **LatAm Autos Limited**

**ABN 12 169 063 414**

**Summary financial statements - 31 December 2019**

**LatAm Autos Limited**  
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**31 December 2019**

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**LatAm Autos Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2019**

	Note	Consolidated 2019 \$'000	2018 \$'000
<b>Revenue</b>		8,083	7,513
Interest revenue calculated using the effective interest		17	31
<b>Expenses</b>			
Commissions and related expenses		(2,137)	(1,368)
Printing costs		(414)	(612)
Advertising expenses		(1,588)	(2,841)
Employee benefits expense		(7,828)	(7,801)
Depreciation and amortisation expense		(1,730)	(2,494)
Impairment of assets		(2,162)	(258)
Operating lease expense		(116)	(89)
Professional and consulting fees expense		(1,392)	(1,394)
Travel expense		(247)	(241)
Technology expenses		(556)	(555)
Loss on redemption of convertible notes		(364)	(235)
Other expenses		(1,187)	(1,304)
Finance costs and related costs		(1,085)	(1,417)
<b>Loss before income tax expense from continuing operations</b>		(12,706)	(13,065)
Income tax expense		69	(41)
Loss after income tax expense from continuing operations		(12,637)	(13,106)
Loss after income tax expense from discontinued operations		(57)	(72)
<b>Loss after income tax expense for the year attributable to the owners of LatAm Autos Limited</b>		(12,694)	(13,178)
<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		(6)	2,172
Other comprehensive income for the year, net of tax		(6)	2,172
<b>Total comprehensive income for the year attributable to the owners of LatAm Autos Limited</b>		<u>(12,700)</u>	<u>(11,006)</u>
Total comprehensive income for the year is attributable to:			
Continuing operations		(12,653)	(10,947)
Discontinued operations		(47)	(59)
		<u>(12,700)</u>	<u>(11,006)</u>

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

**LatAm Autos Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2019**

	Note	Consolidated	
		2019 \$'000	2018 \$'000
		Cents	Cents
<b>Earnings per share for loss from continuing operations attributable to the owners of LatAm Autos Limited</b>			
Basic earnings per share		(2.64)	(3.44)
Diluted earnings per share		(2.64)	(3.44)
<b>Earnings per share for loss from discontinued operations attributable to the owners of LatAm Autos Limited</b>			
Basic earnings per share		(0.01)	(0.02)
Diluted earnings per share		(0.01)	(0.02)
<b>Earnings per share for loss attributable to the owners of LatAm Autos Limited</b>			
Basic earnings per share		(2.65)	(3.46)
Diluted earnings per share		(2.65)	(3.46)

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

**LatAm Autos Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2019**

	Note	Consolidated 2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,104	6,600
Trade and other receivables		2,611	2,838
Prepayments		223	354
<b>Total current assets</b>		<u>5,938</u>	<u>9,792</u>
<b>Non-current assets</b>			
Other receivables		804	889
Plant and equipment		279	352
Right-of-use assets	4	888	1,261
Intangible assets	5	21,116	23,321
Deferred tax		870	593
<b>Total non-current assets</b>		<u>23,957</u>	<u>26,416</u>
<b>Total assets</b>		<u>29,895</u>	<u>36,208</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		3,647	4,780
Lease liabilities	6	279	360
Employee benefits		970	1,047
Provisions		55	45
Contract liabilities - deferred service income		437	260
<b>Total current liabilities</b>		<u>5,388</u>	<u>6,492</u>
<b>Non-current liabilities</b>			
Lease liabilities	6	662	929
Deferred tax		667	624
Employee benefits		234	254
Convertible note	7	5,036	6,913
<b>Total non-current liabilities</b>		<u>6,599</u>	<u>8,720</u>
<b>Total liabilities</b>		<u>11,987</u>	<u>15,212</u>
<b>Net assets</b>		<u>17,908</u>	<u>20,996</u>
<b>Equity</b>			
Issued capital	8	85,546	76,306
Other contributed equity	9	1,952	1,693
Reserves	10	1,832	1,858
Accumulated losses		(71,422)	(58,861)
<b>Total equity</b>		<u>17,908</u>	<u>20,996</u>

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

**LatAm Autos Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 31 December 2019**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Share based payments reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Other contributed equity \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2018	63,970	394	(444)	1,491	(45,919)	19,492
Loss after income tax expense for the year	-	-	-	-	(13,178)	(13,178)
Other comprehensive income for the year, net of tax	-	-	2,172	-	-	2,172
Total comprehensive income for the year	-	-	2,172	-	(13,178)	(11,006)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 8)	12,336	-	-	-	-	12,336
Share-based payments	-	162	-	-	-	162
Other contributed equity	-	-	-	202	-	202
AABS 9 First Adoption	-	-	-	-	(190)	(190)
Transfer of reserve	-	(426)	-	-	426	-
Balance at 31 December 2018	<u>76,306</u>	<u>130</u>	<u>1,728</u>	<u>1,693</u>	<u>(58,861)</u>	<u>20,996</u>
<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Share based payments reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Other contributed equity \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2019	76,306	130	1,728	1,693	(58,861)	20,996
Loss after income tax expense for the year	-	-	-	-	(12,694)	(12,694)
Other comprehensive income for the year, net of tax	-	-	(6)	176	-	253
Total comprehensive income for the year	-	-	(6)	176	(12,694)	(12,524)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 8)	9,240	-	-	-	-	9,240
Share-based payments	-	113	-	-	-	113
Transfer of reserve	-	(133)	-	-	133	-
Other contributed equity	-	-	-	83	-	83
Balance at 31 December 2019	<u>85,546</u>	<u>110</u>	<u>1,722</u>	<u>1,952</u>	<u>(71,422)</u>	<u>17,908</u>

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



**LatAm Autos Limited**  
**Consolidated statement of cash flows**  
**For the year ended 31 December 2019**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST and equivalents)	10,427	9,846
Payments to suppliers and employees (inclusive of GST and equivalents)	(18,346)	(16,063)
	(7,919)	(6,217)
Interest received	17	36
Interest on lease arrangements	(90)	(114)
Other - Net Sales tax recovered/(paid)	-	(120)
Net cash used in operating activities	(7,992)	(6,415)
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(63)	(123)
Payments for intangibles	(868)	(702)
Net cash used in investing activities	(931)	(825)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	6,223	10,687
Capital raising costs	(448)	(357)
Repayment of lease liabilities	(349)	(325)
Repayment of convertible note	-	(2,945)
Net cash from financing activities	5,426	7,060
Net decrease in cash and cash equivalents	(3,497)	(180)
Cash and cash equivalents at the beginning of the financial year	6,600	6,789
Effects of exchange rate changes on cash and cash equivalents	1	(9)
Cash and cash equivalents at the end of the financial year	<u>3,104</u>	<u>6,600</u>

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

**LatAm Autos Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 1. General information**

The financial statements cover LatAm Autos Limited as a Consolidated Entity consisting of LatAm Autos Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is LatAm Autos Limited's functional and presentation currency.

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

**Registered office**

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

**Principal place of business**

Latamautos Mexico S de RL de CV  
Av. Homero 407, Polanco  
City of Mexico, Mexico  
Tel: +52 55 4161 8830

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 27 February 2020. The directors have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

This financial report has been prepared in accordance with International Financial Reporting Standards, other authoritative pronouncements and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001.

This financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2018, the 30 June 2019 half-year financial report and any public announcements made by LatAm Autos Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**AASB16**

AASB 16 'Leases' replaces AASB 117 and requires lessees to recognise new assets and liabilities under an on-balance sheet accounting model that is similar to current finance lease accounting. The adoption of this new Standard has resulted in the Consolidated Entity recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expenses on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term and a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the measurement of the lease liability as an adjustment to the right-of-use asset.

**The Group's leasing activities and how these are accounted for:**

The Consolidated Entity, leases offices and office equipment. Rental contracts are typically for 1 to 2-year periods, with the exception of the Ecuadorian office that was renewed for 5 years.

The Consolidated Entity has adopted AASB 16 under the fully retrospective approach, where comparatives have been restated. The opening consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the applicable comparative periods.

**LatAm Autos Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

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

Liabilities arising from lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Following transition lease payments are discounted using the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determine, being the rate that the lessee would have to pay to borrow funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use asset are measured at cost comprising the following:

- The amount of the initial measurement of the liability
- Any lease payments made at or before the commencement date less any incentives received
- Any initial direct cost

Impact on the statement of financial position as at 1 January 2019:

	<b>\$'000</b>
Right-of-use asset	1,261
Other prepaid assets	(16)
Accumulated losses	44
Lease liability	(1,289)

**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 locations.

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

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

The information regarding the core operating segments 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.

*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 consolidated financial statements**  
**31 December 2019**

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

*Operating segment information, including reconciliation to Group totals*

<b>Consolidated - 2019</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	-	2,911	-	4,290	229	7,430
Operating expenses	(50)	(2,932)	(2)	(8,005)	(309)	(11,298)
<b>EBITDA</b>	<b>(50)</b>	<b>(21)</b>	<b>(2)</b>	<b>(3,715)</b>	<b>(80)</b>	<b>(3,868)</b>

<b>Consolidated - 2018</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	9	3,308	-	3,747	339	7,403
Operating expenses	(34)	(3,092)	(8)	(7,051)	(493)	(10,678)
<b>EBITDA</b>	<b>(25)</b>	<b>216</b>	<b>(8)</b>	<b>(3,304)</b>	<b>(154)</b>	<b>(3,275)</b>

The segment report above has been prepared on a local statutory basis. Mexico is invoiced for various expenses of other countries for operational reasons. In 2019 Mexico had approximately A\$700,000 (2018: \$755,000) worth of operating expenses that relate to other countries that the Company operates in. If this amount was to be reallocated Mexico's operating expenses would decrease by approximately A\$700,000 (2018: \$755,000) and other countries operating expenses would increase by the same value

The total Revenue and Loss after income tax presented in the Consolidated Entity's operating segments reconcile to the corresponding key financial figures as presented in its Statement of profit or loss and other comprehensive income as follows:

	<b>Consolidated</b>	
	<b>2019 \$'000</b>	<b>2018 \$'000</b>
Revenue		
Total reportable segment revenues	7,430	7,403
Interest income	17	31
Other revenue	653	129
Group revenues	<u>8,100</u>	<u>7,563</u>

**LatAm Autos Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

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

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit or loss		
Total reportable segment EBITDAs	(3,868)	(3,275)
Interest income	17	31
Other revenue	653	129
Foreign exchange loss	(33)	-
Financial expenses	(1,085)	(1,417)
Depreciation and amortisation expenses	(1,732)	(2,494)
Share-based payments expense	(578)	(1,319)
Impairment	(2,161)	(296)
Loss on redemption of convertible notes	(364)	(235)
Other non-reportable segment expenses	(3,612)	(4,261)
Income tax (expense)/benefit	69	(41)
	<u>(12,694)</u>	<u>(13,178)</u>

*Geographical information*

	<b>Sales to external customers</b>		<b>Geographical non-current assets</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Australia			1	
Argentina	-	9	-	-
Ecuador	2,911	3,308	13,825	14,650
Panama	-	-	7	7
Mexico	4,290	3,747	8,448	8,414
Peru	229	339	2	1,863
	<u>7,430</u>	<u>7,403</u>	<u>22,283</u>	<u>24,934</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 consolidated financial statements**  
**31 December 2019**

**Note 4. Right-of-use assets**

<b>Consolidated</b>	<b>Total \$'000</b>
Balance at 1 January 2018	1,089
Additions	523
Depreciation	(351)
Exchange differences	-
	<hr/>
Balance at 31 December 2018	1,261
Depreciation	(368)
Exchange differences	(5)
	<hr/>
Balance at 31 December 2019	<u>888</u>

**Note 5. Intangible assets**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Goodwill - at cost	17,692	19,027
Software - at cost	8,358	7,484
Less: Accumulated amortisation - software	(6,696)	(5,246)
	<hr/>	<hr/>
	1,662	2,238
Domain names and trademarks - at cost	2,648	2,763
Less: Accumulated amortisation - domain names and trademarks	(886)	(712)
	<hr/>	<hr/>
	1,762	2,051
Content - at cost	144	141
Less: Accumulated amortisation - content	(144)	(136)
	<hr/>	<hr/>
	-	5
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	<u>21,116</u>	<u>23,321</u>

At the end of Dec-2019 as part of the assessment for goodwill recorded for the acquisitions, the Consolidated entity, based on the methodology determined an impairment in the goodwill recorded for the Peruvian company. As a result of this analysis the company has recorded an impairment of A\$1.7m that represents 100% of the total goodwill recorded for that subsidiary.

**LatAm Autos Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 5. Intangible assets (continued)**

*Reconciliations*

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

<b>Consolidated</b>	<b>Content \$'000</b>	<b>Domain names and trademarks \$'000</b>	<b>Software \$'000</b>	<b>Goodwill \$'000</b>	<b>Total \$'000</b>
Balance at 1 January 2018	29	1,966	2,569	17,247	21,811
Additions	-	-	731	-	731
Amortisation expense	(34)	(173)	(1,779)	-	(1,986)
Exchange differences	10	258	717	1,780	2,765
Balance at 31 December 2018	5	2,051	2,238	19,027	23,321
Additions	-	-	867	-	867
Amortisation expense	-	(184)	(1,037)	-	(1,221)
Impairment of assets	-	(162)	-	(1,730)	(1,892)
Exchange differences	(5)	57	(406)	395	41
Balance at 31 December 2019	-	1,762	1,662	17,692	21,116

For the purpose of ongoing annual impairment testing goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	<b>Consolidated</b>	
	<b>2019 \$'000</b>	<b>2018 \$'000</b>
Demotores.com.mx & Seminuevos.com (Mexico)	7,555	7,241
PatioTuerca.com (Ecuador, Panama, Bolivia)	10,137	10,112
Todoautos.pe (Peru)	-	1,674
Goodwill allocation at 31 December	<u>17,692</u>	<u>19,027</u>

The Consolidated Entity utilises the fair value less cost to sell methodology when assessing the carrying value of goodwill and other indefinite life intangibles. This assessment of fair value less costs to sell considers the company's own assessment methodology used when determining appropriate consideration for acquisitions. That same methodology is also applied in the event of an approach for a particular business unit or cash generating unit that is considered to be a serious offer.

Identifiable intangible assets with finite lives - remaining amortisation periods

Domain names and trademarks - 10.97 years  
Software - 0.98 years  
Content - fully amortised

**Note 6. Lease liabilities**

	<b>Consolidated</b>	
	<b>2019 \$'000</b>	<b>2018 \$'000</b>
Current lease liability	279	360
Non-current lease liability	662	929
Total	<u>941</u>	<u>1,289</u>

**LatAm Autos Limited**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 7. Convertible note**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Convertible note at fair value	5,036	6,913

The key terms of the Notes are as follows:

- 3 year term
- 8% p.a. interest rate paid quarterly or capitalised
- Fixed conversion price of \$0.16 before October 2019 redemption
- Fixed conversion price of \$0.10 after October 2019 redemption
- The convertible notes are secured over the Company's Mexican and Ecuadorean wholly owned subsidiaries
- The convertible notes can be repaid at any time by LatAm Autos, where noteholders can elect to receive the money owing in either cash or ordinary shares in LatAm Autos at \$0.10. Conversion into ordinary shares will be subject to requisite regulatory and shareholder approvals

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

- In October 2018 the Company applied a partially early redemption. The total amount redeemed was \$3.8 million paid \$2.9 million in cash and \$855,000 in shares. This payment does not change the original conditions of the convertible note in terms of time, interest or conversion price.

- In October 2019 the Company applied a partially early redemption. The total amount redeemed was A\$3.2 million paid 100% in shares. After this redemption some conditions changed. The conversion price moved from \$0.16 to \$0.10 and the maturity date moved from 30 April 2020 to 31 July 2021.

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

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Fair value of notes to be issued	6,913	9,122
Redemption payment/conversion	(3,194)	(3,727)
Loss on redemption	364	235
Interest expense	953	1,283
Non-current liability	5,036	6,913

**Note 8. Issued capital**

	<b>Consolidated</b>			
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	591,867,317	417,741,679	85,546	76,306



**LatAm Autos Limited**  
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**Note 8. Issued capital (continued)**

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	1 January 2018	344,746,954		63,970
Issue of placement shares	12 January 2018	855,437	\$0.1400	117
Issue of shares for consulting services rendered	12 January 2018	195,631	\$0.1124	20
Issue of shares for consulting services rendered	12 January 2018	491,001	\$0.1120	50
Issue of placement shares	19 January 2018	11,935,261	\$0.1400	1,671
Issue of placement shares	04 April 2018	5,850,376	\$0.1400	819
Share issue to employees	14 June 2018	6,379,498	\$0.1400	893
Issue of shares for consulting services rendered	14 June 2018	207,056	\$0.1328	27
Exercise of unlisted options	21 August 2018	1,293,810	\$0.1700	220
Exercise of unlisted options	31 August 2018	17,857	\$0.1700	3
Issue of placement shares	10 September 2018	40,000,000	\$0.2000	8,000
Issue of fully paid ordinary shares upon conversion of Convertible Notes	19 October 2018	5,343,750	\$0.1600	855
Issue of shares for consulting services rendered	19 October 2018	342,857	\$0.1400	48
Issue of shares for consulting services rendered	19 October 2018	82,191	\$0.1825	15
Cost of issuing shares		-	\$0.0000	(326)
Difference carrying amount of convertible note redemption		-	\$0.0000	(76)
Balance	31 December 2018	417,741,679		76,306
Issue of shares for consulting services rendered	5 February 2019	222,737	\$0.2150	48
Issue of shares for severances	5 February 2019	390,000	\$0.2000	78
Issue of shares for consulting services rendered	4 June 2019	81,944	\$0.1280	10
Share issue to employees	14 June 2019	1,376,290	\$0.2000	275
Issue of placement shares	20 June 2019	58,170,646	\$0.0550	3,199
Issue of placement shares	24 July 2019	46,661,857	\$0.0550	2,566
Issue of placement shares	25 July 2019	3,720,200	\$0.0550	205
Issue of fully paid ordinary shares upon conversion of Convertible Notes	8 November 2019	58,076,721	\$0.0550	3,194
Issue of placement shares	29 November 2019	4,603,591	\$0.0550	253
Shares issued to Directors in lieu of fees	29 November 2019	284,777	\$0.0737	21
Shares issued to Directors in lieu of fees	29 November 2019	317,179	\$0.0496	16
Shares issued to Directors in lieu of fees	13 December 2019	219,696	\$0.0550	12
Cost of issuing shares		-	\$0.0000	(637)
Balance	31 December 2019	<u>591,867,317</u>		<u>85,546</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.

*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.

**LatAm Autos Limited**  
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**Note 8. Issued capital (continued)**

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**Note 9. Other contributed equity**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Convertible note	1,394	1,394
Other contributed equity	382	299
	<u>1,776</u>	<u>1,693</u>

*Other contributed equity*

It mainly corresponds to the variation of reserves related to post-employment benefits provision.

**Note 10. Reserves**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency reserve	1,722	1,728
Share-based payments reserve	110	130
	<u>1,832</u>	<u>1,858</u>

*Foreign currency reserve*

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

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**Note 10. Reserves (continued)**

*Movements in reserves*

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

<b>Consolidated</b>	<b>Share based payments reserve \$'000</b>	<b>Foreign currency Translation reserve \$'000</b>	<b>Total \$'000</b>
Balance at 1 January 2018	394	(444)	(50)
Foreign currency translation	-	2,172	2,172
Share based employee incentives expense	162	-	162
Adjustment previous year	(426)	-	(426)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	130	1,728	1,858
Foreign currency translation	-	(6)	(6)
Share based employee incentives expense	113	-	113
Adjustment previous year	(133)	-	(133)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	<u>110</u>	<u>1,722</u>	<u>1,832</u>

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

On 26 February 2020, the Company announced that it had applied to ASX for removal from the ASX official list and has been advised by ASX Limited that it would remove the Company from the official list of ASX, following an application by the Company under Listing Rule 17.11, subject to a number of conditions as detailed in the announcement. Following a detailed review, the Board has unanimously determined that the De-Listing is in the best interests of shareholders. The Company intends to seek shareholder approval of the De-Listing at a general meeting of the Company to be held on 31 March 2020.

The Company also announced, that following the General Meeting, it proposes to invite eligible shareholders to participate in a pro-rata non-renounceable 2:7 rights offer at 3 cents per share to raise up to around \$5 million. The Rights Offer will be subject to shareholder approval of the De-Listing at the General Meeting.

The purpose of the Rights Offer is to provide the Company with the working capital it requires to fund the ongoing development of the Company's software products, as well as its general working capital needs and future growth. Additionally, a proportion of the amount raised from the Rights Offer will be used to fund the proposed minimum holding share buy-back.

Existing shareholders, namely Log Creek (an entity associated with Chairman Mike Fitzpatrick) and Perennial, have agreed to pre-commit to take up entitlements, to subscribe for shortfall shares and/or to underwrite any shortfall conditional on shareholders approving the De-Listing. The commitments that have been received in respect of the Rights Offer mean that LAA is confident of being able to raise approximately \$5 million in the event that the De-Listing proceeds as planned, securing the near-term future of the Company.

The Company also announced that to provide smaller shareholders with the ability to exit their holdings prior to the De-Listing, on the basis that they may not want to hold shares in an unlisted entity, a liquidity facility will be offered in the form of a minimum holding buy-back for shareholders holding parcels of LAA shares that are less than a marketable parcel i.e. a parcel of shares worth less than A\$500 based on the last ASX closing sale price of the shares before the date of the announcement released on 26 February 2020.

All shareholders with an unmarketable parcel will receive a letter outlining the process. These shareholders will have at least 6 weeks to opt-out of the minimum holding buy-back in order to retain their shares. Shareholders who hold an unmarketable parcel of LAA shares (based on the closing sale price of an LAA share at the expiry of the opt-out period) who take no action will receive 3.0 cents per LAA share held, without incurring any brokerage costs, subject to LAA shareholders approving the De-Listing.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.