LATAM AUTOS

LATAM AUTOS LIMITED

ABN 12 169 063 414

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

LatAm Autos Limited
Contents
31 December 2016

Directors	Tim Handley (Executive Chairman) Jorge Mejia Ribadeneira (Executive Director & Chief Executive Officer) Simon Clausen (Non-Executive Director) Michael Fitzpatrick (Non-Executive Director) Colin Galbraith (Non-Executive Director) Gareth Bannan (Alternate Director) Cameron Griffin (Alternate Director)
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 de Berlanga Quito Ecuador Tel: +593 2 393 2200
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 Grillo Higgins Lawyers Level 20, 31 Queen Street Melbourne VIC 3000
Stock exchange listing	LatAm Autos Limited shares are listed on the Australian Securities Exchange (ASX code: LAA)
Website	www.latamautos.com

Chairman's Letter

Dear Shareholders,

On behalf of the Company's Board of Directors and Management, I am pleased to present the 2016 Annual Report for LatAm Autos (ASX:LAA). LatAm Autos is the leading dedicated online auto classifieds and content platform in Latin America (excluding Brazil). In our second year as a listed company we have been able to grow our business substantially from both a monetisation and market share perspective, with strong traction particularly in our largest target market Mexico. The growth rate of internet penetration in Mexico in 2015 has quadrupled compared to the previous 3 years, and with a population of 120 million people, we are very excited to be the online auto-classifieds leader in such a dynamic market.

Across our markets, local currency revenue growth averaged 40% (up 23% in AUD terms on 2015). Across 2016 the revenue growth rate exceeded the growth in key operating metrics, in line with the focus on increasing monetisation across the period. Our Ecuadorean operations reached cashflow breakeven stage for the first time during 2016.

The company achieved a number of key milestones in 2016 including the launch of our real time messaging platform PTX Live, positioning LatAm Autos as the first dedicated auto classifieds company in Latin America to provide this. The Company also launched its first products that assist car buyers and car dealers in the transaction process itself, rather than providing solely marketplace solutions. The first of these was MotorCredit, our proprietary financing platform created by LatAm Autos for Latin American customers. MotorCredit was launched in Ecuador where consumers access used car financing products through our website and dealer network when purchasing a car, the first of its kind in the market. Our second transaction-focused product release was Carsync, our telematics product that was launched in November 2016.

Despite being launched at the end of last year, these new revenue streams are already gaining significant traction and we expect to see them accelerate us toward our target of cashflow breakeven in 2018.

2017 promises to be another transformative year as LatAm Autos focused on monetising our Mexico, Ecuador and Peru business units as a priority. To optimise our expenditure into these two target markets, we are also reducing expenditure across our Argentina and Panama businesses. The clear focus for LatAm Autos is to invest into and expand our transaction-related revenue streams, commencing with the roll out of MotorCredit and CarSync into the key Mexico market in 2Q 2017.

As announced on 13 April 2017 the Company will raise $10,000,000, via the issue of a fully underwritten convertible note.

I would also like to take this opportunity to thank our senior management team, and particularly our CEO Jorge Mejia, for their significant efforts in establishing a first class management team and company culture. Our employees – who we call 'Latammers' have been key in creating a hard-working, innovative, dynamic and performance-based organisation with a bright future.

Yours sincerely,

Tim Handley
Executive Chairman

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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 year ended 31 December 2016.

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

Timothy Handley (Executive Chairman)
Jorge Mejia Ribadeneira (Executive Director & Chief Executive Officer) appointed as director 16 May 2016
Simon Clausen (Non-Executive Director)
Michael Fitzpatrick (Non-Executive Director)
Colin Galbraith (Non-Executive Director)
Gareth Bannan (Alternate Director)
Cameron Griffin (Alternate Director)

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 year.

Review of operations
The loss for the Consolidated Entity after providing for income tax amounted to $15,680,000 (31 December 2015: $14,448,000).

Group Overview

In 2016 the Company experienced strong revenue growth, in local currency terms, capitalising on improved operating metrics and the integration in 2015 of the five businesses that were acquired in 2014. 2016 local currency revenue growth was:
- Mexico: 62%
- Argentina: 61%
- Peru: 31%
- Ecuador: 29%
- Panama: 19%

In addition to increased monetisation, the Company continued to grow its operating metrics in 2016, including (for the month of December 2016, with growth on prior corresponding period):
- Monthly Sessions: 33% to 9.1 million
- Vehicle Listings: 8% to 191,000
- New and Used Car Dealers using LAA's websites: 21% to over 3,000 dealers
- Leads: 12% to 145,800
- Social media fans: 54% to approximately 680,000

In 4Q 2016 LatAm Autos launched two additional revenue streams in Ecuador, MotorCredit and CarSync. MotorCredit is a proprietary car financing product that facilitates transactions between car buyers and sellers via providing bank-backed financing to car buyers. CarSync is a telematics product that the Company has exclusive distribution rights for, in markets it operates in Latin America.

Both of these products leverage off LatAm Autos' existing audience, dealership network, technology capabilities and workforce in numerous Latin American countries. The Company is excited about the potential of these new revenue streams for other markets in Latin America and they will be introduced in the Mexican market in 2Q 2017.

The Company expects to launch additional new products of car insurance and mechanical guarantee in 2Q 2017. Similar to the MotorCredit and CarSync products, car insurance and mechanical guarantee will leverage off LatAm Autos' existing strengths and will be complementary to existing revenue streams.

The Company continued to be in its investment phase in 2016. Accompanying the growth in revenue and operating metrics was continued investment in IT platforms, marketing and personnel.

In early 2017 it was decided that the Company concentrate on its key markets of Mexico, Ecuador and Peru while reducing overall cash burn. While the Company's operations in Argentina and Panama continued to grow in 2016 the market position of those businesses, and competitive environment of those markets, mean that it will be difficult to achieve profitability in the short term.

These two businesses have recently been placed on organic only, meaning that the websites will continue to operate on an organic basis though the Company will no longer have a physical presence in each country and will not invest in advertising, personnel or other operating expenses. This will likely result in substantially lower contributions of both revenues and losses by these two countries to the 2017 consolidated income statement.

Below is a summary of key milestones achieved by the Company in 2016:

Technology

The Technology department continued to make substantial advances in 2016, achieving over 60 completed projects.

The Company continued with its leading product innovation in the region in 2016 with product releases that included PTX Live, MotorCredit, MotorChat, MotorDealer and ChatBot.

The main achievements of 2016 include:

- Launch of proprietary real time chat functionality - PTX Live. LatAm Autos was one of the first online classified companies in the world to launch its own messaging application. PTX Live connects buyers and sellers, in a similar way to Whatsapp, in addition to showing a car buyer when a car seller is online, dramatically improving response times between the parties. PTX Live capitalises on the fact that, at 70%, Latin America had the highest rate of usage of messaging apps in the world. PTX Live chat and online/connected are integrated seamlessly among the Company's desktop and web responsive sites and apps.

  PTX Live has the technological benefits of:
  - Real time communication – via app, mobile or desktop, buyers and sellers can communicate in real time
  - Speed of site – utilizing elastic search functionality the speed of both the desktop and mobile responsive sites and apps are considerably faster than the old PTX versions
  - Online presence – car buyers can now see when car sellers are actually online, promoting real time communication
  - User experience – a more intuitive way for buyers to search for cars and dealers to upload and manage their inventory
  - Detailed search capabilities – google style open search capabilities including predictive autocomplete and fuzzy search capabilities

- Launch of MotorChat, a multiplatform application (android, iOS and web) for dealers which allows them to manage real time chats (leads) generated on the site and sales teams
- Launch of MotorDealer, multiplatform application (android, iOS and web) for dealers which allows them to manage their inventory
- New versions of the consumer apps that include open text search, new wizard for posting listings and a new version of the new-car catalogue
- Launch of ChatBot, a robot that leads users to complete the signup and login process with less friction
- Launch of MotorCredit (car financing) as a minimum viable product
- New reviews platform developed from scratch which was focused on reducing costs and billing of third-party vendors
- Launch of MotorValue, a new valuation platform called, was developed with the clear goal to take advantage of long tail SEO to generate leads and organic traffic

Operations

In November and December 2016, the Company introduced and started monetising two important new products, MotorCredit and CarSync. As a result of the implementation of both of these products in Ecuador, LatAm Autos has gained significant expertise and is well placed to introduce these products to other markets. The Company completed the implementation of Salesforce as its company-wide CRM system and SAP Business One as its company-wide ERP system. Both systems are now integrated with each other and in all countries (with the exception of Peru), with electronically billing systems, contributing substantially to operational efficiencies. In order to increase the quality of leads to dealers, LatAm Autos implemented Call Tracking in all countries (excluding Ecuador). The Call Tracking platform allow us to know how many calls dealers receive from our sites. The dealer also has a dashboard where he can see reports, including voice records, call time duration, from number, missed calls and call status.

Leveraging off its strong programming and business intelligence backgrounds, LatAm Autos established a growth hacking team in 2H 2016. This team has the objective of, with minimal financial resources, increasing organic traffic to the Company's websites and increasing the engagement of this traffic once users are on the sites.

LatAm Autos substantially grew its lead generation business in 2016. This revenue stream predominantly has customers which are mainly OEM manufacturers, new car dealers and ancillary product providers. Lead generation has customers in all of LatAm Autos' markets. The revenue stream monetizes on a pay per lead business model.

Operational report by country

Mexico

Seminuevos, LatAm Autos' Mexican business, had a particularly strong year with 62% revenue growth in local currency and year-on-year growth of 125%, 52% and 8% for the operating metrics of Leads, Sessions and Listings respectively. Revenue growth momentum has continued in 2017 and is expected to continue with the introduction of new revenue streams in 2Q 2017.

Seminuevos was recognised as the number one auto vertical in Mexico by various third party sources, including leading industry media company and consultancy, AIM Group.

The Mexican economy continued to perform well in 2016 with expected GDP growth over 2%, unemployment rate of approximately 3.5% and an increase in new car sales in 2016 of 19%, to 1.6 million units, over 2015. The Company's Mexican business did not experience any negative consequences in 2016 as a result of the US presidential elections.

LatAm Autos' Mexican team continued to strengthen in 2016 with the announcement of a new country manager and other senior hires made in its Mexico City and Guadalajara offices. Seminuevos also expanded its geographical reach and now has a physical presence in six Mexican cities.

Mexico was the Company's main focus in 2016 and will continue to be in 2017 given its large population of approximately 127 million people and an estimated 36 million used cars in circulation. The Mexican market had record new car sales of 1.6 million in 2016 representing annual growth of 19% year on year. In comparison, there were 1.2 million new cars sold in Australia in 2016, which was also a record.

Penetration of car dealerships using Seminuevos continued to increase in 2016, signifying the combination of effective product, good flow of car buyers to the site, brand awareness and LatAm Autos having an effective team in Mexico.

New products of MotorCredit, CarSync, car insurance and mechanical guarantee are on track to be released in Mexico in 2Q 2017. These new revenue streams are highly complementary to Seminuevos' existing business and will utilise the businesses large dealership network, existing workforce and Seminuevos' reputation for trust in the market.

In December 2016 Seminuevos' audience (measured by number of sessions) and listings were 2.5 million and 63,787 respectively. This represents year-on-year growth of 52% for traffic and 8% for listings. Noting that December is generally a weak month for online auto classifieds. In addition, Leads to clients increased by 125% between December 2016 and December 2015.

Argentina

The Argentinean business achieved strong revenue growth in 2016 mainly driven by advertising revenue. However, the business continued to operate at a loss in 2016. Given the Company's focus on decreasing cash burn and achieving breakeven and considering the competitive environment of classifieds in Argentina, the decision has been made to continue the Argentinean operations on an organic only basis with no continued investment in marketing nor personnel in 2017.

Accordingly, the business will remain with the website operational though without continued investing in marketing and without a physical presence in the country.

Ecuador

Patiotuerca continued to be the dominant auto classified vertical in Ecuador and achieved local currency revenue growth of 29%. This is especially impressive considering the ongoing lacklustre economic backdrop of the country that experienced an estimated GDP decline of 3.4% in 2016 and a decrease in the sale of new cars of 24% compared to 2015. A large portion of Ecuador's economy is reliant on oil exports; accordingly, it continued to be negatively impacted in 2016 due to the low oil price relative to 2014 and prior years.

During 2016 Patiotuerca introduced the new products of MotorCredit and distribution of the CarSync telematics product. While introduced only late in the year, both products monetised in a modest but encouraging manner. Given the dominance of the Patiotuerca business and the location of head office in Quito, the Patiotuerca business and Ecuador often act as a test market for the Company to try new products, before being refined and introduced to additional markets.

In addition to these new revenue streams, Patiotuerca grew its lead generation business strongly in 2016. Lead generation revenue is derived when the business provides leads to a client (generally an OEM, new car distributor or ancillary product provider) on a pay per lead basis.

In December 2016 Patiotuerca's audience for Ecuador only (measured by number of sessions) and listings were 2.0 million and 24,788 respectively. This represents year-on-year growth of 59% for traffic and 9% for listings. In addition, Leads to clients increased by 27% between December 2016 and December 2015.

Peru

2016 was an encouraging year for Todoautos, the Company's Peruvian business, with revenue increasing by 31% in local currency.

Peru continued its economic growth with estimated GDP increase of 3.8% in 2016. The country had presidential elections which lasted almost the entirety of 1H 2016 and Todoautos noticed a dampening effect on consumer confidence. New car sales, for the country as a whole, decreased by 2% in 2016 in comparison to 2015.

From an operational point of view Todoautos was more focused on the classified side of its business in 2016. Despite its strong market position and demonstrated growth in classified operating metrics, Todoautos continued to mainly generate its revenue from advertising and the content side of the business.

With its aim of decreasing cash burn and achieving cash flow breakeven, Todoautos will be focused on profitable revenue growth in 2017.

Panama & Bolivia

The Panamanian business achieved solid revenue growth of 19% in 2016, however, the business continued to operate at a loss. Given the Company's focus on decreasing cash burn and achieving breakeven and considering the competitive environment of classifieds in Panama, the decision has been made to continue the Panamanian business on an organic only basis with no marketing investment in the business in 2017.

Accordingly, the business will remain with the website operational though without continued investing in marketing and without a physical presence in the country.

The opportunity remains to offer the Company's new revenue streams of MotorCredit, CarSync, car insurance and mechanical guarantee in Panama in the future.

In line with previous years, the Bolivian business was operated from Ecuador in 2016.

Significant changes in the state of affairs

During the financial year the Consolidated Entity:

Issued 6,935,485 ordinary fully paid shares by placement to directors of the Company, completing the share placement to sophisticated and institutional investors commenced in November 2015;

Issued 2,034,161 ordinary fully paid shares to employees under the Company's Equity Incentive Plan in recognition of the employees' achievement of performance objectives during the 2015 financial year;

Issued 2,266,667 Performance Rights to eligible employees under the Company's Equity Incentive Plan as a long term incentive to align the interests of the employees with other owners of the Company;

Appointed the Consolidated Entity's Chief Executive Officer, Mr Jorge Mejia, to the Board of the Company as an Executive Director.

On 17 December 2016 the Consolidated Entity released 77,893,913 fully paid ordinary shares from escrow.

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

Matters subsequent to the end of the financial year

The Company entered a trading halt on 31 January 2017 to undertake a capital raising. The Company requested, and was granted, suspension in the trade of its shares on 2 February 2017. Further to the ASX release on 2 February 2017, the reason for the requested suspension of shares was for the company to evaluate a potential alternative to the proposed equity raising, which arose after the Company went into a trading halt.

As announced on 13 April 2017 the Company will raise $10,000,000, via the issue of a fully underwritten convertible note. The convertible note has two Tranche's, Tranche 1 being $2,000,000 at signing, and Tranche 2 for $8,000,000 following shareholder approval at an EGM to be scheduled shortly. The key features of the notes include:

- 3 year term (non-callable by Noteholders until maturity)
- 8% p.a. interest rate paid quarterly or capitalised
- Fixed conversion price of A$0.16
- Notes are secured over LatAm Autos' Ecuadorian and Mexican wholly owned subsidiaries
- The Notes can be repaid anytime by LatAm Autos

Since 31 December 2016 the Company has decided to pursue a policy to focus on core markets which has the impact of decreasing cash burn and accelerating the path to profitability. Accordingly, the Company is focussing its resources on the key markets of Mexico, Ecuador and Peru. The websites of Argentina and Panama will continue to operate, though those companies will not receive additional investment in marketing and personnel in 2017. This will likely have the affect of the Consolidated Entity having materially less revenue from traditional revenue streams and losses in future financial years.

As a result of no longer having a physical presence in Argentina the decision was made to impair assets of that entity by $773,000 in these financial statements.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Likely developments and expected results of operations

Off the back of strong operational performance in 2016, measured by key operating metrics and achieved milestones, the Company is ideally placed to achieve its goal of being the dominant online auto classified and content company in its core markets.

2016 will see management be able to spend more of its time focusing on growing the business, as opposed to issues such as integration of operations and migration of technologies. Mexico will continue to be a big focus for LatAm Autos in 2017, with management time and resources largely concentrated on that market.

The Company is excited about the technology that it is developing and will provide to customers and users in 2017, and believes that it will provide users with unparalleled functionality and user experience. Almost all our IT team is now focused on developing mobile solutions.

Environmental regulation

The Consolidated Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Tim Handley
Title:	Executive Chairman
Qualifications:	Tim holds a Bachelor of Engineering degree (Honours) from the University of Melbourne, and a Masters of Commerce degree (major in Finance and Accounting) from the University of Sydney
Experience and expertise:	Tim is a co-founder and Director of LatAm Autos. Prior to co-founding LatAm Autos in early 2014, Tim worked for 11 years' in mergers & acquisitions, equity and debt capital markets experience (including 7 years in Latin America). Previously Tim worked at Gresham Partners and UBS. Tim also founded and was managing director of Chestnut Partners, a São Paulo, Brazil based corporate finance advisory business where he advised several leading Australian organisations on acquisitions and investments in Latin America.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	28,366,935 fully paid ordinary shares
Interests in rights:	716,666 performance rights

Name:	Jorge Mejia Ribadeneira
Title:	Executive Director & Chief Executive Officer
Qualifications:	Jorge holds a BA and an MSc in Human Resources Development, both from the Palm Beach Atlantic University, USA. He is a founding member and President of Internet Advertising Bureau Ecuador.
Experience and expertise:	Jorge has served as the Chief Executive Officer of LatAm Autos Limited since October 2014 and has overseen the Company's business acquisitions, ASX listing and significant development during 2015 and 2016. Jorge is an experienced Latin America digital media executive. He is the founder and ex- CEO of Grupo Centrico, the Ecuadorian- based holding company for Vive1.com, Evaluar.com, and Seguros123.com, and previously PatioTuerca.com. Jorge began his career in the technology sector after founding and managing multitrabajos.com, Ecuador's foremost job search engine. After multitrabajos.com was acquired by Bumeran.com/Navent, Jorge acted as the company's country manager before becoming Regional Vice President where he was responsible for all new business development and operations. During his time at Navent, Jorge led the successful acquisitions of five different Latin American based online classified sites. As CEO of Grupo Centrico Jorge founded Evaluar.com, Latin America's leading HR evaluation company with operations in Chile, Peru, Ecuador and Mexico, as well as Seguros123.com, an online insurance comparison portal. Jorge also led the successful acquisition and integration of PatioTuerca.Com and Vive1.com.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	13,293,477 fully paid ordinary shares
Interests in rights:	1,033,334 performance rights

Name:	Simon Clausen
Title:	Non-Executive Director
Experience and expertise:	Simon has more than 18 years' experience in high growth technology businesses in both Australia, United States and Asia. His technical expertise includes proficiency in multiple software development languages, computer security and vulnerability analysis, and he is co-author and inventor of a number of technology patents. Focusing on consumer-centric software and Internet-enabled technology he founded and was CEO of WinGuides, which later became PC Tools. With Simon as CEO PC Tools grew to over $100m in revenue, more than 250 employees and offices in 7 countries. PC Tools was acquired by Symantec Corporation (NASDAQ:SYMC) in October 2008 in one of Australia's largest ever technology acquisitions at the time. Following the acquisition Simon became a Vice President at Symantec, before leaving in 2009 and founding Startive Ventures, a specialised technology venture fund. In addition to numerous private company investments, Simon is a founding investor and non-executive director of Freelancer.com (ASX:FLN), the world's largest online marketplace for outsourcing, freelancing and crowdsourcing services.
Other current directorships:	Freelancer Limited (appointed April 2010)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	26,500,000 fully paid ordinary shares

Name:	Michael Fitzpatrick
Title:	Non-Executive Director
Qualifications:	Bachelor of Engineering with honours from the University of Western Australia and a Bachelor of Arts with Honours from Oxford University, where he was the 1975 Rhodes Scholar from Western Australia
Experience and expertise:	After leaving professional football in 1983 and working for the Treasury of the State of Victoria and with investment banks in New York, Michael founded the pioneering infrastructure asset management company Hastings Funds Management Limited in 1994. Michael is chairman of Pacific Current Group Limited, a Sydney-based incubator of fund management companies, former chairman of the Australian Football League and a former chairman of the Australian Sports Commission.
Other current directorships:	Pacific Current Group Limited (appointed 2006), Carnegie Wave Limited (appointed 2012)
Former directorships (last 3 years):	Rio Tinto Limited (appointed 2006, retired May 2015)
Special responsibilities:	None
Interests in shares:	37,662,845 fully paid ordinary shares

Name:	Colin Galbraith AM
Title:	Non-Executive Director
Qualifications:	Bachelor of Laws (Hons) and a Master of Laws from the University of Melbourne
Experience and expertise:	Colin is a Special Advisor to Gresham Partners Limited. He joined Gresham in 2006 after 28 years as a partner of Allens Arthur Robinson. He is the Chair of CARE Australia (Chair), a Director of the Colonial Foundation and a Trustee of the Royal Melbourne Hospital Neuroscience Foundation.
Other current directorships:	None
Former directorships (last 3 years):	Arrium Limited (appointed October 2000, retired 2015)
Special responsibilities:	None
Interests in shares:	1,311,112 fully paid ordinary shares

Name:	Gareth Bannan
Title:	Alternate Director
Qualifications:	Bachelor of Economics and Master of Finance, both from the University of New South Wales
Experience and expertise:	Gareth Bannan is co-founder, joint company secretary and Chief Financial Officer of the Company. Gareth has 13 years' financial management, mergers & acquisitions and capital markets experience (including 6 years in Latin America), and previously worked at Chestnut Partners (São Paulo), KPMG Corporate Finance (Sydney) and Rabobank (Sydney). Gareth has extensive operating and advisory experience in online classified companies in Latin America.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Financial Officer; Joint Company Secretary
Interests in shares:	19,604,032 fully paid ordinary shares
Interests in rights:	550,001 performance rights

Name:	Cameron Griffin
Title:	Alternate Director
Qualifications:	B. Comm., CA
Experience and expertise:	Cameron has 19 years of finance and investment industry experience having worked in Australia, the United Kingdom and the United States of America. Cameron currently runs the direct investment portfolio at Squitchy Lane Holdings, the private investment vehicle of the Fitzpatrick family office. Cameron previously held investment and advisory roles at Hastings Funds Management Ltd and EY (Corporate Finance). Cameron's other external appointments include directorships at AgCap Pty Ltd and Tapendium Pty Ltd, as well as a board observer role at Proterra, Inc, a US manufacturer of zero emission electric buses. Cameron holds a bachelor of Commerce from the University of Melbourne, is a Chartered Accountant and has completed post graduate studies at Harvard Business School.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretaries
Melanie Leydin is joint company secretary and has 22 years' experience in the accounting profession and is a director and company secretary for a number of oil and gas, junior mining and exploration entities listed on the Australian Securities Exchange. She is a Chartered Accountant and is a Registered Company Auditor. She Graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer, and Director of Leydin Freyer Corp Pty Ltd, specialising in outsourced company secretarial and financial duties for resources and biotechnology sectors.

Gareth Bannan is joint company secretary. Details of his qualifications and experience are set out in the Directors' information above.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2016, and the number of meetings attended by each director were:

	Full Board Held	Full Board Attended
Tim Handley	11	11
Jorge Mejia Ribadeneira	4	4
Simon Clausen	11	10
Mike Fitzpatrick	11	11
Colin Galbraith	11	10
Gareth Bannan	11	11

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

The Company has not established a separate Remuneration and Nomination Committee or Audit and Risk Committee due to the majority of the Board being Non-Executive Directors.

Principles used to determine the nature and amount of remuneration
The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Consolidated Entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Consolidated Entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

In accordance with best practice corporate governance, the structure of Non-Executive Directors and executive remunerations are separate.

Non-Executive Directors' remuneration
In accordance with the Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by LatAm Autos' general meeting. This amount has been fixed by LatAm Autos at $350,000. Annual Directors' fees currently agreed to be paid by LatAm Autos are $55,000 to each of the Non-Executive Directors. The remuneration of Non-Executive Directors must not include a commission on, or a percentage of profits or operating revenue. Statutory superannuation is included in these amounts.

Directors may also be reimbursed for travel and other expenses reasonably incurred in attending to the Company's affairs.

Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as Director of the Company or a subsidiary.

Executive remuneration
The Consolidated Entity and Company aim to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits
- variable cash and share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and provides additional value to the executive.

Short term incentive plan (STI)
Short-term incentives are used to differentiate rewards based on performance on a year-by-year basis. The principal performance indicator of the short-term incentive plan is based on the Company's financial performance and individual achievement of specified goals. The threshold level can differ for each individual and are reviewed each year. The Company has approved predetermined performance targets that must be met in order to trigger payments under the STI. Payments are made in the form of cash and/or shares. Key Management Personnel of the Consolidated Entity are eligible to participate in the STI program.

Long term incentive plan (LTIP)
During the prior year the Company implemented its long term incentive plan which will consist of the issue of performance rights to C-Level Executives and their direct reports. The LTIP is part of the Company's remuneration strategy and is designed to align the interests of management and shareholders and assist the Company in the attraction, motivation and retention of executives. In particular, the LTIP is designed to provide relevant executives with an incentive for future performance, with the conditions of vesting and exercise of the rights linked to both performance and service conditions. The conditions relate to the Company's Total Shareholder Return performance relative to peer and comparable ASX-listed companies, and staff remaining in employment.

Consolidated entity performance and link to remuneration
The remuneration of the Non-Executive Directors is not linked to the performance, share price or earnings of the Consolidated Entity. The remuneration of executives is linked to the performance, share price or earnings of the Consolidated Entity as described in the preceding section.

Details of remuneration

Amounts of remuneration
Details of the remuneration of the key management personnel of the Consolidated Entity are set out in the following tables.

The key management personnel of the Consolidated Entity consisted of the following directors of LatAm Autos Limited:

- Tim Handley (Executive Chairman)
- Jorge Mejía Ribadeneira (Executive Director & Chief Executive Officer)
- Simon Clausen (Non-Executive Director)
- Michael Fitzpatrick (Non-Executive Director)
- Colin Galbraith (Non-Executive Director)

And the following person:

- Gareth Bannan (Chief Financial Officer, Joint Company Secretary and Alternate Director)

2016	Short-term benefits			Post-employment benefits		Share-based payments		
	Cash salary and fees $	Cash expense allowance $	Annual leave $	Super-annuation $	Other long-term incentives $	Bonus settled in shares $	Performance rights $	Total $
Non-Executive Directors:								
Mr S Clausen	55,000	-	-	-	-	-	-	55,000
Mr M Fitzpatrick	50,228	-	-	4,772	-	-	-	55,000
Mr C Galbraith	50,228	-	-	4,772	-	-	-	55,000
Executive Directors:								
Mr T Handley	314,790	28,000	-	13,867	-	-	27,616	384,273
Mr J Mejía Ribadeneira *	289,815	60,723	-	-	-	-	41,057	391,595
Other Key Management Personnel:								
Mr G Bannan	234,612	48,303	9,775	-	-	-	22,003	314,693
	994,673	137,026	9,775	23,411	-	-	90,676	1,255,561

* Jorge Mejia Ribadeneira was appointed as a Director on 16 May 2016

2015	Short-term benefits			Post-employment benefits		Share-based payments		
	Cash salary and fees $	Cash expense allowance $	Non-monetary $	Super-annuation $	Other long-term incentives $	Bonus settled in shares $	Equity-settled $	Total $
Non-Executive Directors:								
Mr S Clausen	55,000	-	-	-	-	-	-	55,000
Mr M Fitzpatrick	50,228	-	-	4,772	-	-	-	55,000
Mr C Galbraith	50,228	-	-	4,772	-	-	-	55,000
Executive Directors:								
Mr T Handley	240,000	48,000	-	-	-	75,000	9,732	372,732
Other Key Management Personnel:								
Mr J Mejía Ribadeneira	240,000	47,923	-	-	-	179,961	467,129	935,013
Mr G Bannan (1)	200,000	36,000	3,477	-	-	71,000	7,786	318,263
	835,456	131,923	3,477	9,544	-	325,961	484,647	1,791,008

(1) Mr Bannan was appointed as an Alternate Director on 31 March 2015. Mr Bannan is also Chief Financial Officer.

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

Name	Fixed remuneration 2016	Fixed remuneration 2015	At risk STI 2016	At risk - STI 2015	At risk - LTI 2016	At risk - LTI 2015
Non-Executive Directors:						
Mr S Clausen	100%	100%	-	-	-	-
Mr M Fitzpatrick	100%	100%	-	-	-	-
Mr C Galbraith	100%	100%	-	-	-	-
Executive Directors:						
Mr T Handley	93%	78%	-	19%	7%	3%
Other Key Management Personnel:						
Mr J Ribadeneira	89%	31%	-	67%	11%	2%
Mr G Bannan	93%	75%	-	23%	7%	2%

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Tim Handley
Title:	Executive Chairman
Agreement commenced:	1 August 2016
Term of agreement:	No fixed term. 6 months termination notice (or payment in lieu of notice)
Details:	Base Salary cost is USD $264,000, exclusive of superannuation. Superannuation will be paid in accordance with the relevant legislation as amended from time to time, and into a superannuation fund nominated by the Employee in accordance with legislation. If the consolidated entity (and subject to Board approval) is satisfied that the Employee has met or exceeded the Key Performance Indicators (KPIs) agreed with the Employee in writing from time to time, the consolidated entity may at its sole discretion provide the Employee an incentive payment, the amount and terms of which shall be determined from time to time by the Board in cash and or in Shares, issued in accordance with the consolidated entity's Equity Incentive Plan, subject to approval by the members of the consolidated entity. The KPIs will be determined from time to time and shall be designed to align the interests of the Employee with the interests of the consolidated entity's shareholders.

Name:	Jorge Mejía Ribadeneira
Title:	Chief Executive Officer
Agreement commenced:	December 2014
Term of agreement:	3 years. 60 days' termination notice to Adminweb S.A. (or payment in lieu of notice)
Details:	Base Salary cost is USD $210,000 If the consolidated entity (and subject to Board approval) is satisfied that the Employee has met or exceeded the Key Performance Indicators (KPIs) agreed with the Employee in writing from time to time, the consolidated entity may at its sole discretion provide the Employee an incentive payment, the amount and terms of which shall be determined from time to time by the Board in cash and or in Shares, issued in accordance with the consolidated entity's Equity Incentive Plan, subject to approval by the members of the consolidated entity. The KPIs will be determined from time to time and shall be designed to align the interests of the Employee with the interests of the consolidated entity's shareholders.

Name:	Gareth Bannan
Title:	Chief Financial Officer
Agreement commenced:	November 2014
Term of agreement:	3 years, 4 weeks termination notice (or payment in lieu of notice)
Details:	Base Salary cost is USD $170,000 If the consolidated entity (and subject to Board approval) is satisfied that the Employee has met or exceeded the Key Performance Indicators (KPIs) agreed with the Employee in writing from time to time, the consolidated entity may at its sole discretion provide the Employee an incentive payment, the amount and terms of which shall be determined from time to time by the Board in cash and or in Shares, issued in accordance with the consolidated entity's Equity Incentive Plan, subject to approval by the members of the consolidated entity. The KPIs will be determined from time to time and shall be designed to align the interests of the Employee with the interests of the consolidated entity's shareholders.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
Details of shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2016 are set out below:

Name	Date	Shares	Issue price	$
Mr G Bannan	16 May 2016	229,032	$0.3100	71,000
Mr J Mejia Ribadeneira	18 March 2016	580,522	$0.3100	179,961

* The value of both of these STI share issued were accounted for in the prior financial year.

Options
There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 31 December 2016.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Holding details	Grant date	Vesting date & Expiry date	Fair value per right at grant date
Tim Handley - Service Rights	13 July 2015	Vest upon Release of Company's audited FY2015 financial results to the ASX.	$0.280
Tim Handley - Performance Rights Tranche A	27 July 2015	Vest 31 December 2018, provided service and Company performance conditions are met. Expire 30 January 2019	$0.159
Tim Handley - Performance Rights Tranche B	27 July 2015	Vest 31 December 2018, provided service and Company performance conditions are met. Expire 30 January 2019	$0.168
Jorge Mejía Ribadeneira - Performance Rights Tranche A	27 July 2015	Vest 31 December 2018, provided service and Company performance conditions are met. Expire 30 January 2019	$0.159
Jorge Mejía Ribadeneira - Performance Rights Tranche B	27 July 2015	Vest 31 December 2018, provided service and Company performance conditions are met. Expire 30 January 2019	$0.168
Gareth Bannan - Performance Rights Tranche A	13 January 2016	Vest 31 December 2018, provided service and Company performance conditions are met. Expire 30 January 2019	$0.159
Gareth Bannan - Performance Rights Tranche B	13 January 2016	Vest 31 December 2018, provided service and Company performance conditions are met. Expire 30 January 2019	$0.168
Tim Handley - Performance Rights Tranche A	16 May 2016	Vest 31 December 2019, provided service and Company performance conditions are met. Expire 31 January 2020	$0.101
Tim Handley - Performance Rights Tranche B	16 May 2016	Vest 31 December 2019, provided service and Company performance conditions are met. Expire 31 January 2020	$0.136
Jorge Mejía Ribadeneira - Performance Rights Tranche A	18 March 2016	Vest 31 December 2019, provided service and Company performance conditions are met. Expire 31 January 2020	$0.081
Jorge Mejía Ribadeneira - Performance Rights Tranche B	18 March 2016	Vest 31 December 2019, provided service and Company performance conditions are met. Expire 31 January 2020	$0.107
Gareth Bannan - Performance Rights Tranche A	16 May 2016	Vest 31 December 2019, provided service and Company performance conditions are met. Expire 31 January 2020	$0.101
Gareth Bannan - Performance Rights Tranche B	16 May 2016	Vest 31 December 2019, provided service and Company performance conditions are met. Expire 31 January 2020	$0.137

Performance rights granted carry no dividend or voting rights.

Additional information

The earnings of the Consolidated Entity for the three years to 31 December 2016 are summarised below:

	2016 $'000	2015 $'000	2014 $'000
Sales revenue	7,978	6,357	926
EBITDA	(13,488)	(11,939)	(3,130)
EBIT	(16,116)	(13,228)	(3,177)
Profit/(loss) after income tax	(15,680)	(14,448)	(1,841)

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

	31/12/2016	31/12/2015	31/12/2014	17/12/2014
Share price at financial year end ($)	0.19	0.30	0.26	0.25
Basic earnings per share (cents per share)	(5.07)	(5.77)	(1.60)	-
Diluted earnings per share (cents per share)	(5.07)	(5.77)	(1.60)	-

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial period by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr T Handley	28,125,000	-	241,935	-	28,366,935
Mr S Clausen	22,324,787	-	4,175,213	-	26,500,000
Mr M Fitzpatrick	34,437,038	-	3,225,807	-	37,662,845
Mr C Galbraith	740,741	-	570,371	-	1,311,112
Mr J Mejía Ribadeneira *	12,712,955	580,522	-	-	13,293,477
Mr G Bannan	19,375,000	229,032	-	-	19,604,032
	117,715,521	809,554	8,213,326	-	126,738,401

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Performance rights					
Mr T Handley	541,666	300,000	(125,000)	-	716,666
Mr J Mejía Ribadeneira	733,334	300,000	-	-	1,033,334
Mr G Bannan	333,334	216,667	-	-	550,001
	1,608,334	816,667	(125,000)	-	2,300,001

None of the performance rights shown above had vested as at the end of the financial year.

This concludes the remuneration report, which has been audited.

Shares under option
There were no unissued ordinary shares of LatAm Autos Limited under option outstanding at the date of this report.

Shares under performance rights
Unissued ordinary shares of LatAm Autos Limited under performance rights at the date of this report are as follows:

Performance rights series and Grant date	Vesting date	Exercise price	Number under rights
Performance rights - 27 July 2015	31 December 2018	$0.0000	3,366,770
Performance rights - 18 March 2016	31 December 2019	$0.0000	1,383,333
Performance rights - 16 May 2016	31 December 2019	$0.0000	516,667
Performance rights - 27 September 2016	28 February 2020	$0.0000	150,000
			5,416,770

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of LatAm Autos Limited issued on the exercise of options during the year ended 31 December 2016 and up to the date of this report.

Shares issued on the exercise of performance rights
The following ordinary shares of LatAm Autos Limited were issued during the year ended 31 December 2016 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise price	Number of shares issued
13 July 2015	$0.0000	241,935

Indemnity and insurance of officers
The Company has entered into deeds of access, insurance and indemnity with each Director which confirm each Director's right of access to certain books and records of LatAm Autos for a period of seven years after the Director ceases to hold office. This seven-year period may be extended where certain proceedings or investigations commence before that seven-year period expires.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements.

LatAm Autos Limited
Directors' report
31 December 2016

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd
There are no officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Tim Handley
Executive Chairman

13 April 2017

Grant Thornton

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Auditor's Independence Declaration
To the Directors of LatAm Autos Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of LatAm Autos Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 13 April 2017

LatAm Autos Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Revenue	5	8,205	6,677
Other income	6	-	404
Expenses			
Printing costs		(1,245)	(887)
Advertising expenses		(8,102)	(5,519)
Employee benefits expense	7	(7,792)	(7,929)
Depreciation and amortisation expense	7	(1,658)	(1,138)
Impairment of assets	7	(970)	(151)
Operating lease expense	7	(604)	(697)
Professional and consulting fees expense		(1,387)	(1,214)
Travel expense		(401)	(511)
Technology expenses		(360)	(752)
Other expenses		(1,693)	(1,265)
Finance costs and related costs	7	(109)	(246)
Loss before income tax (expense)/benefit		(16,116)	(13,228)
Income tax (expense)/benefit	8	436	(1,220)
Loss after income tax (expense)/benefit for the year attributable to the owners of LatAm Autos Limited	24	(15,680)	(14,448)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation - exchange differences on translating foreign operations and subsidiaries		(811)	2,140
Other comprehensive income for the year, net of tax		(811)	2,140
Total comprehensive income for the year attributable to the owners of LatAm Autos Limited		(16,491)	(12,308)
		Cents	**Cents**
Basic earnings per share	38	(5.07)	(5.77)
Diluted earnings per share	38	(5.07)	(5.77)

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

LatAm Autos Limited
Statement of financial position
As at 31 December 2016

	Note	Consolidated 2016 $'000	2015 $'000
Assets			
Current assets			
Cash and cash equivalents	9	4,915	18,361
Trade and other receivables	10	4,179	3,322
Inventories	11	15	18
Other	12	355	157
Total current assets		9,464	21,858
Non-current assets			
Receivables	13	44	351
Plant and equipment	14	532	525
Intangibles	15	24,171	25,018
Deferred tax	16	513	313
Total non-current assets		25,260	26,207
Total assets		34,724	48,065
Liabilities			
Current liabilities			
Trade and other payables	17	3,011	2,251
Provisions	18	1,039	1,122
Other	19	315	372
Total current liabilities		4,365	3,745
Non-current liabilities			
Deferred tax	20	830	1,248
Employee benefits	21	151	24
Total non-current liabilities		981	1,272
Total liabilities		5,346	5,017
Net assets		29,378	43,048
Equity			
Issued capital	22	59,647	56,992
Reserves	23	1,700	2,345
Accumulated losses	24	(31,969)	(16,289)
Total equity		29,378	43,048

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 year ended 31 December 2016

Consolidated	Issued capital $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2015	38,834	-	141	(1,841)	37,134
Loss after income tax expense for the year	-	-	-	(14,448)	(14,448)
Other comprehensive income for the year, net of tax	-	-	2,140	-	2,140
Total comprehensive income for the year	-	-	2,140	(14,448)	(12,308)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 22)	16,994	-	-	-	16,994
Share-based payments (note 39)	1,164	64	-	-	1,228
Balance at 31 December 2015	56,992	64	2,281	(16,289)	43,048

Consolidated	Issued capital $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2016	56,992	64	2,281	(16,289)	43,048
Loss after income tax benefit for the year	-	-	-	(15,680)	(15,680)
Other comprehensive income for the year, net of tax	-	-	(811)	-	(811)
Total comprehensive income for the year	-	-	(811)	(15,680)	(16,491)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 22)	2,024	-	-	-	2,024
Share-based payments (note 39)	631	166	-	-	797
Balance at 31 December 2016	59,647	230	1,470	(31,969)	29,378

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 year ended 31 December 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST and equivalents)		7,853	6,861
Payments to suppliers and employees (inclusive of GST and equivalents)		(21,436)	(16,734)
		(13,583)	(9,873)
Interest received		64	54
Other - Net Sales tax recovered/(paid)		(221)	-
Net cash used in operating activities	36	(13,740)	(9,819)
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired		-	(280)
Payments for plant and equipment	14	(267)	(417)
Payments for intangibles	15	(1,566)	(920)
Net cash used in investing activities		(1,833)	(1,617)
Cash flows from financing activities			
Proceeds from issue of shares	22	2,150	18,000
Share issue transaction costs		(63)	(1,389)
Net cash from financing activities		2,087	16,611
Net increase/(decrease) in cash and cash equivalents		(13,486)	5,175
Cash and cash equivalents at the beginning of the financial year		18,361	12,760
Effects of exchange rate changes on cash and cash equivalents		40	426
Cash and cash equivalents at the end of the financial year	9	4,915	18,361

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 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	Principal place of business
Level 4 100 Albert Road South Melbourne VIC 3205, Australia Tel: +61 (3) 9692 7222	Latamautos Corporación S.A. Isla Pinzon y Tomas de Berlanga Quito, Ecuador Tel: +593 2 393 2200

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 13 April 2017. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

Going concern
The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the financial year ended 31 December 2016, the Consolidated Entity incurred a loss after tax of $15,680,000 (2015: $14,448,000) and had net cash outflows from operating activities of $13,740,000 (2015: $9,819,000). At 31 December 2016 the consolidated entity had net assets of $29,378,000 (31 December 2015: $43,048,000).

Since the end of the financial period, and as announced to the ASX on 13 April 2017 the Company has received commitments to raise $10,000,000 via a fully underwritten convertible note. The convertible note is subject to shareholder approval being obtained at the Extraordinary General Meeting to be scheduled shortly. It is expected that shareholder approval will be received and that the Company will receive the full $10,000,000 related to the convertible note. With the proceeds the Company will be able to continue to fund its operations and further develop the Consolidated Entity’s projects.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Note 2. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 32.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 31 December 2016 and the results of all subsidiaries for the period then ended. The Company and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The consolidated financial statements are presented in Australian dollars, which is LatAm’s functional and presentation currency. Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’).

Foreign currency transactions
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Foreign operations
The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that balance sheet.

• Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

• All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are taken to other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the consolidated statement of comprehensive income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes of duty.

The Consolidated Entity assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Consolidated Entity has concluded that it is acting as principal in all of its revenue arrangements.

Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Where services have not been provided but the Company is obligated to provide the services in the future, revenue recognition is deferred. Where the Group has utilised the services of a sales agency to sell advertising services on behalf of the Group, the sale is recorded at a value net of sales commissions paid to the sales agency. The specific recognition criteria described below must also be met before revenue is recognised.

Banner advertising
Revenues from banner advertising are recognised in the period over which the advertisements are placed or as the advertisements are displayed depending on the type of advertising contract.

Dealership revenue
Dealership revenue is recognised over the period of time which Dealers use subscription services to put listings on one of the Company's websites. Subscriptions offered to Dealers are on an annual basis, semi-annual basis and on a rolling-monthly basis.

Individual listings revenue
Individual listings revenue is recognised when individuals pay to put a listing on one of the Company's websites.

Interest income
Interest income is recognised on a time proportionate basis using the effective interest method.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 2. Significant accounting policies (continued)

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Note 2. Significant accounting policies (continued)

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The Consolidated Entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	3-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Note 2. Significant accounting policies (continued)

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition.

Intangible assets acquired separately are initially recognised at cost.

Intangible assets with indefinite useful lives are not amortised, but treated for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. Amortisation expense is included in depreciation and amortisation expense in the Statement of profit or loss and other comprehensive income.

The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date).

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group’s interest in the fair value of the acquiree’s identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the LatAm Combined Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Note 2. Significant accounting policies (continued)

Software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis generally over 3-5 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Content, domain names and trademarks / software
When these assets are acquired as part of a business combination they are recognised separately from goodwill. The assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, as follows:

Domain names and trademarks – 10 to 15 years
Software - 3 to 5 years
Content - 4 years

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions
Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled wholly within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial Option Valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 2. Significant accounting policies (continued)

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of LatAm Autos Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 31 December 2016. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

Note 2. Significant accounting policies (continued)

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Consolidated Entity will adopt this standard from 1 July 2018. Management have undertaken preliminary assessment of its adoption and do not expect any material impact on the Consolidated Entity.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Consolidated Entity will adopt this standard from 1 January 2018. The impact of the adoption of the standard is yet to be assessed by the Consolidated Entity in detail but its adoption is not expected to have a material impact on the Consolidated Entity.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Consolidated Entity will adopt this standard from 1 July 2019. Management have undertaken preliminary assessment of its adoption and do not expect any material impact on the Consolidated Entity.

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. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables (Note 10)
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Estimation of useful lives of assets (Notes 14 and 15)
The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets (Note 15)
The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets (Note 15)
The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax (Note 8)
The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognises liabilities for anticipated tax audit issues based on the Consolidated Entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets (Note 16)
Deferred tax assets are recognised for deductible temporary differences only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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.

Note 4. Operating segments (continued)

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

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

The reportable segments are:

Argentina	Mexico
Ecuador	Peru
Panama	

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

Intersegment transactions
There were no material intersegment transactions during the reporting period.

Note 4. Operating segments (continued)

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

Operating segment information, including reconciliation to Group totals

Consolidated 2016	Argentina $'000	Ecuador $'000	Panama $'000	Mexico * $'000	Peru $'000	Total reportable segments $'000
Revenue						
Sales to external customers	2,677	2,448	135	2,095	623	7,978
Total sales revenue	2,677	2,448	135	2,095	623	7,978
Operating expenses	(4,475)	(1,925)	(237)	(8,109)	(880)	(15,626)
EBITDA	(1,798)	523	(102)	(6,014)	(257)	(7,648)

* 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 2016 Mexico had approximately $900,000 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 $900,000 and other countries' operating expenses would increase by the same value.

Consolidated 2015	Argentina $'000	Ecuador $'000	Panama $'000	Mexico $'000	Peru $'000	Total reportable segments $'000
Revenue						
Sales to external customers	2,471	1,859	111	1,442	474	6,357
Total sales revenue	2,471	1,859	111	1,442	474	6,357
Operating expenses	(6,545)	(1,712)	(249)	(3,412)	(842)	(12,760)
EBITDA	(4,074)	147	(138)	(1,970)	(368)	(6,403)

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:

	2016 $'000	2015 $'000
Revenue		
Total reportable segment revenues	7,978	6,357
Interest income	64	54
Other revenue	163	266
Group revenues	8,205	6,677

	2016 $'000	2015 $'000
Profit or loss		
Total reportable segment EBITDAs	(7,648)	(6,403)
Interest income	64	54
Other revenue	163	266
Financial expenses	(109)	(246)
Depreciation and amortisation expenses	(1,658)	(1,138)
Impairment of assets	(970)	(151)
Share-based payments expense	(334)	(1,264)
Other non-segment expenses	(5,624)	(4,346)
Income tax (expense)/benefit	436	(1,220)
Group profit/(loss) after income tax expense/benefit	(15,680)	(14,448)

Note 4. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Australia	-	-	1	2
Argentina	2,677	2,471	29	106
Ecuador	2,448	1,859	15,156	12,466
Panama	135	111	15	9
Mexico	2,095	1,442	7,559	8,227
Peru	623	474	1,958	1,635
	7,978	6,357	24,718	22,445

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

Note 5. Revenue

	Consolidated 2016 $'000	Consolidated 2015 $'000
Sales revenue		
Sales revenue	7,978	6,357
Other revenue		
Interest	64	54
Other revenue	163	266
	227	320
Revenue	8,205	6,677

Note 6. Other income

	Consolidated 2016 $'000	Consolidated 2015 $'000
Net foreign exchange gain/(loss)	-	404

Note 7. Expenses

	Consolidated 2016 $'000	Consolidated 2015 $'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	194	94
Amortisation		
Software	1,245	817
Domain names and trademarks	185	193
Content	34	34
Total amortisation	1,464	1,044
Total depreciation and amortisation	1,658	1,138
Impairment		
Plant and equipment	15	40
Receivables	197	111
Goodwill, other intangibles and software	64	-
Sales tax receivables	694	-
Total impairment	970	151
Finance costs		
Interest paid	-	3
Commissions, bank fees and transaction fees	109	243
Finance costs expensed	109	246
Rental expense relating to operating leases		
Minimum lease payments	604	697
Superannuation expense		
Defined contribution superannuation expense	758	575
Share-based payments expense - employment-related		
Share-based payments expense - equity-settled	334	1,264
Employee benefits expense		
Employee benefits expense excluding superannuation and share-based payments	6,700	6,090
Total employee benefits expense	7,792	7,929
Share-based payments expense - non-employment-related		
Share-based payments expense - equity-settled	-	60

Note 8. Income tax expense/(benefit)

	Consolidated 2016 $'000	Consolidated 2015 $'000
Income tax expense/(benefit)		
Current tax	132	33
Deferred tax - origination and reversal of temporary differences	(568)	1,187
Aggregate income tax expense/(benefit)	(436)	1,220
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 16)	(287)	885
Increase/(decrease) in deferred tax liabilities (note 20)	(281)	302
Deferred tax - origination and reversal of temporary differences	(568)	1,187
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit	(16,116)	(13,228)
Tax at the statutory tax rate of 30% (2015: 30%)	(4,835)	(3,968)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payment	100	379
Tax rate differential on accounting profit/(loss)	(47)	178
Permanent differences	(74)	564
Non-deductible amortisation	1,802	388
Deferred tax asset not recognised	-	27
Other	-	2
	(3,054)	(2,430)
Current year tax losses not recognised	2,618	2,268
De-recognition of carry forward tax losses	-	1,382
Income tax expense/(benefit)	(436)	1,220

	Consolidated 2016 $'000	Consolidated 2015 $'000
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	17,571	8,927
Potential tax benefit at statutory tax rates	5,120	2,502

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses, which have been generated in different tax jurisdictions in which the Consolidated Entity operates, can only be utilised in the future if the Consolidated Entity is able to comply with the respective jurisdictions' requirements for utilising tax losses.

Note 9. Current assets - cash and cash equivalents

	Consolidated 2016 $'000	Consolidated 2015 $'000
Cash at bank	4,915	18,361

Note 10. Current assets - trade and other receivables

	Consolidated 2016 $'000	Consolidated 2015 $'000
Trade receivables	2,501	1,345
Less: Provision for impairment of receivables	(237)	(100)
	2,264	1,245
Other accounts receivable	79	75
Sales taxes receivable - current	1,836	2,002
	4,179	3,322

Impairment of receivables
The Consolidated Entity has raised a provision for impairment of debtors of $237,000 in profit or loss in respect of impairment of receivables for the period ended 31 December 2016 (31 December 2015 - $100,000)

Debtors have been assessed as impaired following a review of outstanding debtors at reporting date and identification of objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Indicators that some trade receivables may be impaired, including significant financial difficulties of debtors, probability that debtors may enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) were identified during the review and an appropriate provision was raised.

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

	Consolidated 2016 $'000	Consolidated 2015 $'000
Less than 1 month overdue	-	1
1 to 2 months overdue	-	2
2 to 3 months overdue	-	11
Over 3 months overdue	237	86
	237	100

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

	Consolidated 2016 $'000	Consolidated 2015 $'000
Opening balance	100	32
Additional provisions recognised	198	74
Written off	(50)	-
Foreign Exchange	(11)	-
Receivables written off during the year as uncollectable	-	(6)
Closing balance	237	100

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $1,168,000 as at 31 December 2016 ($314,000 as at 31 December 2015).

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

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

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

	Consolidated 2016 $'000	Consolidated 2015 $'000
Less than one month overdue	496	114
1 to 2 months overdue	58	55
2 to 3 months overdue	391	67
Over 3 months overdue	223	78
	1,168	314

Note 11. Current assets - inventories

	Consolidated 2016 $'000	Consolidated 2015 $'000
Stock on hand - at cost	15	18

Note 12. Current assets - other

	Consolidated 2016 $'000	Consolidated 2015 $'000
Prepayments	355	157

Note 13. Non-current assets - receivables

	Consolidated 2016 $'000	Consolidated 2015 $'000
Sales taxes receivable - non-current	44	351

Note 14. Non-current assets - plant and equipment

	Consolidated 2016 $'000	Consolidated 2015 $'000
Plant and equipment - at cost	767	594
Less: Accumulated depreciation	(235)	(69)
	532	525

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

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

Consolidated	Plant & equipment $'000
Balance at 1 January 2015	227
Additions	417
Disposals	(31)
Exchange differences	46
Impairment of assets	(40)
Depreciation expense	(94)
Balance at 31 December 2015	525
Additions	267
Disposals	(26)
Exchange differences	(25)
Impairment of assets	(15)
Depreciation expense	(194)
Balance at 31 December 2016	532

Note 15. Non-current assets - intangibles

	Consolidated 2016 $'000	Consolidated 2015 $'000
Goodwill - at cost	18,248	19,247
Software - at cost	5,539	3,808
Less: Accumulated amortisation - software	(1,977)	(785)
	3,562	3,023
Domain names and trademarks - at cost	2,655	2,844
Less: Accumulated amortisation - Domain names and trademarks	(362)	(194)
	2,293	2,650
Content - at cost	139	136
Less: Accumulated amortisation - Content	(71)	(38)
	68	98
	24,171	25,018

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

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

Consolidated	Content $'000	Domain names and trademarks $'000	Software $'000	Goodwill $'000	Total $'000
Balance at 1 January 2015	132	2,706	2,670	18,675	24,183
Additions	-	31	889	-	920
Amortisation expense	(34)	(193)	(817)	-	(1,044)
Other adjustments	-	-	(89)	-	(89)
Exchange differences	-	106	370	572	1,048
Balance at 31 December 2015	98	2,650	3,023	19,247	25,018
Additions	-	-	1,566	-	1,566
Amortisation expense	(34)	(185)	(1,245)	-	(1,464)
Other adjustments	-	-	53	-	53
Impairment of assets	-	(35)	(7)	(22)	(64)
Exchange differences	4	(137)	172	(977)	(938)
Balance at 31 December 2016	68	2,293	3,562	18,248	24,171

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.

	Consolidated	
	2016 $'000	**2015 $'000**
Demotores.com.mx & Seminuevos.com (Mexico)	6,703	7,932
PatioTuerca.com (Ecuador, Panama, Bolivia)	9,886	9,672
Todoautos.pe (Peru)	1,659	1,621
Autofoco.com (Argentina)	-	22
Goodwill allocation at 31 December	18,248	19,247

The Company has decided to impair the assets that relate to its Argentinean business given the refocus of the business on its other business units in 2017.

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

The group 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. The key inputs methodology inputs include but are not limited to:

- an average Enterprise Value / Revenue multiple of between 7.6x - 9.3x derived from comparable companies and transactions;
- an "investment liquidity" discount of up to 20% is applied where relevant in comparison to comparable listed companies; and
- a "size" discount of up to 20% is applied where relevant to comparable listed companies, representing the companies relative size based on revenues, volumes, profits etc.

The company also considered other factors as a reasonableness check on the valuations. These included:

- the operating performance of each cash generating unit against the following KPIs:
  - site listings,
  - site traffic, and
  - Country of business and the general competitive landscape in a particular market

Impact of possible changes in key assumptions

Management do not consider that a reasonable change in any of the key assumptions would lead to impairment.

Identifiable intangible assets with finite lives - remaining amortisation periods

Domain names and trademarks - 13.32 years
Software - 2.11 years

Note 16. Non-current assets - deferred tax

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	-	29
Provisions	381	212
Other temporary differences	(6)	15
	375	256
Amounts recognised in equity:		
Transaction costs on share issue	138	57
Deferred tax asset	513	313
Movements:		
Opening balance	313	321
Credited/(charged) to profit or loss (note 8)	287	(885)
Exchange rate adjustments	(59)	(45)
Transfer to deferred tax liability	-	922
Other	(28)	-
Closing balance	513	313

Note 17. Current liabilities - trade and other payables

	Consolidated 2016 $'000	Consolidated 2015 $'000
Trade payables	2,484	1,989
Sales tax payable	302	212
Other payables	225	50
	3,011	2,251

Refer to note 26 for further information on financial instruments.

Note 18. Current liabilities - provisions

	Consolidated 2016 $'000	Consolidated 2015 $'000
Employee benefits	951	969
Provisions - labour and regulatory costs	88	150
Provisions - other	-	3
	1,039	1,122

Labour and regulatory costs
The provision represents: (i) management's estimate of labour-related and regulatory-related costs arising from past activities which are not currently payable and in relation to which no confirmation of liability has yet been ascertained but which may become payable in the future upon provision of relevant documentation; and (ii) as at 31 December 2016, includes a provision for issue of shares to employees relating to the year ended 31 December 2015 but to be granted after year end.

Service fees payable
The provision represents management's estimate of costs for services provided to the Consolidated Entity by external service suppliers prior to the reporting date, but for which no specific amount payable can yet be precisely determined.

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

Consolidated - 2016	Labour and regulatory costs $'000	Other $'000
Carrying amount at the start of the year	150	3
Additional provisions recognised	74	-
Payments	(136)	(3)
Carrying amount at the end of the year	88	-

Note 19. Current liabilities - other

	Consolidated 2016 $'000	Consolidated 2015 $'000
Deferred revenue	315	372

Note 20. Non-current liabilities - deferred tax

	Consolidated 2016 $'000	Consolidated 2015 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee participation in profit	134	274
Intangibles	696	937
Other	-	37
Deferred tax liability	830	1,248
Movements:		
Opening balance	1,248	37
Charged/(credited) to profit or loss (note 8)	(281)	302
Exchange rate adjustments	(100)	(13)
Transfer from Deferred tax asset	-	922
Consol. Adjustment	(37)	-
Closing balance	830	1,248

Note 21. Non-current liabilities - employee benefits

	Consolidated 2016 $'000	Consolidated 2015 $'000
Employee benefits	151	24

Note 22. Equity - issued capital

	Consolidated 2016 Shares	2015 Shares	2016 $'000	2015 $'000
Ordinary shares - fully paid	310,258,777	301,289,131	59,647	56,992

Note 22. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 January 2015	239,822,166		38,834
Shares issued to settle employee entitlement	12 May 2015	286,487	$0.3700	106
Bonus shares issued to Chief Executive Officer	12 May 2015	1,209,235	$0.3721	450
Shares issued to settle consideration payable on previous business acquisition	6 July 2015	783,886	$0.3450	271
Shares issued to settle consideration payable on previous business acquisition	1 October 2015	1,122,842	$0.3005	337
Issue of placement shares	5 November 2015	58,064,515	$0.3100	18,000
Costs of issuing shares		-		(1,006)
Balance	31 December 2015	301,289,131		56,992
Issue of placement shares	20 January 2016	6,935,485	$0.3100	2,150
Share issue to employees	18 March 2016	1,492,293	$0.3100	463
Share issue to employee	18 & 21 March 2016	312,836	$0.3100	97
Share issue to employee	16 May 2016	229,032	$0.3100	71
Costs of issuing shares		-		(126)
Balance	31 December 2016	310,258,777		59,647

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.

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 23. Equity - reserves

	Consolidated 2016 $'000	Consolidated 2015 $'000
Foreign currency reserve	1,470	2,281
Share-based payments reserve	230	64
	1,700	2,345

Note 23. Equity - reserves (continued)

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.

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

Consolidated	Share based payments reserve $'000	Foreign currency Translation reserve $'000	Total $'000
Balance at 1 January 2015	-	141	141
Foreign currency translation	-	2,140	2,140
Amortisation of share based employee incentives	64	-	64
Balance at 31 December 2015	64	2,281	2,345
Foreign currency translation	-	(811)	(811)
Amortisation of share based employee incentives	166	-	166
Balance at 31 December 2016	230	1,470	1,700

Note 24. Equity - accumulated losses

	Consolidated 2016 $'000	Consolidated 2015 $'000
Accumulated losses at the beginning of the financial year	(16,289)	(1,841)
Loss after income tax (expense)/benefit for the year	(15,680)	(14,448)
Accumulated losses at the end of the financial year	(31,969)	(16,289)

Note 25. Equity - dividends

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

Note 26. Financial instruments

Financial risk management objectives
The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Note 26. Financial instruments (continued)

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Consolidated Entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
Foreign exchange risk arises from commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Consolidated Entity derives approximately 100% of its revenue, incurs the majority of its costs, and has the majority of its assets and liabilities located in, or arising from activities carried out via subsidiary companies incorporated in countries outside of Australia, namely Argentina, Mexico, Ecuador, Peru and Panama. The activities of the subsidiary companies in these countries are denominated in their respective functional currencies as follows:

- Argentina - Argentine peso (ARS)
- Mexico - Mexican peso (MXN)
- Ecuador and Panama - US dollar (USD)
- Peru - Peruvian Nuevo Sol (PEN)

This exposure could have a material effect on the results of the Consolidated Entity, in particular the exchange differences arising from the translation of the Consolidated Entity's net investment in the respective subsidiary companies.

The Consolidated Entity also maintains a significant US dollar bank account containing funds available to support future investment requirements in the Latin American region.

The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rates	Reporting date exchange rates		
	2016	2015	2016	2015
Australian dollars				
Argentine peso (ARS)	10.4870	8.2346	11.5166	9.4573
Mexican peso (MXN)	13.7895	12.3552	14.9451	12.6338
Peruvian Nuevo Sol (PEN)	2.4565	2.4690	2.4291	2.4839
US dollar (USD)	0.7246	0.7728	0.7208	0.7284

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

	Assets		Liabilities	
Consolidated	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
US dollar	110	14,338	-	-

The Consolidated Entity had net financial assets denominated in foreign currencies of $A110,000 (assets $A14,338,000 less liabilities $Nil) as at 31 December 2016 (31 December 2015 - net financial assets denominated in foreign currencies of $A6,697,000).

Note 26. Financial instruments (continued)

The following table illustrates the sensitivity of profit and equity in regards to the Group's assets and liabilities in light of potential changes to the respective currencies applicable to those assets and liabilities. It assumes a +/- 5% change in all exchange rates for the year ended at 31 December 2016. This percentage has been determined based on the average market volatility in exchange rates in the previous three months across the relevant currencies. The sensitivity analysis is based on the Group's relevant foreign currency assets and liabilities held at reporting date.

	AUD strengthened			AUD weakened		
Consolidated - 2016	**% change**	**Effect on profit before tax $'000**	**Effect on equity $'000**	**% change**	**Effect on profit before tax $'000**	**Effect on equity $'000**
US dollar	5%	(5)	(5)	5%	6	6

	AUD strengthened			AUD weakened		
Consolidated - 2015	**% change**	**Effect on profit before tax $'000**	**Effect on equity $'000**	**% change**	**Effect on profit before tax $'000**	**Effect on equity $'000**
US dollar	5%	(683)	(683)	5%	755	755

Price risk
The Consolidated Entity is not exposed to any significant price risk.

Interest rate risk
As at reporting date the Consolidated Entity has cash at bank of $4,915,000 and no borrowings. Cash at bank is held in a number of bank accounts, operated by the Consolidated Entity's subsidiaries and its head office function, some of which are interest-bearing and some of which are not.

Accordingly, the Consolidated Entity's main interest rate risk arises from fluctuations in variable bank deposit rates and their impact on interest revenue. This risk is currently considered immaterial.

As at the reporting date, the Consolidated Entity had the following variable rate bank accounts:

	2016		2015	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Bank accounts - interest-bearing	0.60%	3,494	0.45%	17,562
Net exposure to cash flow interest rate risk		3,494		17,562

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity.

The Group is exposed to this risk for various financial instruments, for example by generating trade receivables from sales, depositing cash in bank accounts, generating sales tax receivables from various taxing authorities etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

Note 26. Financial instruments (continued)

	Consolidated 2016 $'000	2015 $'000
Classes of financial assets		
Cash at bank	4,915	18,361
Trade accounts receivable	2,264	1,245
Other accounts receivable - current	79	75
Total financial assets	7,258	19,681

The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

Other than trade receivables, the Consolidated Entity's main counterparties are major, reputable banks and government sales tax authorities. The Consolidated Entity is satisfied that the risk of default on the part of these counterparties is low.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

Details, as at reporting date, of trade receivables past due and trade receivables assessed as impaired are set out in Note 9.

The Group's management considers that all of the above financial assets that are not impaired or past due at the reporting date are of good credit quality.

Liquidity risk
Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 26. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2016	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	2,484	-	-	-	2,484
Deferred income	-	315	-	-	-	315
Other payables	-	225	-	-	-	225
Total non-derivatives		3,024	-	-	-	3,024

Consolidated - 2015	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,989	-	-	-	1,989
Deferred income	-	372	-	-	-	372
Other payables	-	50	-	-	-	50
Total non-derivatives		2,411	-	-	-	2,411

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

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

Note 27. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	2016 $	**2015 $**
Short-term employee benefits	1,141,474	1,296,817
Post-employment benefits	23,411	9,544
Share-based payments	90,676	484,647
	1,255,561	1,791,008

Note 28. Remuneration of auditors

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

	Consolidated	
	2016 $	2015 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	90,000	98,000
Other services - Grant Thornton Audit Pty Ltd		
Tax consulting	39,440	41,927
	129,440	139,927
Audit services - network firms		
Audit or review of the financial statements	56,894	32,804

Note 29. Contingent liabilities

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

Note 30. Commitments

	Consolidated	
	2016 $'000	2015 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	307	422
One to five years	320	312
	627	734

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

Operating Lease arrangements		
Committed at the reporting date but not recognised as receivables:		
Within one year	72	72
One to five years	148	221
	220	293

The Consolidated Entity has sub-leased its office premise to tenants under long-term operating lease with rentals payable monthly. The lease is non-cancellable and has a five-year term.

Note 31. Related party transactions

Parent entity
LatAm Autos Limited is the parent entity.

Note 31. Related party transactions (continued)

Subsidiaries
Interests in subsidiaries are set out in note 33.

Associates
Interests in associates are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the directors' report.

Transactions with related parties
During the financial year, there was a related party transaction between Log Creek Pty Ltd and consolidated entity in relation to office rent at the premises of 88 Collins Street, at an amount of A$1,400 per month.

There were no other transactions with relates parties during the current and previous reporting date.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

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

Note 32. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2016	**2015**
	$'000	**$'000**
Loss after income tax	(1,923)	(2,616)
Total comprehensive income	(1,923)	(2,616)

Statement of financial position

	Parent	
	2016	**2015**
	$'000	**$'000**
Total current assets	3,888	17,792
Total assets	53,617	53,174
Total current liabilities	347	817
Total liabilities	362	817
Equity		
Issued capital	59,647	56,992
Share-based payments reserve	230	64
Accumulated losses	(6,622)	(4,699)
Total equity	53,255	52,357

Note 32. Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2016 nor at 31 December 2015.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2016 (31 December 2015 - Nil).

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2016 (31 December 2015 - Nil).

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2016 %	2015 %
LatAm Autos Holdings Pty Ltd	Australia	100.00%	100.00%
Anuntis Segundamano Argentina S.A.	Argentina	100.00%	100.00%
Anuntis Segundamano Argentina Holdings S.A.	Argentina	100.00%	100.00%
Latamautos Mexico S. de R.L. de C.V.	Mexico	100.00%	100.00%
Avisoriaweb S.A.	Ecuador	100.00%	100.00%
LatAm Autos Peru S.A.	Peru	100.00%	100.00%
LatAm Autos Panama S.A.	Panama	100.00%	100.00%
Latamautos Corporacion S.A.	Ecuador	100.00%	100.00%

Note 34. Interests in associates

The Consolidated Entity does not have any interests in associates during the current reporting period.

Note 35. Events after the reporting period

The Company entered a trading halt on 31 January 2017 to undertake a capital raising. The Company requested, and was granted, suspension in the trade of its shares on 2 February 2017. Further to the ASX release on 2 February 2017, the reason for the requested suspension of shares was for the company to evaluate a potential alternative to the proposed equity raising, which arose after the Company went into a trading halt.

Note 35. Events after the reporting period (continued)

As announced on 13 April 2017 the Company will raise $10,000,000, via the issue of a fully underwritten convertible note. The convertible note has two Tranche's, Tranche 1 being $2,000,000 at signing, and Tranche 2 for $8,000,000 following shareholder approval at an EGM to be scheduled shortly. The key features of the notes include:

- 3 year term (non-callable by Noteholders until maturity)
- 8% p.a. interest rate paid quarterly or capitalised
- Fixed conversion price of A$0.16
- Notes are secured over LatAm Autos' Ecuadorian and Mexican wholly owned subsidiaries
- The Notes can be repaid anytime by LatAm Autos

Since 31 December 2016 the Company has decided to pursue a policy of decreasing cash burn and achieving breakeven. Accordingly, the Company is focussing its resources on the key markets of Mexico, Ecuador and Peru. The websites of Argentina and Panama will continue to operate, though those companies will not receive additional investment in marketing and personnel in 2017. This will likely have the affect of the Consolidated Entity having materially less revenue from traditional revenue streams and losses in future financial years.

As a result of no longer having a physical presence in Argentina the decision was made to impair assets of that entity by $773,000 in these financial statements.

No other matter or circumstance has arisen since 31 December 2016 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 36. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Loss after income tax (expense)/benefit for the year	(15,680)	(14,448)
Adjustments for:		
Depreciation and amortisation	1,658	1,138
Impairment of assets	970	151
Net loss on disposal of property, plant and equipment	52	36
Share-based payments	334	1,324
Foreign exchange differences	269	400
Change in operating assets and liabilities excluding assets and liabilities acquired through business combinations:		
Increase in trade and other receivables	(1,023)	(493)
Decrease/(increase) in prepayments	(198)	109
Net movement in sales tax payable/receivable	(130)	(402)
Decrease/(increase) in inventories	4	8
Net movement in deferred tax assets/liabilities	(618)	1,219
Increase/(decrease) in deferred revenue	(57)	92
Increase in trade and other payables	641	370
Increase in employee benefits	109	757
Decrease in other provisions	(71)	(80)
Net cash used in operating activities	(13,740)	(9,819)

Note 37. Non-cash investing and financing activities

	Consolidated	
	2016 $'000	2015 $'000
Shares issued as settlement for deferred consideration payable for business combinations	-	548

Note 38. Earnings per share

	Consolidated	
	2016 $'000	2015 $'000
Loss after income tax attributable to the owners of LatAm Autos Limited	(15,680)	(14,448)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	309,409,359	250,347,718
Weighted average number of ordinary shares used in calculating diluted earnings per share	309,409,359	250,347,718
	Cents	**Cents**
Basic earnings per share	(5.07)	(5.77)
Diluted earnings per share	(5.07)	(5.77)

Note 39. Share-based payments

(a) Performance Rights

A Long Term Incentive Plan has been established by the Consolidated Entity and approved by shareholders at a general meeting, whereby the Consolidated Entity may, at the discretion of the Board, grant performance rights over ordinary shares in the Company ("Rights") to certain employees of the Consolidated Entity.

The grant of Rights is a long term incentive intended to align the interests of employees with other owners of the Company.

Upon vesting, each Right entitles the holder to receive one ordinary share in the Company at no cost to the employee.

The number of Rights that will vest is contingent on the Company’s total shareholder return (TSR) relative to comparable companies ("Peer Group") 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 Rights expire on 30 January 2019, unless they lapse earlier.

Note 39. Share-based payments (continued)

Set out below are summaries of Rights granted under the plan:

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
13/07/2015	28/02/2016	$0.0000	150,000	-	(125,000)	(25,000)	-
27/07/2015	30/01/2019	$0.0000	3,700,004	-	-	(333,334)	3,366,670
18/03/2016	31/01/2020	$0.0000	-	799,997	-	(108,333)	691,664
18/03/2016	31/01/2020	$0.0000	-	800,003	-	(108,334)	691,669
16/05/2016	31/01/2020	$0.0000	-	258,333	-	-	258,333
16/05/2016	31/01/2020	$0.0000	-	258,334	-	-	258,334
27/09/2016	28/02/2020	$0.0000	-	150,000	-	-	150,000
			3,850,004	2,266,667	(125,000)	(575,001)	5,416,670

2015

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
13/07/2015	28/02/2016	$0.0000	-	150,000	-	-	150,000
27/07/2015	30/01/2019	$0.0000	-	3,700,004	-	-	3,700,004
			-	3,850,004	-	-	3,850,004

* An amount of $165,692 was recognised as an expense for the Rights during the current financial year (2015: $64,076).

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3 years (2015: 3 years).

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are set out below.

The pricing model used to value the performance rights granted during the current financial year was the Binomial Options Valuation Model.

The volatilities used in the valuation models were based upon the volatility of the Company's share price from the date of its listing on the ASX (17 December 2014) to the valuation dates (18 March 2016 and 16 May 2016).

Market factors were factored into the pricing model by adjusting the fair value of the performance rights through the application of a Binomial Options Valuation model to determine the theoretical Total Shareholder Returns of the respective Peer Group companies, against which the Company's performance will be compared during the vesting period, and the Company. "Total Shareholder Return" is defined as the total return of a share to an investor (capital gain plus dividends reinvested as at the ex-dividend date).

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
27/07/2015	30/01/2019	$0.2900	$0.0000	64.75%	-	2.03%	$0.159
27/07/2015	30/01/2019	$0.2900	$0.0000	64.75%	-	2.03%	$0.168
18/03/2016	31/01/2020	$0.2550	$0.0000	63.96%	-	1.98%	$0.081
18/03/2016	31/01/2020	$0.2550	$0.0000	63.96%	-	1.98%	$0.107
16/05/2016	31/01/2020	$0.3000	$0.0000	63.53%	-	1.56%	$0.101
16/05/2016	31/01/2020	$0.3000	$0.0000	63.53%	-	1.56%	$0.137

(b) Shares issued to employees

The Company may, from time to time, issue shares to employees of the Consolidated Entity.

Note 39. Share-based payments (continued)

The Consolidated Entity has established as Short Term Incentive plan (STIP) under which the Board may issue fully paid ordinary shares in the Company (Shares) on an annual basis to selected employees, conditional on their achieving certain performance targets during the financial year.

The Board agreed in February 2016 to issue Shares to employees in recognition of their performance during the year ended 31 December 2015, subject to acceptance by the respective employees. The value of these Shares amounting to $643,462 was accrued as at 31 December 2015 and recorded as a share-based payment expense in the Statement of profit or loss and other comprehensive income of the Consolidated Entity for that financial period, although the Shares were not issued as at the end of the financial period.

During the period ended 31 December 2016, the Company proposed to issue Shares to employees in recognition of their performance during the year ended 31 December 2016, subject to Board approval and acceptance by the respective employees. An estimate has been made of the STI based on the performance targets of the individual employees. The value of these Shares amounting to $168,375 was accrued as at 31 December 2016 and recorded as a share-based payment expense in the Statement of profit or loss and other comprehensive income of the Consolidated Entity for that financial period, although the Shares were not issued as at the end of the financial period.

The company issued the following shares to parties in connection with their employment by the Consolidated Entity. The shares vested immediately.

	Consolidated	
	2016 $'000	**2015 $'000**
1,209,235 shares issued to Chief Executive Officer as performance bonus	-	450,000
286,487 shares issued to former employee as termination entitlement	-	106,000
2,144,873 shares to be issued to employees under STI Plan in 2016 (value recorded at year end)	-	643,462
886,184 shares to be issued to employees under STI Plan in 2017 (value recorded at year end)	168,375	-
	168,375	1,199,462

(c) Shares issued to third parties in return for services

The Company may, from time to time, issue shares to third parties as consideration for goods and/or services provided to the Consolidated Entity by those parties. All such transactions are settled in equity and vest immediately, unless otherwise stated. Details of these issues made during the reporting period are as follows:

Note 40. Variation from Appendix 4E Preliminary Final Report

An adjustment has been made to the figures presented in the 31 December 2016 Appendix 4E and Preliminary Final Report which was lodged with the ASX on 27 February 2017.

The audit continued to be in progress at 27 February 2017 and the results lodged at this time were unaudited. Following finalisation of the audit further adjustments have been made regarding impairment of Argentina’s assets amounting to $773,000 in these financial statements.

The audited annual report includes an adjustment to Argentina’s assets amounting to $773,000, and a $15,000 adjustment to corporate and administrative costs which results in a decrease in the net asset position of the Company from $30,166,000 to $29,378,000 and an increase in loss after income tax expense of $788,000.

LatAm Autos Limited
Directors' declaration
31 December 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Tim Handley
Executive Chairman

13 April 2017

Grant Thornton

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Independent Auditor's Report
To the Directors of Latam Autos Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of LatAm Autos Limited (the "Company"), and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of LatAm Autos Limited, is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Grant Thornton

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Group has incurred a net loss of $15,680,000 and net operating cash outflows $13,740,000 of during the year ended 31 December 2016. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Goodwill and intangible asset impairment (Note 15)	
Goodwill and other intangibles total $24,171,000 at 31 December 2016. These amounts relate to four Cash Generating Units (CGUs). The carrying value of goodwill and other intangibles are required to be tested for impairment annually under *AASB 136 Impairment of Assets* and represent the most significant asset value and requires significant judgement over the accounting methodology and hence has been determined as a key audit matter. The group recognised impairments totalling $64,000 including goodwill, other intangibles and software associated with the Argentinian business.	Our procedures included, amongst others: • assessment of management's determination of the Group's CGUs based on our understanding of the Group's business and the economic environment in which the Group operates; • evaluation of management's process for the preparation and analysed the estimated fair value less costs to sell models (including considering comparable businesses and transactions), taking into consideration the impacts of the Group and CGU specific challenges; • review of the process for determining and assessing specific impairment indicators; and • assessment of the adequacy of financial report disclosures.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information in the Group's financial report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our auditor's report.

Grant Thornton

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 20 of the directors' report for the year ended 31 December 2016. In our opinion, the Remuneration Report of LatAm Autos Limited, for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 13 April 2017

LatAm Autos Limited
Shareholder information
31 December 2016

The shareholder information set out below was applicable as at 6 April 2017.

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

	Number of holders of ordinary shares
1 to 1,000	31
1,001 to 5,000	622
5,001 to 10,000	419
10,001 to 100,000	751
100,001 and over	189
	2,012
Holding less than a marketable parcel	365

Equity security holders

Twenty largest shareholders
The names of the twenty largest shareholders are listed below:

	Fully paid Issued shares Number held	Issued shares % of total shares issued
CHESTNUT PARTNERS LIMITED	50,000,000	16.12
LOG CREEK PTY LTD	37,662,845	12.14
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,839,388	9.94
CITICORP NOMINEES PTY LIMITED	20,968,479	6.76
JORGE MEJIA RIBADENEIRA	10,212,955	3.29
INVIA CUSTODIAN PTY LIMITED <FERN ESTATES PTY LTD A/C>	7,021,254	2.26
ANDRES JACOBO MORENO NOBOA	6,219,675	2.00
MERUMA PTY LTD <MERUMA INVESTMENT A/C>	5,925,926	1.91
UBS NOMINEES PTY LTD	5,548,819	1.79
MPC NOMINEES PTY LTD	5,283,334	1.70
SDS CAPITAL NO2 PTY LTD <SDS CAPITAL NO 2 UNIT A/C>	4,057,373	1.31
MR ANDREW RUDOLPH SYPKES & MRS ELIZABETH ANNE PETRUSMA <R & E SYPKES FAMILY SF A/C>	3,195,969	1.03
DIEGO FERNANDO CAMACHO PUENTE	3,000,000	0.97
HK PRIVATE CLIENT INVESTMENTS P/L <HK PRIVATE CLIENT INV A/C>	2,753,061	0.89
HAYWARD SUPERANNUATION PTY LTD <HAYWARD S/F A/C>	2,678,295	0.86
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	2,620,675	0.84
EMH IV PTY LIMITED <EMH IV FAMILY A/C>	2,592,593	0.84
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	2,585,562	0.83
TALL VENTURES PTY LTD <TALL VENTURES A/C>	2,315,186	0.75
S CHAMBERLAIN PTY LTD <S CHAMBERLAIN FAMILY A/C>	2,194,294	0.71
	207,675,683	66.94

LatAm Autos Limited
Shareholder information
31 December 2016

Unquoted equity securities

	Number on issue	Number of holders
2015 Performance rights	3,366,670	21
2016 Performance rights	2,050,000	20

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Timothy Handley & Gareth Bannan	50,000,000	16.12
Log Creek Pty Ltd (ATF the Log Creek Vineyard Trust)	37,662,845	12.14
Simon Clausen	26,500,000	8.54

Voting rights
The voting rights attached to shares are set out below:

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

Performance rights
Performance rights do not have voting rights attached.

There are no other classes of equity securities.