LatAm Autos Limited

ABN 12 169 063 414

Consolidated Annual Report - 31 December 2020

LatAm Autos Limited
Contents
31 December 2020

Directors	Michael Fitzpatrick (Non-Executive Chairman) Jorge Mejia (Executive Director & Chief Executive Officer) Tim Handley (Non-Executive Director) Donald Cahill (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 Mexico S de RL de CV Hipolito Taine 244, Oficina 27, Polanco V Sección Mexico City Mexico Tel: +52 55 4161 8830
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000
Auditor	Grant Thornton Collins Square, Tower 5 727 Collins Street Melbourne VIC 3008
Website	www.latamautos.com
Annual General Meeting	LatAm Autos Limited advises that its Annual General Meeting will be held on Tuesday, 13 July 2021. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders.

LatAm Autos Limited
Chairman´s Letter
31 December 2020

Chairman's Letter

Dear Shareholders,

2020 was a difficult year for LatAm Autos, as the pandemic caused a radical rethinking of the business.

De-listing was achieved because your Board did not believe ASX investors were valuing the Company correctly, and there were, and continue to be, significant opportunities in the FinTech sector in Mexico. Being an ASX listed company would deter potential strategic investors in this market, we were advised.

COVID-19 dashed any hope of moving quickly in the FinTech space. The Company incurred a savage drop in revenue and spent much of the second part of the year withdrawing costs from the business in the search for financial stability.

Management is to be applauded for the courageous cuts made to the business to keep the lights on. LatAm Autos' single largest cost item is personnel, and the downsizing was done sensitively and with few disputes. Senior executives took material pay cuts. While this annual report shows an operating and investing cash loss of the order of $5.7 million for the year 2020, at the time of writing the comparable first quarter cash loss was approximately $450k, and headcount is down from a maximum of 230 to approximately 80 due to two restructurings.

Management introduced several new products in 2020, most notably the New Car Catalogue ("NCC") and Certified Listings. The Certified Listings section is designed to expand LatAm Autos' Classified and FinTech reach beyond its existing lower credit quality Dealer clients, and into higher quality used cars Dealers. The NCC is designed to materially monetise the 50 and 40 OEMs that operate in Mexico and Ecuador, respectively.

These initiatives have had mixed success but have considerable potential. Negotiations are ongoing with various financial institutions ("FIs") to add to LatAm Autos' existing FIs to maximise the potential of the Company's FinTech product, called Motorfy.

As I write this report, I am saddened to report that Joe Hanna has resigned from the Board due to other commitments. Joe's experience and commitment have helped the firm to survive a very difficult period.

The markets that LatAm Autos operate in have been difficult in 2020. In Ecuador the classified business has been heavily impacted by the fall in oil prices and COVID-19, with LatAm Autos losing over half its classified revenue in Ecuador in the year. We expect this to recover quickly once immunisation takes hold. Approximately 18 million and 1 million doses of the COVID-19 vaccine have been administered in Mexico and Ecuador respectively as at the end of April 2021, with vaccination rates forecast to increase into 2H 2021. Mexico has been heavily impacted by COVID-19 and while there are no official statistics on the number of used car sales in the country, new car sales decreased by 28% between 2020 and 2019.

Other companies continued to compete strongly in a tough auto market, though have been consistently beaten by LatAm Autos based on various metrics. New entrants have come into the market with some fanfare, with the concept of being a dominant online dealer to gain some traction. The Certified Listings section is designed to enable our dealers to compete more competitively in the evolving market..

2021 has several interesting opportunities for LatAm Autos. We are hopeful our negotiations with certain FIs will conclude successfully, and that we will continue to have an excellent relationship with our existing FI partners.

We continue to field enquiries from strategic players in our industry, but with financial stability and the opportunity to grow revenues, we are in a position to build the business in a sustainable manner and organic manner.

I would like to thank the Board and Management for their dedication and commitment to LatAm Autos in a very difficult year, and investors for your patience.

Yours sincerely,

Mike Fitzpatrick
Chairman

LatAm Autos Limited
Review of operations
31 December 2020

Group Overview

From an operational perspective 2020 was a challenging and unique year due the combination of the COVID-19 pandemic, the Company de-listing from the ASX and a material restructuring of the Company. These factors make it difficult to directly compare the Company's 2020 performance to its performance in prior years.

Key items from 2020 compared to 2019 (in 2020 constant currency terms) include:

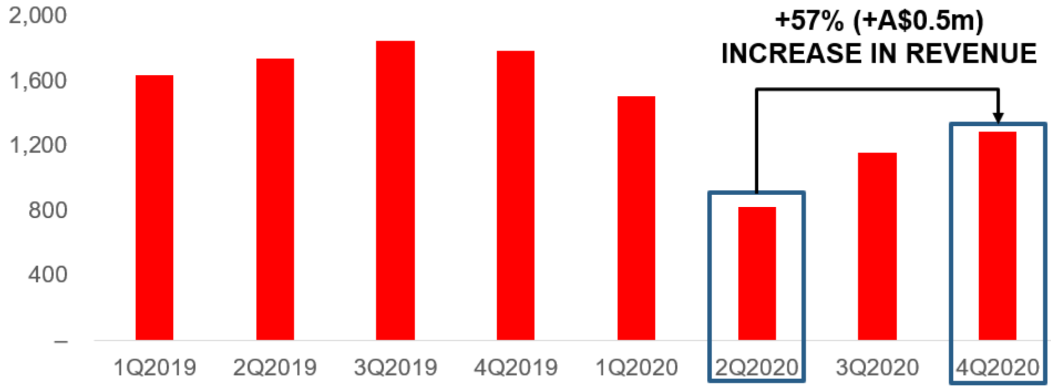
- Revenues to external customers decreased by $2.2 million (-32%) to $4.8 million
- Negative EBITDA reduced by $4.4 million (-56%) to -$3.5 million
- Operating Expenses reduced by $6.4 million (-44%) to $8.4 million
- Operating and Investing Cash flows reduced by $3.2 million (-35%) to -$5.9 million
- Motorfy Credit unit sales in Mexico decreased by 209 units (-6%)
- Organic/free traffic to the Company's Mexican classified site (seminuevos.com) increased by 5 million sessions (+41%) to 17.2 million sessions
- Key user engagement metrics to seminuevos.com (being Average Session Duration, Bounce Rate and Pages per Session) all improved dramatically between 2020 and 2019
- Impairment of the Goodwill of the Ecuadorian business by $1.9 million, reducing the value of Goodwill attributed to the Ecuadorian business to $7.3 million. This impairment was considered appropriate due to challenging trading conditions in that business in 2020

Key items from 2H 2020 compared to 1H 2020 include:

- Revenues to external customers increased by $0.1 million (+5%) to $2.4 million
- Negative EBITDA reduced by $2.4 million (-81%) to -$0.5 million
- Operating Expenses reduced by $2.3 million (-42%) to -$3.1 million
- Operating and Investing Cash flows reduced by $3.6 million (-77%) to -$1.1 million
- Motorfy Credit unit sales in Mexico increased by 189 units (+13%)

The Company's improved performance in 2H 2020 in Revenues, Operating expenses, EBITDA, Cash flows, Motorfy unit sales, organic/free traffic and user engagement in its Mexican classified site have all continued in 1Q 2021.

Chart 1: Revenues from external customers[1]



[1] FX rates for all time periods used as per the 2020 annual report to show consistent A$ values

Chart 2: Operating Expenses[2]

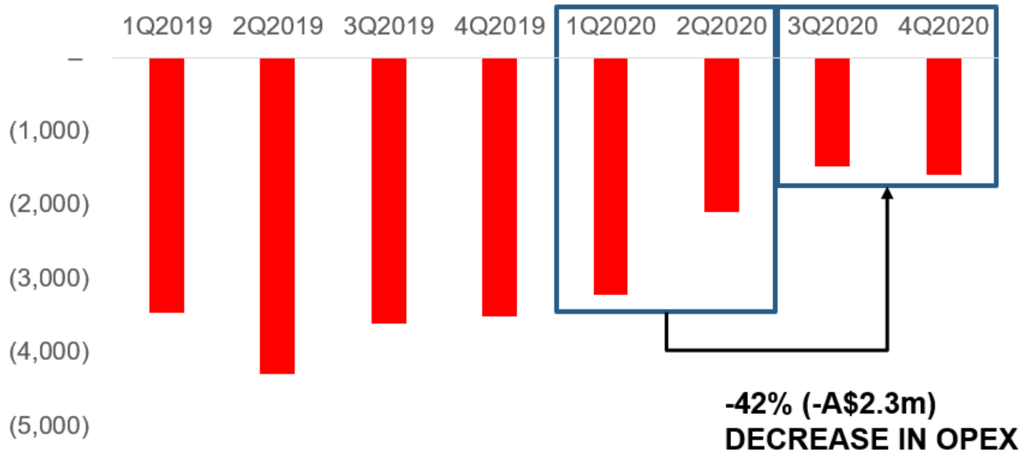


Chart 3: EBITDA[3]

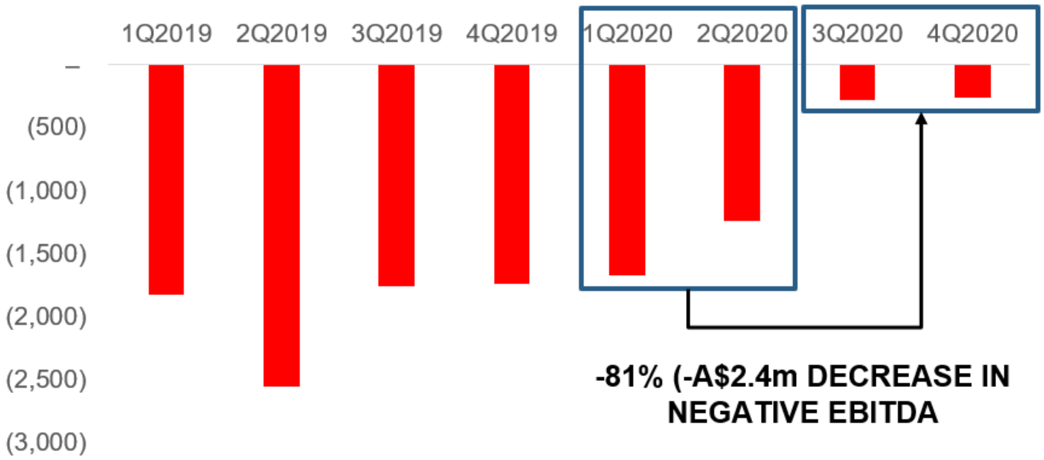
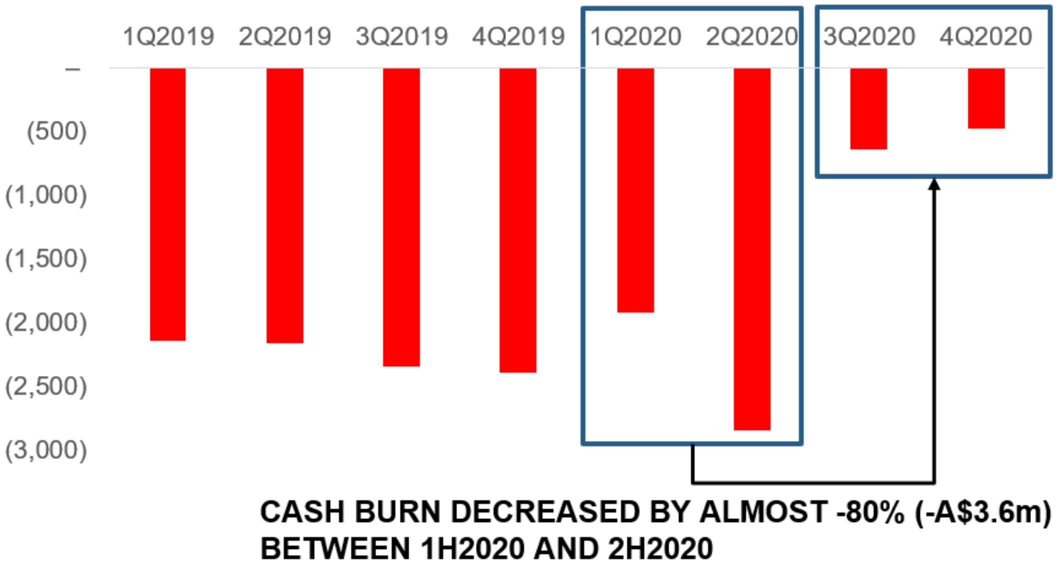
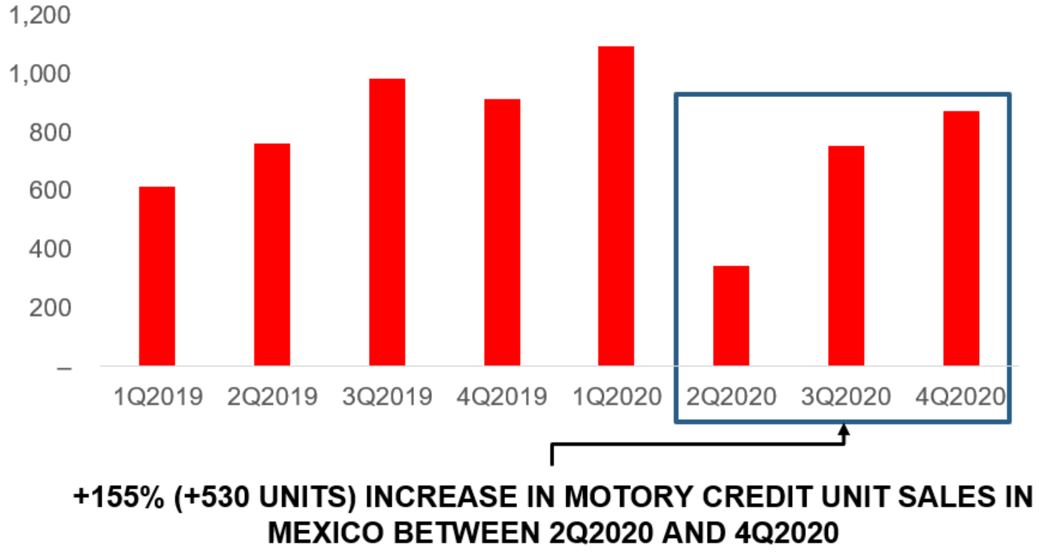


Chart 4: Operating and Investing Cash Flows[4]



[2] FX rates for all time periods used as per the 2020 annual report to show consistent A$ values
[3] FX rates for all time periods used as per the 2020 annual report to show consistent A$ values
[4] FX rates for all time periods used as per the 2020 annual report to show consistent A$ values

Chart 5: Motorfy Credit unit sales in Mexico



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 2020.

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:

Michael Fitzpatrick (Non-Executive Chairman)
Jorge Mejia (Executive Director & Chief Executive Officer)
Simon Clausen (Non-Executive Director) - resigned 28 May 2020
Timothy Handley (Non-Executive Director)
Gareth Bannan (Alternate Director)
Cameron Griffin (Alternate Director)
Joe Hanna (Non-executive Director) - resigned 15 April 2021
Donald Cahill (Non-executive Director)

Principal activities

The Consolidated Entity is an online auto classifieds and fintech business with operations in Mexico and Ecuador and with portals in Argentina, 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, advertising services and solutions, and originates car loans on behalf of its financial partners.

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 $7,116,000 (31 December 2019: $12,694,000).

Significant changes in the state of affairs

On 14 January 2020, the Consolidated Entity issued 219,696 fully paid ordinary shares at a deemed issue price of $0.055 (5.5 cents) per share to two Non-Executive Directors in consideration for services provided.

On 26 February 2020, the Consolidated Entity announced that it applied to ASX for removal from the ASX official list and advised by ASX Limited that it removed the Company from the official list of ASX, following an application by the Company under Listing Rule 17.11, subject to a number of conditions as detailed in the announcement. The Board unanimously determined that the De-Listing is in the best interests of shareholders.
The De-Listing was approved by the shareholders at a general meeting of the Company on 31 March 2020.

On 24 April 2020, the Consolidated Entity issued 1,021,276 fully paid ordinary shares at a deemed issue price of $0.047 (4.7 cents) per share to a consultant in consideration for services provided.

On 4 May 2020, the Consolidated Entity completed a capital raise of $5,037,000, via the issuance of 167,702,228 fully paid ordinary shares $0.03 (3 cents) per share as a competition of the Right offer issued on 7 April 2020 to the ASX before delisting. Also the Company bought-back a total of 4,459,426 shares at $0.03 (3 cents) per share a total of $133,783.

On 19 August 2020, the Consolidated Entity issued 1,018,333 fully paid ordinary shares at a deemed issue price of $0.03 (3 cents) per share to NED in consideration for services provided, 388,375 shares at a deemed issue price of $0.0405 (4.05 cents) per share and 605,585 shares at a deemed price of $0.0173 (1.73 cents) to a consultant in consideration for services provided.

On 31 December 2020, the Consolidated Entity issued 1,227,208 and 2,116,935 fully paid ordinary shares at a deemed issue price of $0.0128 (1.28 cents) and $0.0124 (1.24 cents) per share respectively to a consultant in consideration for services provided and 1,297,110 shares at a deemed issue price of $0.20 (20 cents) for the 2018 STI program.

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

On 15 April 2021 Joe Hanna, a Non-Executive Director, resigned from LatAm Autos Limited.

In April 2021, the Noteholders decided to extend the maturity date of the Convertible note from July 2021 to January 2022. The details will be discussed and put to shareholder vote in AGM to be held in July 2021.

No other matter or circumstance has arisen since 31 December 2020 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

Information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this report because the directors believe it may result in unreasonable prejudice to the Consolidated Entity.

Environmental regulation

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

Information on directors

Name:	Michael Fitzpatrick
Title:	Non-Executive Chairman
Qualifications:	Bachelor of Engineering with honours from the University of Western Australia and a Masters of Arts from Oxford University, where he was the 1975 Rhodes Scholar from Western Australia.
Experience and expertise:	Mike Fitzpatrick has over 40 years' experience in the financial services sector. Committed to sustainability, Mike and his associated interests have made a range of investments in renewable energy and related technology development. Current investments include electric vehicles (California based Proterra), high purity quartz for use in silicon manufacture (Creswick Quartz) and Third Equation, a developer of transformers designed to stabilise electricity grids. Mike holds a number of non-executive directorships, including Infrastructure Capital Group, Carnegie Clean Energy Limited and LatAm Autos Limited. Mike is also a Trustee of the Rhodes Trust. Infrastructure Capital Group is a leading Australian based mid-market infrastructure fund manager with over $2 billion in equity investments and with almost $500 million allocated to renewable energy in its recently launched Australian Renewable Infrastructure Fund (ARIF). In 1994 Mike founded Hastings Funds Management Ltd (Hastings), the pioneering infrastructure asset management company where he was Managing Director until he sold his interest in 2005. Hastings was then one of the largest managers of infrastructure and alternative assets in Australia (including infrastructure, high yield debt, private equity and timberland) managing investments of approximately $3.8 billion. Hastings' related directorships included Pacific Hydro, Australian Infrastructure Fund, Utilities Trust of Australia and Hastings Diversified Utilities Fund. Prior to establishing Hastings, Mike was a director of CS First Boston. He also previously held positions with Merrill Lynch and First Boston in New York, the Victorian Treasury and Telecom Australia. Mike is a former Chairman of Pacific Current Group Limited, Victorian Funds Management Corporation, the Australian Football League and the Australian Sports Commission, a former director of Rio Tinto Limited and Rio Tinto plc, a former member of the Melbourne Park Tennis Centre Trust, a former director of the Carlton Football Club and a former director of the Walter & Eliza Hall Institute of Medical Research.
Other current directorships:	Infrastructure Capital Group and Carnegie Clean Energy Limited
Former directorships (last 3 years):	Pacific Current Group Limited (appointed 2006), Carnegie Wave Limited (appointed 2012)
Special responsibilities:	Chair of the Audit Committee Member of Remuneration Nomination and Nomination Remuneration Committee
Interests in shares:	176,051,350 fully paid ordinary shares
Interests in options:	18,181,818 listed options
Interests in rights:	3,574,002 Convertible notes

Name:	Jorge Mejia Ribadeneira
Title:	Executive Director & Chief Executive Officer
Qualifications:	Jorge holds a Bachelor and a Master's 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. 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:	16,516,447 fully paid ordinary shares
Interests in options:	300,000 listed options
Interests in rights:	3,550,000 unlisted performance rights

Name:	Tim Handley
Title:	Non-Executive Director
Qualifications:	Tim holds a Bachelor of Engineering degree (Honours) from the University of Melbourne, and a Master of Commerce degree (major in Finance and Accounting) from the University of Sydney.
Experience and expertise:	Tim is currently Head of M&A and Business Development for Viva Energy Ltd, and is a co-founder and Non-Executive Director of LatAm Autos. Prior to co-founding LatAm Autos in early 2014, Tim worked for 12 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:	27,519,717 fully paid ordinary shares
Interests in options:	300,000 listed options
Interests in rights:	300,000 performance rights

Name:	Gareth Bannan
Title:	Alternate Director, Chief Financial Officer
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 17 years' financial management, mergers & acquisitions and capital markets experience (including 10 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:	22,084,827 fully paid ordinary shares
Interests in options:	374,300 listed options
Interests in rights:	216,667 unlisted performance rights

Name:	Cameron Griffin
Title:	Alternate Director
Qualifications:	Bachelor of Commerce, CA
Experience and expertise:	Cameron has 22 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 a directorship at AgCap Pty Ltd (which is an unlisted company), as well as a board observer role at Proterra, Inc, a US manufacturer of zero emission electric buses.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None

Name:	Donald Cahill
Title:	Non-Executive Director
Qualifications:	Bachelor of Business, Administration and Management
Experience and expertise:	Donald has 23 years' experience in technology sector working for Brightstar (founding member, sold to SoftBank in 2014) and BBSS (a Softbank company). Mr Cahill currently works as an executive advisory role with BBSS, but also works identifying opportunities for Softbank's investment funds in the Americas. Mr Cahill is based in Silicon Valley and has a substantial understanding of the South American and Mexican markets.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit Committee Member of the Nomination and Remuneration Committee
Interests in shares:	204,543 Fully paid ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	Joe Hanna
Title:	Non-Executive Director
Qualifications:	Bachelor of Business (Hons), Computing major from the University of Victoria.
Experience and expertise:	Joe Hanna is Australian with significant business experience in Latin America, most notably with Mitula. He has over 24 years digital product and technology experience and over 20 years in online classifieds and search experience. Mr Hanna founded 'Modern Search' which merged with 'Mitula Classifieds' in 2010. Mr Hanna was instrumental in the IPO of Mitula Group Limited on the ASX (ASX:MUA) in 2015 where he served as Non-Executive Director until it was sold in 2019 to Lifull (TSE:2120). Mr Hanna also serves as an Executive Director of ASX listed Real Estate Investar Group Limited (ASX:REV), a leading Australian PropTech.
Other current directorships:	PropTech Group Limited (ASX:PTG) 2015 – present
Former directorships (last 3 years):	Mitula Group Limited (ASX:MUA) 2015 – 2019
Special responsibilities:	Chair of Nomination and Remuneration Committee Member of the Audit Committee
Interests in shares:	1,082,259 Fully paid ordinary Shares
Interests in options:	244,589 listed options
Interests in rights:	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

Ms Leydin has over 25 years' experience in the accounting profession including 14 years in the Corporate Secretarial and is a company secretary and finance officer for a number of entities listed on the Australian Securities Exchange. She is a Chartered Accountant and a Registered Company Auditor. Since February 2000, Ms Leydin has been the principal of Leydin Freyer. The practice provides outsourced company secretarial and accounting services to public and private companies specialising in ASX listed entities.

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 2020, and the number of meetings attended by each director were:

	Full Board Held	Full Board Attended	Audit Committee Held	Audit Committee Attended	Nom & Rem Committee Held	Nom & Rem Committee Attended
Tim Handley	21	21	-	-	-	-
Mike Fitzpatrick	20	20	1	1	1	1
Jorge Mejia	20	19	-	-	-	-
Gareth Bannan	20	20	-	-	-	-
Cameron Griffin	20	20	-	-	-	-
Joe Hanna	21	17	1	1	1	1
Donald Cahill	21	21	1	1	1	1
Simon Clausen*	10	7	-	-	-	-

***** Resigned on 28 May 2020.

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

LatAm Autos Limited
Directors' report
31 December 2020

Key Management Personnel 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:
- Michael Fitzpatrick (Non-Executive Chairman)
- Jorge Mejia (Executive Director & Chief Executive Officer)
- Tim Handley (Non-Executive Director)
- Simon Clausen (Non-Executive Director) - retired on 28 May 2020
- Colin Galbraith (Non-executive Director) - retired on 21 May 2019
- Joe Hanna (Non-executive Director) - appointed on 26 July 2019 - retired 15 April 2021
- Donald Cahill (Non-executive Director) - appointed on 26 July 2019

And the following person:
- Gareth Bannan (Chief Financial Officer, Joint Company Secretary and Alternate Director)

	Short-term benefits				Post-employment benefits		Share-based payments	
2020	**Cash salary and fees $**	**Bonus shares issued $**	**Cash expense allowance $**	**Annual leave $**	**Super-annuation $**	**Other long-term incentives $**	**Equity-Settled (Performance Rights) $**	**Total $**
Non-Executive Directors:								
Mr M Fitzpatrick	38,508	-	-	-	3,658	-	-	42,167
Mr T Handley	38,508	-	-	-	3,658	-	4,359	46,526
Mr S Clausen*	21,312	-	-	-	-	-	-	21,312
Mr J Hanna	42,165	83,333	-	-	-	-	-	125,499
Mr D Cahill	40,149	37,500	-	-	-	-	-	77,649
Executive Directors:								
Mr J Mejia	272,377	-	-	-	-	-	57,959	330,337
Other Key Management Personnel:								
Mr G Bannan	110,444	-	-	-	-	-	3,148	113,593
	563,465	120,833	-	-	7,316	-	65,467	757,082

* Mr Simon Clausen resigned as Non-Executive Director on 28 May 2020.

2019	Short-term benefits				Post-employment benefits		Share-based payments	
	Cash salary and fees $	Bonus shares issued $	Cash expense allowance $	Annual Leave $	Super-annuation $	Other long-term incentives $	Equity-Settled (Performance Rights) $	Total $
Non-Executive Directors:								
Mr M Fitzpatrick	50,228	-	-	-	4,772	-	-	55,000
Mr T Handley	20,929	-	-	-	1,193	-	-	22,122
Mr S Clausen	55,000	-	-	-	-	-	-	55,000
Mr J Hanna**	23,656	16,667	-	-	-	-	-	40,323
Mr D Cahill**	23,656	7,500	-	-	-	-	-	31,156
Mr C Galbraith***	19,633	-	-	-	1,865	-	-	21,498
Executive Directors:								
Mr J Mejia	372,928	-	-	-	-	-	67,017	439,945
Mr T Handley*	153,041	-	-	28,253	15,731	-	13,769	210,794
Other Key Management Personnel:								
Mr G Bannan	208,323	-	-	1,567	-	-	10,489	220,379
	927,394	24,167	-	29,820	23,561	-	91,275	1,096,217

* Mr Handley resigned as Executive Chairman on 14 June 2019 and continued to act as a Non-executive director thereafter. The disclosures above reflect his remuneration during his tenure as Non-executive Director and Executive director, respectively.
** Mr Hanna and Mr Cahill appointed to the Consolidated Entity on 26 Jul 2019.
*** Mr Galbraith retired from the Consolidated Entity on 21 May 2019.

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

Grant date	Expiry date	Exercise price	Number of shares
24 July 2019	13 August 2021	$0.1000	23,330,947
25 July 2019	13 August 2021	$0.1000	1,860,100
8 November 2019	13 August 2021	$0.1000	68,123,687
29 November 2019	13 August 2021	$0.1000	2,301,795
			95,616,529

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 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 - 14 June 2018	31 January 2022	$0.0000	1,949,999
Performance rights - 14 June 2019	31 January 2022	$0.0000	2,000,000
Performance rights - 14 June 2019	31 January 2023	$0.0000	1,250,000
			5,199,999

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 2020 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of LatAm Autos Limited issued on the exercise of performance rights during the year ended 31 December 2020 and up to the date of this report.

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

During the financial 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.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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 31 to the financial statements.

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 31 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 ASIC Corporations (Rounding in Financial/Directors' Reports) 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

____
Michael Fitzpatrick
Chairman

21 May 2021

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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 Autors Limited for the year ended 31 December 2020, 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M J Climpson
Partner – Audit & Assurance

Melbourne, 21 May 2021

LatAm Autos Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Revenue from continuing operations	5	5,257	8,083
Interest revenue calculated using the effective interest		2	17
Expenses			
Commissions and related expenses		(1,164)	(2,137)
Printing costs		(242)	(414)
Advertising expenses		(446)	(1,588)
Employee benefits expense	6	(3,968)	(7,828)
Depreciation and amortisation expense	6	(1,204)	(1,730)
Impairment of assets	6	(1,999)	(2,162)
Operating lease expense	6	(44)	(116)
Professional and consulting fees expense		(1,109)	(1,392)
Travel expense		(38)	(247)
Technology expenses		(448)	(556)
Loss on redemption of convertible notes		-	(364)
Other expenses		(971)	(1,187)
Finance costs and related costs	6	(581)	(1,085)
Loss before income tax (expense)/benefit from continuing operations		(6,955)	(12,706)
Income tax (expense)/benefit	7	(152)	69
Loss after income tax (expense)/benefit from continuing operations		(7,107)	(12,637)
Loss after income tax expense from discontinued operations	8	(9)	(57)
Loss after income tax (expense)/benefit for the year attributable to the owners of LatAm Autos Limited		(7,116)	(12,694)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation - exchange differences on translating foreign operations and subsidiaries		(2,858)	(6)
Other comprehensive income for the year, net of tax		(2,858)	(6)
Total comprehensive income for the year attributable to the owners of LatAm Autos Limited		(9,974)	(12,700)
Total comprehensive income for the year is attributable to:			
Continuing operations		(9,965)	(12,643)
Discontinued operations		(9)	(57)
		(9,974)	(12,700)

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

LatAm Autos Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	Consolidated 2020 $'000	2019 $'000
		Cents	**Cents**
Earnings per share for loss from continuing operations attributable to the owners of LatAm Autos Limited			
Basic earnings per share	39	(1.02)	(2.63)
Diluted earnings per share	39	(1.02)	(2.63)
Earnings per share for loss from discontinued operations attributable to the owners of LatAm Autos Limited			
Basic earnings per share	39	(0.00)	(0.01)
Diluted earnings per share	39	(0.00)	(0.01)
Earnings per share for loss attributable to the owners of LatAm Autos Limited			
Basic earnings per share	39	(1.02)	(2.64)
Diluted earnings per share	39	(1.02)	(2.64)

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

LatAm Autos Limited
Consolidated statement of financial position
As at 31 December 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Assets			
Current assets			
Cash and cash equivalents	9	1,533	3,104
Trade and other receivables	10	1,848	2,611
Prepayments	11	159	223
Total current assets		3,539	5,938
Non-current assets			
Other receivables	12	589	804
Plant and equipment	13	126	279
Right-of-use assets	14	-	888
Intangible assets	15	16,148	21,116
Deferred tax	16	429	870
Total non-current assets		17,292	23,957
Total assets		20,832	29,895
Liabilities			
Current liabilities			
Trade and other payables	17	1,150	3,647
Lease liabilities	18	-	279
Employee benefits	19	114	970
Provisions	20	28	55
Contract liabilities - deferred service income	21	432	437
Convertible note	24	5,559	-
Total current liabilities		7,283	5,388
Non-current liabilities			
Lease liabilities	18	-	662
Deferred tax	22	286	667
Employee benefits	23	116	234
Convertible note	24	-	5,036
Total non-current liabilities		402	6,599
Total liabilities		7,685	11,987
Net assets		13,147	17,908
Equity			
Issued capital	25	90,621	85,546
Other contributed equity	26	2,010	1,952
Reserves	27	(969)	1,832
Accumulated losses		(78,515)	(71,422)
Total equity		13,147	17,908

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

LatAm Autos Limited
Consolidated statement of changes in equity
For the year ended 31 December 2020

Consolidated	Issued capital $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Other contributed equity $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2019	76,306	130	1,728	1,693	(58,861)	20,996
Loss after income tax benefit for the year	-	-	-	-	(12,694)	(12,694)
Other comprehensive income for the year, net of tax	-	-	(6)	176	-	170
Total comprehensive income for the year	-	-	(6)	176	(12,694)	(12,524)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 25)	9,240	-	-	-	-	9,240
Share-based payments (note 40)	-	113	-	-	-	113
Other contributed equity	-	-	-	83	-	83
Transfer of reserve	-	(133)	-	-	133	-
Balance at 31 December 2019	85,546	110	1,722	1,952	(71,422)	17,908

Consolidated	Issued capital $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Other contributed equity $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2020	85,546	110	1,722	1,952	(71,422)	17,908
Loss after income tax benefit for the year	-	-	-	-	(7,116)	(7,116)
Other comprehensive income for the year, net of tax	-	-	(2,858)	(17)	-	(2,875)
Total comprehensive income for the year	-	-	(2,858)	(17)	(7,116)	(9,991)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 25)	5,075	-	-	-	-	5,075
Share-based payments (note 40)	-	80	-	-	-	80
Other contributed equity	-	-	-	75	-	75
Transfer of reserve	-	(23)	-	-	23	-
Balance at 31 December 2020	90,621	167	(1,136)	2,010	(78,515)	13,147

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

LatAm Autos Limited
Consolidated statement of cash flows
For the year ended 31 December 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST and equivalents)		6,434	10,427
Payments to suppliers and employees (inclusive of GST and equivalents)		(11,548)	(18,346)
		(5,114)	(7,919)
Interest received		2	17
Interest and other finance costs paid		(58)	(90)
Net cash used in operating activities	38	(5,170)	(7,992)
Cash flows from investing activities			
Payments for plant and equipment		(7)	(63)
Payments for intangibles		(537)	(868)
Net cash used in investing activities		(544)	(931)
Cash flows from financing activities			
Proceeds from issue of shares		5,037	6,223
Shares buyback		(140)	-
Capital raising costs		(441)	(448)
Repayment of lease liabilities		(152)	(349)
Net cash from financing activities		4,304	5,426
Net decrease in cash and cash equivalents		(1,410)	(3,497)
Cash and cash equivalents at the beginning of the financial year		3,104	6,600
Effects of exchange rate changes on cash and cash equivalents		(161)	1
Cash and cash equivalents at the end of the financial year	9	1,533	3,104

The above consolidated 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 an unlisted 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 Mexico S de RL de CV Av. Hipolito Taine 244, Polanco Mexico City, Mexico Tel: +52 55 4161 8830

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 21 May 2021. 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 the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Note 2. Significant accounting policies (continued)

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 2020, the Consolidated Entity incurred a loss after tax of $7,107,000 (2019: $12,637,000). During the same periods, the Consolidated Entity had net cash outflows from operating activities of $5,170,000 (2019: $7,992,000).

This financial report has been prepared on a 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. The Directors consider this appropriate based on both the substantial reduction in cash burn in the first three months of 2021 (with net cash outflows from operating activities being approximately $350,000) and the cash flows in the first three months of 2021 not being widely divergent from budgeted cash flows.

The Company continues to approach cash flow break even, on a Company-wide basis, in 2021 with material quarter-on-quarter decreases in negative cash flow between 2Q 2020 and 1Q 2021. The positive trend in cash flows, accompanied by a relatively modest 2021 revenue budget (which is materially below pre-COVID-19 levels to achieve cash flow breakeven) have assisted the Directors to make the decision that it is appropriate that the financial report has been prepared on a going concern basis.

The Company works with various external partners to generate revenue and operate. Material changes in the contracts and/or general working arrangements with one or more of these partners may negatively impact the Company's ability to operate as it has in the past.

Latin American continues to be impacted by the COVID-19 pandemic, though the Company's monthly revenues in Mexico and Ecuador increased by almost 100% and 90% respectively in 2020 (from the lowest month to the highest COVID-19-impacted month). Forecasting future financial performance continues to be challenging. Should the Company be unable to materially achieve its 2021 budget, there may be material uncertainty as to whether the Consolidated Entity would be able to continue as a going concern, and therefore, whether it would be able to realise its assets and extinguish its liabilities (other than in the normal course of business) at the amounts stated in the financial report. The Board has discussed a potential situation of this nature and appropriate actions that could be taken if it were to occur.

Additionally, the Noteholders have agreed to extend the Maturity Date of the Convertible note, which was due to expire in July 2021, to January 2022. More details of this extension will be presented to shareholders ahead of the AGM which is scheduled to take place in July 2021. Upon the Maturity Date, in January 2022, the value of the Convertible note may be converted into the Company's shares or paid in cash. If the Convertible note is paid in cash and the Company does not have existing sufficient cash at the Maturity Date, the Company may have to restructure the Convertible note or raise funds to repay the Convertible note.

The financial report does not include any adjustment relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Consolidated Entity be unable to continue as a going concern. Having carefully assessed the potential uncertainties relating to the Consolidated Entity, the Directors believe that the Consolidated Entity will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it is appropriate to prepare the financial statements on a going concern basis.

Note 2. Significant accounting policies (continued)

General evaluation of COVID-19 on the preparation and presentation of the consolidated financial statements of the Consolidated Entity

The COVID-19 pandemic continues to impact business activity and has contributed to significant volatility in financial markets. The global impact continues to evolve and, as cases and new strains of the virus continue to be identified, many countries have reacted by introducing quarantines and travel restrictions. Such actions are disrupting global supply chains and adversely impacting various industries.

Despite the existence of vaccines, the new outbreaks could have a continuous adverse impact on economic and market conditions and trigger periods of economic slowdown, for this reason, the quick development and fluidity of this situation exclude any prediction about the final adverse impact of COVID-19 since it is not possible to determine the final impact that this situation could have on the Consolidated Entity's financial statements.

At this time, the Consolidated Entity experienced an impairment in the Goodwill of the Ecuadorian CGU of $1.9 million, resulting from the negative financial impacts related to COVID-19 in 2020. No other Consolidated Entity’s assets have been impaired. Approximately 18 million and 1 million doses of the COVID-19 vaccine have been administered in Mexico and Ecuador, respectively, as at the end of April 2021, with vaccination rates forecast to increase into 2H 2021.

New Accounting Standards and Interpretations adopted as at 1 January 2020

AASB 2019-1 Conceptual Framework
The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

AASB 2019-1 has also been issued, with sets out the amendments to Australian Accounting Standards, Interpretations and other pronouncements in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of accounting standards in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying AASB 3 and developing accounting policies for regulatory account balances using AASB 108, such that entities must continue to apply the definitions of an asset and liability (and supporting concepts) in the Framework for the Preparation and Presentation of Financial Statements (July 2004), and not the definitions in the revised Conceptual Framework.

These amendments had no significant impact on the consolidated financial statements of the Consolidated Entity.

AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Consolidated Entity as it does not have any interest rate hedge relationships.

AASB 2018-6 Amendment to Australian Accounting Standards – Definition of a Business
The Standard amends the definition of a business in AASB 3 Business Combinations. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs and introduce an optional fair value concentration test.

These amendments had no impact on the consolidated financial statements of the Consolidated Entity but may impact future periods should the Consolidated Entity enter into any business combinations.

AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
This Standard amends AASB 101 Presentation of Financial Statements and AAS 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of “material” across the standards and to clarify certain aspects of the definition. The amendments clarify that materially will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

Note 2. Significant accounting policies (continued)

The amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Consolidated Entity.

AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
It is possible that an entity complying with Australian Accounting Standards cannot assert compliance with IFRS Standards if its reporting date falls between the issuance date of a new IFRS Standards and a later release date of an equivalent Australian Accounting Standards. To enable IFRS compliance assertion despite such delays this standard amends AASB 1054 Australian Additional Disclosures to acquire disclosure of the possible impact of initial application of forthcoming IFRS Standards not yet adopted by the AASB, as specified in the paragraphs 30 and 31 of AASB 108. Entities complying with Australian Accounting Standards can asset compliance with IFRS Standards by making this additional disclosure.

These amendments had no significant impact on the consolidated financial statements of the Consolidated Entity.

AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions
This Standard amends AASB 16 to provide a practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.

Lease modifications
As a practical expedient, a lessee may elect not to assess whether a rent concession that meets the conditions in the paragraph 46B is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification.

The practical expedient in paragraph 46A applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the following conditions are met:

• The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
• Any reduction in lease payments originally due on or before 31 June 2021; and
• There is no substantive change to other terms and conditions of the lease.

These amendments had no significant impact on the consolidated financial statements of the Consolidated Entity.

New Accounting Standards and Interpretations not yet mandatory or early adopted

AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2

This standard is effective for annual reporting periods beginning on or after January 2021.

The amendments:
- Require changes to future cash flows that are directly required by the IBOR reform to be treated as if they were changes to a floating interest rate. Applying this expedient would not affect the carrying amount of the financial instrument. It also relieves entities of the need to assess whether modification or derecognition accounting applies under AASB 9 and AASB 139
- Require changes to lease payments that are directly required by the IBOR reform to be accounted for as a remeasurement of lease liability using the original discount rate with a corresponding adjustment to the right-of-use asset.
This expedient exempts entities from remeasuring the lease liability using a new discount rate under AASB 16.

Entities would not have to discontinue hedge accounting due to IBOR reform, provided that the hedge continues to meet other hedge accounting criteria.

The Consolidated Entity does not expect this standard will have a significant impact on the Consolidated Entity financial report however it will continue to assess this.

Note 2. Significant accounting policies (continued)

AASB 2020-1 Amendments to Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

This standard effective for annual reporting periods beginning on or after 1 January 2023.

A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period- The AASB recently issued amendments to AASB 101 to clarify the requirements for classifying liabilities as current or non-current.

This specifically for:
- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of liability exists.
- Management intention or expectation does not affect classification of liabilities.
- In cases where an instrument with a conversion option is classified as a liability, the transfer of equity instrument would constitute settlement of the liability for the purpose of classifying it as a current or non-current.

These amendments are applied retrospectively. The Consolidated Entity does not expect this standard will have a significant impact on the Consolidated Entity financial report however it will continue to assess this.

AASB 2020-3[1] Amendments to AASB 9 – Fees in the "10 per cent" Test for Derecognition of Financial Liabilities (Part of Annual Improvements 2018-2020 Cycle)

This standard effective for annual reporting periods beginning on or after 1 January 2022.

This test assesses whether the new contractual terms between the borrower and the lender are substantially different from the original contractual terms, in determining whether the original financial liability should be derecognised. The objective of this improvements is to clarify which fees and costs a company includes in this "10 per cent" test.

The Consolidated Entity does not expect this standard will have a significant impact on the Consolidated Entity financial report however it will continue to assess this.

AASB 2020-3 Conceptual Framework
This standard effective for annual reporting periods beginning on or after 1 January 2022.

The IASB´s assessment of applying the revised definitions of assets and liabilities in the Conceptual Framework to business combinations showed that the problem of day 2 gains or losses would be significant only for liabilities that an acquirer accounts for after the acquisition date by applying the IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies. The Board updated IFRS 3 in May 2020 for the revised definitions of an asset and liability and executed the application of the Conceptual Framework to liabilities and contingent liabilities within the scope of IAS 37 or IFRIC 21.

The Consolidated Entity does not expect this standard will have a significant impact on the Consolidated Entity financial report however it will continue to assess this.

AASB 2020-3 Amendments to AASB 137 – Onerous Contracts – Cost of Fulfilling a Contract
This standard effective for annual reporting periods beginning on or after 1 January 2022.

AASB 137 was amended to clarify that when assessing whether a contract is onerous, the cost of fulfilling the contract comprises all costs that relate directly to the contract, which includes both the:
- Incremental costs of fulfilling that contract; and
- An allocation of other cost that relate directly to fulfilling contracts.

The Consolidated Entity does not expect this standard will have a significant impact on the Consolidated Entity financial report however it will continue to assess it.

Note 2. Significant accounting policies (continued)

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 financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 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 34.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 31 December 2020 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 investee and has the ability to affect those returns through its power he investee. Control is achieved when the company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affects its returns.

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.

Note 2. Significant accounting policies (continued)

Current and non-current classification
The Consolidated Entity presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the entity's normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting date, or when,
- Cash or a cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting date, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after reporting date.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Consolidated Entity presents all other liabilities as non-current.

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 Consolidated Entity's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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 from contracts with customers
The Consolidated Entity predominantly derives revenue from the provision of services. Significant contracts with customers depict various performance obligations, such as:

- advertising;
- dealership revenue;
- Individual listings revenue;
- financial product to used car buyers (underwritten by financial institutions and LatAm Autos receives a combination of a fixed fee and a percentage of the overall loan value);
- telematics solution consisting of an electronic device installed in vehicles which allows real-time tracking of location and other data services.
- auto insurance solution, and;
- mechanical guarantee product through its dealership network.

To determine whether to recognise revenue, the Consolidated Entity follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Consolidated Entity satisfies performance obligations by transferring the promised services to its customers.

The Consolidated Entity has concluded that revenue from financial product to used car buyers, telematics solution, auto insurance solution, and mechanical guarantee product, internally called Motorfy products, should be recognised at a point in time when the performance obligation is satisfied.

For revenue from advertising, dealership and individual listings, known as Classifieds, the Consolidated Entity must analyse if the service is provided over the time or at a point in time. When the period agreed to provide the service is over 30 days, the revenue must be recognised over that period of time. If the terms on the contract include only one release of the advertisement, the revenue must be recognized at a point in time.

The Consolidated Entity recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as liabilities in the Statement of financial position. Similarly, if the Consolidated Entity satisfies a performance obligation before it receives the consideration, the Consolidated Entity recognises either a contract asset or receivable in its Statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

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

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

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.

Note 2. Significant accounting policies (continued)

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.

Discontinued operations
A discontinued operation is a component of the Consolidated Entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

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 include 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.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Note 2. Significant accounting policies (continued)

Impairment of financial assets
The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset’s carrying value with a corresponding expense through profit or loss.

Property, plant and equipment
Plant and equipment are 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 to 10 years

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

Leasehold improvements 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.

Leases
The determination whether an arrangement is a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if that asset is not explicitly in an arrangement.

The Consolidated Entity as a lessee AASB 16
The Consolidated Entity applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Consolidated Entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of a lease, the Consolidated Entity recognises a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets.

The Consolidated Entity separately recognises the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Consolidated Entity will remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term and a change in the future lease payments resulting from a change in an index or rate used to determine those payments). The Consolidated Entity will generally recognise the amount of the remeasurement of the lease liability as an adjustment of the right-of-use asset.

Note 2. Significant accounting policies (continued)

The Consolidated Entity has chosen to account for short-term leases and leases of low-value assets using practical exemptions, so instead of recognizing a right-of-use asset and a lease liability, the payments in relation to these are recognized as an expense in results on a linear basis during the term of the lease.

The Consolidated Entity as a lessor AASB 16
Where the Consolidated Entity is an intermediate lessor, the head lease and the sublease are accounted for a two separate contracts. The sublease is classified as a finance lease or operating lease by reference to the right-of-use asset arising from the head lease.

Leases in which the Consolidated Entity does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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 Consolidated Entity'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 Consolidated Entity 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 (fully amortised)

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 Consolidated Entity'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.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Consolidated Entity becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires

Classification and initial measurement of financial assets
Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Note 2. Significant accounting policies (continued)

Subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Equity instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at fair value through other comprehensive income (FVTOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost
Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Consolidated Entity's trade and most other receivables fall into this category of financial instruments that were previously classified as loans and receivables under AASB 139.

The Consolidated Entity does not have any financial instrument in the categories FVTPL, Equity FVTOCI and Debt FVTOCI.

Impairment of financial assets
The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Trade and other receivables and contract assets
The Consolidated Entity uses a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Consolidated Entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

The Consolidated Entity's financial liabilities include trade and other payables and convertible note.

Financial liabilities are initially measured at fair value, and, where and to the extent applicable, adjusted for transaction costs unless the Consolidated Entity designate a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).
All interest-related charges and if applicable charges in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Note 2. Significant accounting policies (continued)

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.

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 is 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 is 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.

Note 2. Significant accounting policies (continued)

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.

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 ASIC Corporations (Rounding in Financial/Directors' Reports) 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.

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 13 and 14)
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 fair value less cost to sell. The calculation is based on the best information available to reflect the amount that the Consolidated Entity could obtain, at the end of the reporting period, from the disposal the cash-generating units.

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 7)
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.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on the Consolidated Entity´s current obligations with third parties.

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 locations.

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

The CODM reviews revenues, 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.

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 - 2020	**Argentina $'000**	**Ecuador $'000**	**Panama $'000**	**Mexico $'000**	**Peru $'000**	**Total $'000**
Revenue						
Sales to external customers	-	1,018	-	3,740	23	4,781
Operating expenses	(12)	(1,393)	(2)	(5,002)	(48)	(6,457)
EBITDA	**(12)**	**(375)**	**(2)**	**(1,262)**	**(25)**	**(1,676)**

Consolidated - 2019	**Argentina $'000**	**Ecuador $'000**	**Panama $'000**	**Mexico $'000**	**Peru $'000**	**Total $'000**
Revenue						
Sales to external customers	-	2,911	-	4,290	229	7,430
Operating expenses	(50)	(2,932)	(2)	(8,005)	(309)	(11,298)
EBITDA	**(50)**	**(21)**	**(2)**	**(3,715)**	**(80)**	**(3,868)**

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 2020 Mexico had approximately $214,000 (2019: $700,000) 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 $214,000 (2019: $700,000) and other countries operating expenses would increase by the same value.

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

Note 4. Operating segments (continued)

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Revenue		
Total reportable segment revenues	4,781	7,430
Interest income	2	17
Other revenue	490	653
Group revenues	5,273	8,100

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Profit or loss		
Total reportable segment EBITDAs	(1,676)	(3,868)
Interest income	2	17
Other revenue	490	653
Foreign exchange loss	(49)	(33)
Financial expenses	(581)	(1,085)
Depreciation and amortisation expenses	(1,204)	(1,730)
Share-based payments expense	-	(578)
Impairment	(1,999)	(2,162)
Loss on redemption of convertible notes	-	(364)
Other non-reportable segment expenses	(1,938)	(3,613)
Income tax (expense)/benefit	(152)	69
	(7,107)	(12,694)

Geographical information

	Sales to external customers		**Geographical non-current assets**	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Australia	-	-	1	1
Ecuador	1,018	2,911	11,200	13,825
Panama	-	-	6	7
Mexico	3,740	4,290	6,990	8,448
Peru	23	229	-	2
	4,781	7,430	18,197	22,283

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 2020 $'000	Consolidated 2019 $'000
From continuing operations		
Revenue from contracts with customers		
Sales revenue	4,781	7,430
Other revenue		
Other revenue	476	653
Revenue from continuing operations	5,257	8,083

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

Consolidated - 2020	Classifieds $'000	Motorfy $'000	Total $'000
Geographical regions			
Mexico	1,487	2,253	3,740
Ecuador	982	36	1,018
Peru	23	-	23
	2,492	2,289	4,781

Consolidated - 2019	Classifieds $'000	Motorfy $'000	Total $'000
Geographical regions			
Mexico	1,860	2,430	4,290
Ecuador	2,534	377	2,911
Peru	229	-	229
	4,623	2,807	7,430

The Consolidated Entity revenue disaggregated by pattern of revenue recognition is as follows:

Consolidated - 2020	Mexico $'000	Ecuador $'000	Peru $'000	Total $'000
Services provided at a point in time	2,882	748	23	3,653
Services transferred over time	858	270		1,128
	3,740	1,018	23	4,781

Consolidated - 2019	Mexico $'000	Ecuador $'000	Peru $'000	Total $'000
Services provided at a point in time	3,527	2,547	229	6,303
Services transferred over time	763	364	-	1,127
	4,290	2,911	229	7,430

Note 6. Expenses

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Loss before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Plant and equipment	70	141
Right-of-use assets	210	368
Total depreciation	280	509
Amortisation		
Software	761	1,037
Domain names and trademarks	163	184
Total amortisation	924	1,221
Total depreciation and amortisation	1,204	1,730
Impairment		
Plant and equipment	1	-
Receivables	75	85
Goodwill, other intangibles and software	1,923	1,893
Sales tax receivables	-	184
Total impairment	1,999	2,162
Finance costs		
Interest expense	524	958
Interest and finance charges paid/payable on lease liabilities	7	90
Commissions, bank fees and transaction fees	50	37
Finance costs expensed	581	1,085
Leases		
Minimum lease payments	44	116
Superannuation expense		
Defined contribution superannuation expense	167	439
Share-based payments expense - employment-related		
Share-based payments expense - equity-settled	-	578
Employee benefits expense		
Employee benefits expense excluding superannuation and share-based payments	3,801	6,811

Note 7. Income tax expense/(benefit)

	Consolidated 2020 $'000	Consolidated 2019 $'000
Income tax expense/(benefit)		
Current tax		-
Deferred tax - origination and reversal of temporary differences	152	(69)
Aggregate income tax expense/(benefit)	152	(69)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 16)	383	(86)
Increase/(decrease) in deferred tax liabilities (note 22)	(231)	17
Deferred tax - origination and reversal of temporary differences	152	(69)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit from continuing operations	(6,955)	(12,706)
Loss before income tax expense from discontinued operations	(9)	(57)
	(6,964)	(12,763)
Tax at the statutory tax rate of 27.5%	(1,915)	(3,829)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax rate differential on accounting profit/(loss)	(46)	183
Permanent differences	674	426
Temporal differences	(1,771)	-
Other	1,080	(2)
Current year tax losses not recognised	(1,978)	(3,222)
Income tax expense/(benefit)	152	(69)

	Consolidated 2020 $'000	Consolidated 2019 $'000
Amounts credited directly to equity		
Deferred tax assets (note 16)	(229)	(176)
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	55,791	50,109
Potential tax benefit at statutory tax rates	15,866	14,511

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 8. Discontinued operations

Description
The Argentinian and Panamanian operations were discontinued in 2017 with the offices being closed and those companies no longer having marketing or employee expenses.

Note 8. Discontinued operations (continued)

Financial performance information

	Consolidated 2020 $'000	Consolidated 2019 $'000
Revenue	15	-
Employee benefits expense		(33)
Depreciation and amortisation expense	(1)	(2)
Impairment of assets	(7)	-
Professional and consulting fees expense	(11)	(15)
Other expenses	(5)	(7)
Total expenses	(24)	(57)
Loss before income tax expense	(9)	(57)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	(9)	(57)

Cash flow information

	Consolidated 2020 $'000	Consolidated 2019 $'000
Net cash used in operating activities	-	-

Note 9. Cash and cash equivalents

	Consolidated 2020 $'000	Consolidated 2019 $'000
Cash at bank	1,533	3,104

Note 10. Trade and other receivables

	Consolidated 2020 $'000	Consolidated 2019 $'000
Trade receivables	916	2,191
Less: Allowance for expected credit losses	(331)	(781)
	585	1,410
Other accounts receivable	114	50
Sales taxes receivable - current	1,149	1,151
	1,848	2,611

Note 10. Trade and other receivables (continued)

Allowance for expected credit losses
The Consolidated Entity has recognised an allowance of expected credit losses of trade receivables of $331,000 in profit or loss in respect the year ended 31 December 2020 (31 December 2018: $781,000).

Note 29 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. Both the current and comparative impairment provisions apply the AASB 9 expected loss model

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2020 $'000	2019 $'000
Opening balance	781	880
Additional provisions recognised	67	85
Written off	(408)	(174)
Foreign exchange	(109)	(10)
Closing balance	331	781

Note 11. Prepayments

	Consolidated	
	2020 $'000	2019 $'000
Prepayments - current	159	223

Note 12. Other receivables

	Consolidated	
	2020 $'000	2019 $'000
Sales taxes receivable - non-current	589	804

Note 13. Plant and equipment

	Consolidated	
	2020 $'000	2019 $'000
Plant and equipment - at cost	713	1,046
Less: Accumulated depreciation	(587)	(767)
	126	279

Note 13. 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 2019	352
Additions	72
Disposals	(24)
Exchange differences	12
Depreciation expense	(133)
Balance at 31 December 2019	279
Additions	8
Disposals	(49)
Exchange differences	(46)
Depreciation expense	(66)
Balance at 31 December 2020	126

Note 14. Right-of-use assets

	Consolidated	
	2020 $'000	**2019 $'000**
Right-of-use	-	888

The Right-of-use represents the offices rent by the Consolidated Entity

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

Consolidated	**Total $'000**
Balance at 1 January 2019	1,261
Exchange differences	(5)
Depreciation expense	(368)
Balance at 31 December 2019	888
Exchange differences	(73)
Write off	(605)
Depreciation expense	(210)
Balance at 31 December 2020	-

Note 15. Intangible assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Goodwill - at cost	13,853	17,692
Software - at cost	8,166	8,358
Less: Accumulated amortisation - software	(7,197)	(6,696)
	969	1,662
Domain names and trademarks - at cost	2,375	2,648
Less: Accumulated amortisation - domain names and trademarks	(1,049)	(886)
	1,326	1,762
Content - at cost	144	144
Less: Accumulated amortisation - content	(144)	(144)
	-	-
	16,148	21,116

Software and other finite life intangible asset are periodically reviewed for their useful life and recoverable values and adjusted appropriately.

Identifiable intangible assets with finite lives - remaining amortisation periods

Domain names and trademarks - 9.97 years
Software - 0.85 years
Content - fully amortised

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 2019	5	2,051	2,238	19,027	23,321
Additions	-	-	867	-	867
Amortisation expense	-	(184)	(1,037)	-	(1,221)
Impairment of assets	-	(162)	-	(1,730)	(1,892)
Exchange differences	(5)	57	(406)	395	41
Balance at 31 December 2019	-	1,762	1,662	17,692	21,116
Additions	-	-	349		349
Amortisation expense	-	(163)	(761)		(924)
Impairment of assets	-	-	-	(1,923)	(1,923)
Exchange differences	-	(273)	(281)	(1,916)	(2,470)
Balance at 31 December 2020	-	1,326	969	13,853	16,148

Note 15. Intangible assets (continued)

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

	Consolidated	
	2020 $'000	2019 $'000
Demotores.com.mx & Seminuevos.com (Mexico)	6,528	7,555
PatioTuerca.com (Ecuador, Panama, Bolivia)	7,325	10,137
Goodwill allocation at 31 December	13,853	17,692

When assessing the fair value of Goodwill, Domain names and Trademarks the Consolidated Entity used one principal methodology, being Fair value less cost to sell.

Under the Fair value less cost to sell methodology, the Consolidated Entity assessed the carrying value of Goodwill, Trademarks and Domain names using a combination of comparable corporate transactions and the trading valuation of a particularly comparable company in the online classifieds industry. The valuation of the comparable trading company was adjusted for size and liquidity discounts and a control premium.

As a result of the analysis performed, the Consolidated Entity concluded that the value of the Mexican CGUs' Goodwill, Trademarks or Domain names did not need to be impaired. The Consolidated Entity determined, based on the same analysis performed, that the Ecuadorian CGU's Goodwill be impaired by $1.9 million, which represented 18% of the total prior amount of recorded Goodwill for Ecuadorian CGU.

Note 16. Deferred tax

	Consolidated	
	2020 $'000	2019 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Provisions	45	287
Other temporary differences	155	318
	200	605
Amounts recognised in equity:		
Transaction costs on share issue	229	265
Deferred tax asset	429	870
Movements:		
Opening balance	870	593
Credited/(charged) to profit or loss (note 7)	(383)	86
Credited to equity (note 7)		176
Exchange rate adjustments	(41)	15
Other	(17)	-
Closing balance	429	870

Note 17. Trade and other payables

	Consolidated 2020 $'000	Consolidated 2019 $'000
Trade payables	1,019	3,392
Sales tax payable	95	176
Other payables	36	79
	1,150	3,647

Refer to note 29 for further information on financial instruments.

Note 18. Lease liabilities

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current	-	279
Non-current	-	662
	-	941

The Consolidated Entity´s leasing activities and how these are accounted for:

The Consolidated Entity, leases offices and office equipment. Rental contracts were typically for 1 to 2-year period, except for the Ecuadorian office that was renewed for 5 years. During 2020, the rental contracts changed their conditions and due to them, they finalised.

Total cash outflows for leases of $441,000 for the year ended 31 December 2020 (31 December 2019: $448,000).

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2020 were as follows:

	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
Consolidated – 2020					
Lease payments	-	-	-	-	-
Finance charges	-	-	-	-	-
Net present values	-	-	-	-	-
Consolidated – 2019					
Lease payments	343	205	563	-	1,111
Finance charges	(64)	(47)	(59)	-	(170)
Net present values	279	158	504	-	941

Note 19. Employee benefits

	Consolidated 2020 $'000	2019 $'000
Employee benefits	114	970

Note 20. Provisions

	Consolidated 2020 $'000	2019 $'000
Provisions - labour and regulatory costs	28	55

Labour and regulatory costs
The provision represents management's estimate of labour-related and regulatory-related costs arising from past activities which are not currently payable and in relation to which no confirmation of liability has yet been ascertained but which may become payable in the future upon provision of relevant documentation.

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

Consolidated – 2020	**Labour and regulatory costs $'000**
Carrying amount at the start of the year	55
Provision realized	(27)
Carrying amount at the end of the year	28

Note 21. Contract liabilities - deferred service income

	Consolidated 2020 $'000	2019 $'000
Contract liabilities - deferred revenue service income	432	437

Note 22. Deferred tax

	Consolidated 2020 $'000	Consolidated 2019 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Intangibles	286	667
Deferred tax liability	286	667
Movements:		
Opening balance	667	624
Charged/(credited) to profit or loss (note 7)	(231)	17
Exchange rate adjustments	(66)	26
Consol. Adjustment	(84)	-
Closing balance	286	667

Note 23. Employee benefits

	Consolidated 2020 $'000	Consolidated 2019 $'000
Employee benefits	115	234

Note 24. Convertible note

	Consolidated 2020 $'000	Consolidated 2019 $'000
Convertible note at fair value	5,559	5,036

The key terms of the Notes as at 31 December 2020 were:
- 3 year term
- 8% p.a. interest rate paid quarterly or capitalised
- Fixed conversion price of $0.16 before Oct-2019 redemption
- Fixed conversion price of $0.10 after Oct-2019 redemption
- The convertible notes are secured over the Company’s Mexican and Ecuadorean wholly owned subsidiaries
- The convertible notes can be repaid at any time by LatAm Autos, where noteholders can elect to receive the money owing in either cash or ordinary shares in LatAm Autos at 10 cents. Conversion into ordinary shares will be subject to requisite regulatory and shareholder approvals

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

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

- In October 2019 the company applied a partially early redemption. The total amount redeemed was $3.2 million paid 100% in shares. After this redemption some conditions changed. The conversion price moved from $16 cents to $10 cents and the maturity date moved from April 2020 to July 2021.

Note 24. Convertible note (continued)

	Consolidated 2020 $'000	Consolidated 2019 $'000
Fair value of notes on dates of issue	5,036	6,913
Redemption payment/conversion	-	(3,194)
Loss on redemption	-	364
Interest expense	523	953
	5,559	5,036

Note 25. Issued capital

	Consolidated 2020 Shares	Consolidated 2019 Shares	Consolidated 2020 $'000	Consolidated 2019 $'000
Ordinary shares - fully paid	763,004,820	591,867,317	90,621	85,546

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$'000**
Balance	31 December 2018	417,741,679		76,306
Issue of shares for consulting services rendered	5 February 2019	222,737	$0.2150	48
Issue of shares for severances	5 February 2019	390,000	$0.2000	78
Issue of shares for consulting services rendered	4 June 2019	81,944	$0.1280	10
Share issue to employees	14 June 2019	1,376,290	$0.2000	275
Issue of placement shares	20 June 2019	58,170,646	$0.0550	3,199
Issue of placement shares	24 July 2019	46,661,857	$0.0550	2,566
Issue of placement shares	25 July 2019	3,720,200	$0.0550	205
Issue of fully paid ordinary shares upon conversion of Convertible Notes	8 November 2019	58,076,721	$0.0550	3,194
Issue of placement shares	29 November 2019	4,603,591	$0.0550	253
Shares issued to Directors in lieu of fees	29 November 2019	284,777	$0.0737	21
Shares issued to Directors in lieu of fees	29 November 2019	317,179	$0.0496	16
Shares issued to Directors in lieu of fees	13 December 2019	219,696	$0.0550	12
Cost of issuing shares		-	$0.0000	(637)
Balance	31 December 2019	591,867,317		85,546
Shares issued to Directors in lieu of fees	14 January 2020	219,696	$0.0550	12
Issue of shares for consulting services rendered	24 April 2020	1,021,276	$0.0470	48
Issue of placement shares	4 May 2020	53,569,964	$0.0300	1,607
Issue of placement shares	4 May 2020	76,282,607	$0.0300	2,288
Issue of placement shares	4 May 2020	37,849,657	$0.0300	1,141
Buy-back shares	4 May 2020	(4,459,243)	$0.0300	(134)
Shares issued to Directors in lieu of fees	19 August 2020	1,018,333	$0.0300	31
Issue of shares for consulting services rendered	19 August 2020	388,375	$0.0405	16
Issue of shares for consulting services rendered	19 August 2020	605,585	$0.0173	10
Issue of shares for consulting services rendered	31 December 2020	1,227,208	$0.0128	16
Issue of shares for consulting services rendered	31 December 2020	2,116,935	$0.0124	26
Issue of placement shares 2018 STI program	31 December 2020	1,297,110	$0.2000	259
Cost of issuing shares		-	$0.0000	(245)
Balance	31 December 2020	763,004,820		90,621

Note 25. Issued capital (continued)

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

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

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

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

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 26. Other contributed equity

	Consolidated	
	2020 $'000	2019 $'000
Convertible note	1,394	1,394
Other contributed equity	616	558
	2,010	1,952

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

Note 27. Reserves

	Consolidated	
	2020 $'000	2019 $'000
Foreign currency reserve	(1,136)	1,722
Share-based payments reserve	167	110
	(969)	1,832

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.

Note 27. Reserves (continued)

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 2019	130	1,728	1,858
Foreign currency translation	-	(6)	(6)
Share based employee incentives expense	113	-	113
Adjustment previous year	(133)	-	(133)
Balance at 31 December 2019	110	1,722	1,832
Foreign currency translation	-	(2,858)	(2,858)
Share based employee incentives expense	80	-	80
Adjustment previous year	(23)	-	(23)
Balance at 31 December 2020	167	(1,136)	(969)

Note 28. Dividends

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

Note 29. Financial instruments

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

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

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 Mexico, Ecuador, Peru, Argentina and Panama. The activities of the subsidiary companies in these countries are denominated in their respective functional currencies as follows:

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

Note 29. Financial Instruments (continued)

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	
	2020	2019	2020	2019
Australian dollars				
Argentine peso (ARS)	53.4434	34.3083	64.8029	42.0839
Mexican peso (MXN)	14.3020	13.5466	15.3443	13.2597
Peruvian nuevo Sol (PEN)	2.5551	2.3553	2.7806	2.3296
US dollar (USD)	0.7368	0.7038	0.7706	0.7029

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	2020 $'000	2019 $'000	2020 $'000	2019 $'000
US dollar	460	626	59	-

The Consolidated Entity had net financial assets denominated in foreign currencies of $A401,000 (assets $A460,000 less liabilities A$59,000l) as at 31 December 2019 (31 December 2018 - net financial assets denominated in foreign currencies of $A626,000).

The following table illustrates the sensitivity of profit and equity regarding the Consolidated Entity's assets and liabilities in light of potential changes to the respective currencies applicable to those assets and liabilities. It assumes a +/- 2% change in all exchange rates for the year ended on 31 December 2019. 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 Consolidated Entity's relevant foreign currency assets and liabilities held at reporting date.

	AUD strengthened			AUD weakened		
Consolidated - 2020	% change	Effect on profit before tax $'000	Effect on equity $'000	% change	Effect on profit before tax $'000	Effect on equity $'000
US dollar	3%	(13)	(13)	3%	14	14

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 $1,533,000 and a Convertible Note. 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.

Note 29. Financial Instruments (continued)

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

Consolidated	2020 Weighted average interest rate %	2020 Balance $'000	2019 Weighted average interest rate %	2019 Balance $'000
Bank accounts - interest-bearing	0.50%	300	0.61%	1,003
Net exposure to cash flow interest rate risk		300		1,003

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 Consolidated Entity 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 Consolidated Entity’s maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

	Consolidated 2020 $'000	Consolidated 2019 $'000
Classes of financial assets		
Cash at bank	1,533	3,104
Trade accounts receivable	585	1,410
Other accounts receivable - current	114	51
Total financial assets	2,232	4,565

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 Consolidated Entity 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 Consolidated Entity'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.

Note 29. Financial Instruments (continued)

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

Details, as at reporting date, of trade receivables past due and trade receivables assessed as impaired are set out in Note 10.

The Consolidated Entity'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)

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

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

Consolidated - 2020	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	-	990	-	-	-	990
Deferred income	-	431	-	-	-	431
Other payables	-	59	-	-	-	59
Interest-bearing						
Liability component C-Note	8.00%	5,559	-	-	-	5,559
Total non-derivatives		7,039	-	-	-	7,039
Derivatives						
Equity component C-Note	-	1,394	-	-	-	-
Total derivatives		1,394	-	-	-	-

Note 29. Financial Instruments (continued)

Consolidated - 2019	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	-	3,330	-	-	-	3,330
Deferred income	-	437	-	-	-	437
Other payables	-	141	-	-	-	141
Interest-bearing						
Liability component C-Note	8.00%	-	5,036	-	-	5,036
Lease liabilities	8.00%	279	158	504	-	941
Total non-derivatives		4,187	5,194	504	-	9,885
Derivatives						
Equity component C-Note	-	-	1,394	-	-	1,394
Total derivatives		-	1,394	-	-	1,394

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 30. 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	
	2020 **$**	**2019** **$**
Short-term employee benefits	569,144	981,381
Post-employment benefits	7,316	23,561
Share-based payments	65,467	91,275
	641,927	1,096,217

Note 31. 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	
	2020 $	2019 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	76,700	90,000
Other services - Grant Thornton Audit Pty Ltd		
Tax consulting	12,500	17,500
	89,200	107,500
Audit services - network firms		
Audit or review of the financial statements	35,552	51,212

Note 32. Contingent liabilities

The Consolidated Entity has recognised a total of $55,000 in relation to labour trials in the non-operating Argentinean subsidiary. There are no other known material contingent liabilities in relation to the Consolidated Entity at the end of the reporting period.

Note 33. Related party transactions

Parent entity
LatAm Autos Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 35.

Associates
Interests in associates are set out in note 36.

Key management personnel
Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the directors' report.

Transactions with related parties
During the financial year ended 31 December 2017, there was a related party transaction between Log Creek Pty Ltd (an entity which is associated with a Director, Michael Fitzpatrick) and Startive Ventures Inc. (an entity which is associated with a Director, Simon Clausen) in relation to the issue of unlisted Convertible Notes. Log Creek Pty Ltd and Startive Ventures Inc. were issued 7,750,000 and 1,000,000 unlisted convertible notes respectively.

During the financial year ended 31 December 2018, Log Creek and Startive disposed of 2,644,278 and 336,997 unlisted convertible notes respectively as a result of the redemption and conversion of Convertible Notes.

During the financial year ended 31 December 2019, Log Creek and Startive were issued with 36,363,636 and 3,442,604 fully paid ordinary shares, along with free attaching quoted options amounting to 18,181,818 and 1,721,302 options respectively, in relation to the redemption of convertible notes pursuant to resolutions 6 and 7 of the Company's Notice of General Meeting held on 31 October 2019 and as approved by shareholders.

Note 33. Related party transactions (continued)

As a result of this process, Log Creek and Startive disposed of 1,531,720 convertible notes and 62,003 convertible notes respectively, resulting in Log Creek and Startive holding 3,574,002 and 600,000 Convertible Notes respectively as at 31 December 2019

During the financial year, there was a related party transaction between Realweb S.A. and the Consolidated Entity in relation to headhunting and HR related services, at a total amount of $1,691. The beneficiary of the services was the Mexican subsidiary entirely.

During the financial year, there was a related party transaction between Tecnoweb S.A. and the Consolidated Entity in relation to rent and administrative services, at a total amount of $49,427. The beneficiary of the service was the Ecuadorian subsidiary.

During the financial year, there was a related party transaction between Don Handley and the Consolidated Entity in relation to administrative services, at a total amount of $9,980. The beneficiary of the service was the Australian Company.

During the financial year, there was a related party transaction between Portal Ventures (an entity which is associated with a Director, Timothy Handley) and the Consolidated Entity in relation to SEO services, at a total amount of $52,500.

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 34. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2020	**2019**
	$'000	**$'000**
Loss after income tax	(1,408)	(3,059)
Total comprehensive income	(1,408)	(3,059)

Note 34. Parent entity information (continued)

Statement of financial position

	Parent	
	2020 $'000	**2019 $'000**
Total current assets	930	1,949
Total assets	24,315	24,315
Total current liabilities	460	1,371
Total liabilities	6,019	6,407
Equity		
Issued capital	90,621	85,546
Other contributed equity	1,771	1,771
Foreign currency reserve	(223)	(223)
Share-based payments reserve	167	110
Accumulated losses	(74,040)	(69,296)
Total equity	18,296	17,908

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 2020 nor at 31 December 2019.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2020 (31 December 2019 - Nil).

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2020 (31 December 2019 - 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 35. Interests in subsidiaries

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

		Ownership interest	
	Principal place of business /	2020	2019
Name	**Country of incorporation**	**%**	**%**
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 36. Interests in associates

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

Note 37. Events after the reporting period

On 15 Apr 2021, Joe Hanna, a Non-Executive Director, resigned to LatAm Autos Limited.

In April 2021, the Noteholders decided to extend the ending date of the convertible note from July 2021 to January 2022. The extension is made to provide cash relief to the Company´s outflows in 2021 and re-evaluate the conversion price. The details will be discussed and approved in the 2021 AGM to be held in July 2021.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

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

	Consolidated	
	2020 $'000	2019 $'000
Loss after income tax (expense)/benefit for the year	(7,116)	(12,694)
Adjustments for:		
Depreciation and amortisation	995	1,363
Impairment of non-current assets	2,005	2,162
Net loss on disposal of property, plant and equipment	41	5
Share-based payments	84	578
Foreign exchange differences	121	16
Interest of convertible note	525	958
Profit on termination of leases	(126)	-
Benefit in STI issuance	(306)	-
Capital raising costs	-	638
Losses C-note redemption	-	364
Depreciation of right-of-use assets	210	368
Change in operating assets and liabilities excluding assets and liabilities acquired through business combinations:		
Decrease/(increase) in trade and other receivables	803	528
Decrease in prepayments	64	134
Net movement in sales tax payable/receivable	137	(475)
Net movement in deferred tax assets/liabilities	16	(409)
Increase/(decrease) in deferred revenue	(5)	177
Increase/(decrease) in trade and other payables	(1,373)	(746)
Increase/(decrease) in employee benefits	(855)	(13)
Increase/(decrease) in other provisions	(390)	(946)
Net cash used in operating activities	(5,170)	(7,992)

Note 39. Earnings per share

	Consolidated	
	2020 $'000	2019 $'000
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of LatAm Autos Limited	(7,107)	(12,637)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	700,039,339	480,988,718
Weighted average number of ordinary shares used in calculating diluted earnings per share	700,039,339	480,988,718
	Cents	**Cents**
Basic earnings per share	(1.02)	(2.63)
Diluted earnings per share	(1.02)	(2.63)

Note 39. Earnings per share (continued)

	Consolidated 2020 $'000	2019 $'000
Earnings per share for loss from discontinued operations		
Loss after income tax attributable to the owners of LatAm Autos Limited	(8)	(57)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	700,039,339	480,988,718
Weighted average number of ordinary shares used in calculating diluted earnings per share	700,039,339	480,988,718
	Cents	**Cents**
Basic earnings per share	(0.00)	(0.01)
Diluted earnings per share	(0.00)	(0.01)

	Consolidated 2020 $'000	2019 $'000
Earnings per share for loss		
Loss after income tax attributable to the owners of LatAm Autos Limited	(7,116)	(12,694)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	700,039,339	480,988,718
Weighted average number of ordinary shares used in calculating diluted earnings per share	700,039,339	480,988,718
	Cents	**Cents**
Basic earnings per share	(1.02)	(2.64)
Diluted earnings per share	(1.02)	(2.64)

Note 40. 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.

Note 40. Share-based payments (continued)

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

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
18/03/2016	31/01/2020	$0.0000	-	-	-	-	-
18/03/2016	31/01/2020	$0.0000	-	-	-	-	-
16/05/2016	31/01/2020	$0.0000	-	-	-	-	-
16/05/2016	31/01/2020	$0.0000	-	-	-	-	-
17/07/2017	31/01/2021	$0.0000	891,666	-	-	(891,666)	-
17/07/2017	31/01/2021	$0.0000	891,666	-	-	(891,666)	-
14/06/2018	31/01/2022	$0.0000	975,000	-	-	-	975,000
14/06/2018	31/01/2022	$0.0000	974,999	-	-	-	974,999
12/06/2019	31/01/2022	$0.0000	2,000,000	-	-	-	2,000,000
12/06/2019	31/01/2023	$0.0000	625,000	-	-	-	625,000
12/06/2019	31/01/2023	$0.0000	625,000	-	-	-	625,000
			6,983,331	-	-	(1,783,332)	5,199,999

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
18/03/2016	31/01/2020	$0.0000	449,997	-	-	(449,997)	-
18/03/2016	31/01/2020	$0.0000	450,003	-	-	(450,003)	-
16/05/2016	31/01/2020	$0.0000	258,333	-	-	(258,333)	-
16/05/2016	31/01/2020	$0.0000	258,334	-	-	(258,334)	-
17/07/2017	31/01/2021	$0.0000	891,666	-	-	-	891,666
17/07/2017	31/01/2021	$0.0000	891,666	-	-	-	891,666
14/06/2018	31/01/2022	$0.0000	975,000	-	-	-	975,000
14/06/2018	31/01/2022	$0.0000	974,999	-	-	-	974,999
12/06/2019	31/01/2022	$0.0000	-	2,000,000	-	-	2,000,000
12/06/2019	31/01/2023	$0.0000	-	625,000	-	-	625,000
12/06/2019	31/01/2023	$0.0000	-	625,000	-	-	625,000
			5,149,998	3,250,000	-	(1,416,667)	6,983,331

An amount of $80,000 was recognised as an expense for the Rights during the current financial year (2019: $113,000).

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3 years (2019: 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 historical Company's share price.

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).

Note 40. Share-based payments (continued)

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
17/07/2017	31/01/2021	$0.0980	$0.0000	103.90%	-	2.17%	$0.016
17/07/2017	31/01/2021	$0.0980	$0.0000	103.90%	-	2.17%	$0.018
14/06/2018	31/01/2022	$0.1400	$0.0000	87.22%	-	2.35%	$0.075
14/06/2018	31/01/2022	$0.1400	$0.0000	87.22%	-	2.35%	$0.080
12/06/2019	31/01/2023	$0.1600	$0.0000	85.05%	-	1.06%	$0.062
12/06/2019	31/01/2023	$0.1600	$0.0000	85.05%	-	1.06%	$0.037
12/06/2019	31/12/2022	$0.0000	$0.0000	85.05%	-	1.06%	$0.040

(b) Shares issued to employees

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

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.

During the period ended 31 December 2020, the Consolidated entity issued shares to its employees for the 2018 STI program for $259,000. For 2019 and 2020 there was not a STI program.

(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:

Details	Shares	Issue price	$'000
Issue of shares for consulting services rendered	1,021,276	$0.0470	48
Shares issued to Directors in lieu of fees	1,018,333	$0.0300	31
Issue of shares for consulting services rendered	388,375	$0.0405	16
Issue of shares for consulting services rendered	605,585	$0.0173	10
Issue of shares for consulting services rendered	1,227,208	$0.0128	16
Issue of shares for consulting services rendered	2,116,935	$0.0124	26
Total	6,377,712		147

LatAm Autos Limited
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the 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 2020 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

Michael Fitzpatrick
Chairman

21 May 2021

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Independent Auditor's Report

To the Members 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 2020, 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 the Group 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 2020 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 (including Independence Standards)* (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.

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 incurred a loss after tax of $7,107,000 and had net cash outflows from operating activities of $5,170,000 during the year ended 31 December 2020. 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 significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 included in the Group's annual report for the year ended 31 December 2020, 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 accordingly 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.

Responsibilities of the Directors' for the financial report

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

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_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M J Climpson
Partner – Audit & Assurance

Melbourne, 21 May 2021